AMENDMENTS TO THE SOCIAL SECURITY ACT 1969 – 1972

Social Security Amendments of 1972 (Public Law 92-603) and Related Amendments

Volumes 1 – 6

Social Security Amendments of 1970 (H.R. 17550—Not Enacted)

Volumes 7, 8

Social Security Amendments of 1969 and Related Amendments

Volume 9

DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Social Security Administration

AMENDMENTS TO THE SOCIAL SECURITY ACT 1969 – 1972

Social Security Amendments of 1972 and Related Amendments

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

Social Security Amendments of 1969 and Related Amendments

Volume 9

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NOTICE OF CONSIDERATION OF SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Now, Mr. President, it is the intention of the leadership to ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1443, H.R. 17550, Social Security Amendments of 1970: that it be laid before the Senate and made the pending business.

When that measure is pending, the distinguished chairman of the committee, the Senator from Louisiana (Mr. LONG) will then proceed, I understand, for approximately 2 hours.

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1443, H.R. 17550. I do this so that it will become the pending business.

The PRESIDING OFFICER. The Chair inquires of the Senator, does he ask unanimous consent or move?

Mr. MANSFIELD. I move, yes.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

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

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance, with amendments.

Mr. LONG. Mr. President, I invite the attention of the Senator from New York (Mr. JAVITS) to what I am about to say.

I ask unanimous consent that the following members of the staff of the Legislative Reference Service, Education and Public Welfare Division, be granted the privileges of the floor during the debate on the Social Security Amendments of 1970, H.R. 17550:

Mr. Fred Arner, Mrs. Frances Crowley, Mr. Joe DeHumphries, and Miss Margaret Malone.

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

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

Mr. LONG. I yield.

Mr. RIBICOFF. I wonder if the Senator would include in that unanimous consent Mr. Taggert Adams of my staff, to have the privilege of the floor during the consideration of the family assistance provision.

Mr. JAVITS. Would the Senator add the name of Kenneth Guenther and John Scales?

Mr. LONG. Are they not on the Senator's staff?

Mr. JAVITS. Yes.

Mr. LONG. Mr. President, in the event that it should become necessary to clear the floor of legislative assistants, I ask unanimous consent that two persons from the staff of the Senator from New York (Mr. JAVITS) be permitted the privilege of the floor, and one from the staff of the Senator from Connecticut (Mr. RIBICOFF).

Mr. MONDALE. Would the Senator include the name of Ruth Johnstone?

Mr. LONG. One from the staff of the Senator from Minnesota.

Mr. JAVITS. Mr. Janus and Mr. Blumenthal.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. COOK. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. SPARKMAN. Mr. President, will the Senator yield for me to make a unanimous-consent request? It will not take 10 seconds.

Mr. LONG. Mr. President, I ask unanimous consent that I may yield to Senators who wish to ask unanimous consent, reserving my right to the floor.

The PRESIDING OFFICER. Is there objection?

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate resumed the consideration of the bill (H.R. 17550), an act to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. LONG. Mr. President, H.R. 17550, the social security amendments of 1970, is truly a monumental bill. In terms of

dollars, the $10 billion of benefits provided by this bill make it the most significant social insurance legislation Congress has ever considered. In terms of people, the impact of the bill—considered as a whole—is even more impressive. Not only does the measure directly affect the lives of 26 million social security beneficiaries but also it provides welfare increases for 3 million aged, blind, and disabled welfare recipients and pension increases for 1,600,000 needy veterans and their widows.

In addition, through the trade amendments included in this bill more than 2,500,000 textile and shoe employees will receive a sense of job security directly from the bill and tens of millions more employees will find comfort in the new rules governing Tariff Commission investigations of injury resulting from increased imports.

Under the amendments to upgrade the work incentive plan, the bill offers the hope of independence to 2 million persons who today are unable to qualify for gainful employment and must suffer the indignity of dependence on welfare to sustain themselves and their families.

Mr. President, the Committee on Finance has added important new titles to the bill—one dealing with international trade matters, and another which includes a substantial test of various alternatives to the welfare mess and offers significant reforms in the programs of aid to the aged, blind, and disabled. This latter part of the bill also reaffirms the intent of Congress in several areas regarding eligibility for welfare—areas where the courts have misconstrued the welfare statutes with resulting large increases in welfare caseloads.

These new titles are added to the bill with a single thought in mind—to expedite the legislative process. It is axiomatic that one bill can be acted on in less time than three. The committee was advised that amendments to add the trade bill and amendments to add the family assistance plan to this bill would be offered during the debate on the bill. They all look on this social security bill as a measure that is going to be presented to the President and that fact makes the bill a prime target for controversial amendments late in the session.

There are Senators on the Finance Committee who favored these amendments and there are others who oppose them. We spent considerable time discussing procedures for acting on the bill and in the final analysis it was agreed that we would vote on the questions in committee. The crucial motion to add the family assistance plan was rejected by a 6-to-10 vote of the committee. The crucial vote on the trade bill came as a motion to separate it from the social security bill. The motion failed by a vote of 6 to 11.

So the bill as reported by the committee does not include the family assistance plan but it does include the trade bill. The basic matters covered by the trade amendment are not new to the Senate. Nonetheless, the committee decided unanimously to interrupt its executive sessions and hold public hearings on the trade amendments before we voted on them.

I had been urged previously by 15 or so Senators to hold hearings on this bill before the committee acted. Among those signing the request was the senior Senator from New York. During our 2 days of hearings the committee heard from the Office of Special Trade Representative, the Secretary of Commerce, the Secretary of State, the Director of the Office of Emergency Preparedness, the Assistant Secretary of Agriculture, and a number of broad-based trade associations who had expressed interest in testifying. While we did not have time to hear all those whom we would have wished to hear, the committee members did get a clear indication of the administration's position on this bill and also of the position of many interested parties.

The committee members studied intently the massive volume of statements submitted for the record. We also had available to us 16 volumes of House hearings on this matter, which took over 1 month of public testimony, the hearings of the Committee on Finance held in 1967, which covered some 1,200 pages of testimony, and the committee's oversight review of U.S. trade policy in 1968 covering another 1,000 pages of submitted documents.

Considering the features of the bill which revise the social security tax structure, it is a fair statement that H.R. 17550 literally reaches into every home in America.

The following chart indicates the value of benefits included in H.R. 17550 as reported by the Committee on Finance, and the number of persons affected by them.

CHART 1.—INCREASED BENEFITS UNDER H.R. 17550

	1st full year cost	Number of persons affected
Social security:		
Cash benefits	$6,500,000,000	26,000,000 beneficiaries.
Medicare	100,000,000	20,000,000 persons covered.
Catastrophic illness	2,200,000,000	170,000,000 persons covered.
Subtotal	8,800,000,000	
Welfare:		
Aid to the aged, blind, and disabled	300,000,000	3,000,000 aged, blind, and disabled persons.
Child care, family planning, work incentive program (including tax credit).	700,000,000	About 2,000,000 mothers receiving welfare.
Subtotal	1,000,000,000	
Veterans' pension increase	160,000,000	1,600,000 pensioners.
Total value of benefits in H.R. 17550	10,000,000,000	

Let me now describe the significant features of the committee bill, and I shall submit for the record a more detailed summary of the provisions of the bill.

The committee bill provides $6,500,000,000 of additional benefits under the cash portion of the social security program.

INCREASE IN SOCIAL SECURITY BENEFITS

Under the committee bill, social security payments to the nearly 26 million beneficiaries on the rolls at the end of January 1971, and to those who come on the rolls after that date, would be increased by 10 percent, with a new minimum benefit of $100.

The House-passed bill would have increased benefits by 5 percent, with a minimum benefit of $67.20. The committee increased the minimum social security benefit from the $67.20 in the House bill to $100 in order to provide substantial help for those who have the greatest need—those whose social security benefits are so low that if they have no other income—and most do not—they are unable to meet their basic everyday needs for food and shelter.

Under present law monthly benefits for workers who retire at age 65 in 1971 now range from $64 to $193.70; under the House-passed bill they would range from $67.20 to $203.40; under the committee bill they would range from $100 to $213.10. Benefits for a couple in January 1971 would average $198 under present law; under the House-passed bill they would average $217; under the committee bill they would be increased to $233. For a widowed mother with two children, the average benefit for January 1971 under present law would be $295; under the House-passed bill it would be $311; under the committee bill it would be $331. The benefit increase would mean additional benefit payments of $5,000,000,000 in the first year.

Although the benefit increase will be effective for January 1971, the Social Security Administration advises us that legislation this late in the year makes it impossible to get the increased benefits into the hands of the beneficiaries with the regular check that goes out on February 3. They need about 3 months to adjust their records and computers before they can pay at the new rates.

Therefore, the first check at the new rates will be sent out on April 3, and later in the month another check representing the retroactive increase for January and February will be sent out. This is the same procedure followed last year when a benefit increase was effective for January, but was not paid until April.

Mr. President, this chart compares the benefits under the committee bill with the benefits available under present law and those which would have applied under the House bill for a single person and a married couple with various levels of earnings.

CHART 2.—ILLUSTRATIVE MONTHLY BENEFITS PAYABLE UNDER PRESENT LAW, UNDER THE HOUSE BILL, AND UNDER THE SENATE FINANCE COMMITTEE BILL

Average monthly earnings	Benefit amount					
	Worker			Couple		
	Present law	House bill	Committee bill	Present law	House bill	Committee bill
$76	$64.00	$67.20	$100.00	$96.00	$100.80	$150.00
113	90.60	95.20	100.00	135.90	142.80	150.00
150	101.70	106.80	111.90	152.60	160.20	167.90
250	132.30	139.00	145.60	198.50	208.50	218.40
350	161.50	169.60	177.70	242.30	254.40	266.60
450	189.60	199.30	208.80	284.70	299.00	313.20
550	218.40	229.40	240.30	327.60	344.10	360.50
650	250.70	263.30	275.80	376.10	395.00	413.70
750		283.00	296.00		424.50	444.00

INCREASE IN FAMILY MAXIMUMS

The committee bill also corrects a discrimination under which families already on the rolls at the time of enactment of a social security increase get the increase while those coming on the rolls in the future are denied it. Under our bill, all families will benefit from this increase and from future increases without regard to when they become eligible for benefits.

COST-OF LIVING INCREASES

Once the benefits are brought up to date, they need to be kept up to date. And while the Congress has in the past acted to maintain social security benefits at realistic and adequate levels, there have been lags in legislation during times of rapidly rising prices. The automatic cost-of-living increases provided in H.R. 17550 will insure that such lags in benefit increases will not occur in the future.

While the committee is in agreement with the sense of the House bill as to the desirability of an automatic adjustment in social security benefits, the committee bill revises the House text to stress the role of the Congress in setting social security tax and benefit levels. Under the committee bill, social security benefits would rise automatically as the cost of living goes up in the event Congress failed to legislate on social security benefits or taxes. The full cost of the automatic benefit increases would be met equally by increases in tax rates and in the tax base which would go into effect at the same time that benefits are increased, with the strictly actuarial function of determining the base and the rates being performed by the Secretary of Health, Education, and Welfare.

The committee bill provides that the automatic increases would go into effect unless Congress acts otherwise to effect a change in social security benefit levels, a change in the schedule of social security tax rates, or a change in the social security tax base. In effect, we are guaranteeing that congressional inaction will not prevent automatic social security hikes in periods of rising prices.

SPECIAL PAYMENTS TO PEOPLE AGE 72 AND OLDER

Under present law, special payments of $46 a month for an individual and $69 for a couple are made to people age 72 and over who have not worked under the program long enough to qualify for regular cash benefits. This is the so-called Prouty amendment of 1966. Under the committee bill, as under the House bill, the payments would be increased January 1, 1971, by 5 percent, to $48.30 a month for an individual and $72.50 for a couple.

LIBERALIZATION OF THE RETIREMENT TEST

Another important feature of the committee bill makes significant improvements in the retirement test. These improvements—which were also in the House bill—provide an increase from $1,680 to $2,000 in the amount a beneficiary under age 72 may earn in a year and still be paid full social security benefits for that year. The change reflects increases in earnings levels that have occurred since the present amount of $1,680 was set in 1967. The bill also provides for automatic upward adjustments of the amount in the future as earnings levels rise, thereby making it unnecessary for Congress to act in the future to keep the earnings exemption in line with raises in wage levels generally.

Under present law, each $2 earned between $1,680 and $2,880 results in a $1 reduction in benefits; each dollar earned above $2,880 reduces benefits by $1. This dollar-for-dollar reduction that applies to earnings above $2,880 reduces incentives for beneficiaries to work. The committee bill would provide for a $1 reduction for each $2 earned with respect to all earnings above $2,000, so that the more a beneficiary works and earns, the more spendable income he would have. The bill would also increase from $140 to $166.66 the amount of wages the beneficiary may earn in a given month and get benefits for that month, regardless of his annual earnings.

In 1971 about 650,000 beneficiaries would receive additional benefits, and about 380,000 persons who would receive no benefit under present law would receive some benefits as a result of the retirement test liberalizations. The additional benefit payments for the first full year would be about $404,000,000.

INCREASED WIDOW'S AND WIDOWER'S INSURANCE BENEFITS

Both the House bill and the committee bill are aimed at providing benefits to a widow equal to the benefits the widow's deceased husband was receiving or would have received. Unfortunately, the way the House bill was written a widow could actually receive a benefit substantially higher than her husband received before his death. Generally, under the committee bill the widow would receive either 100 percent of the benefit her husband was actually receiving at the time of his death, or, if he was not receiving benefits, 100 percent of the benefit he would have been eligible for at age 65.

About 2,700,000 widows and widowers on the rolls at the end of January 1971 would receive additional benefits, and $649,000,000 additional benefit payments would be made in the first full year.

AGE 62 COMPUTATION POINT FOR MEN

Under the present law, the method of computing benefits for men and women differs in that years up to age 65 must be taken into account in determining average earnings for men, while for women only years up to age 62 must be taken into account. Also, benefit eligibility is figured up to age 65 for men and up to age 62 for women. These differences, which provide special advantages for women, would be eliminated by applying the same rules to men as now apply to women.

Under the committee's bill, there would be a gradual transition to the new procedures. The age 62 computation would apply only to those becoming entitled to benefits in the future; the number of years used in determining insured status and in computing benefits for men would be reduced in three steps so that men reaching age 62 in 1973 and later would have only years up to age 62 taken into account in determining insured status and average earnings.

In the first full year, an additional $6,000,000 in benefits would be paid out under this provision. This amount will scale upward in future years, eventually involving $1,000,000,000. Under the change in benefit eligibility requirements for men, some 2,000 people—workers, their dependents and survivors not eligible under present law—would be added to the rolls in the first year.

ADOPTIONS

The committee simplified the adoption rules in present law so that eligibility of children adopted by retired workers and children adopted by disabled workers would be determined under common rules. Under the committee bill, a child who is adopted after a worker is entitled to benefits would be able to get child's benefits based on the worker's earnings if: First, the adoption was decreed by a court of competent jurisdiction within the United States; second, the child lived with the worker in the United States for the year before the worker became disabled or entitled to an old-age or disability insurance benefit; three, the child received at least one-half of his support from the worker for that year; and fourth, the child was under age 18 at the time he began living with the worker.

These simplified rules will bring considerable equity to a very complex area of the law and eliminate the need for many special purpose amendments in the future.

PROVISIONS RELATING TO DISABILITY

Under present law, there is a 6-month waiting period before a disabled person is eligible for social security disability insurance benefits. However, the month of disablement does not count as part of the waiting period. Also, the check for the month following the waiting period is not paid until the next month. This has caused considerable hardship to disabled people, particularly those suffering a terminal illness. The committee's bill would reduce the waiting period from 6

months to 4 months. About 140,000 people—disabled workers and their dependents and disabled widows and widowers—would be able to receive a benefit for January 1971 as a result of this provision. About $185 million in additional benefits would be paid out during the first full year.

DISABILITY OFFSET

The committee deleted the provision in the House bill which would have raised the ceiling on income from combined workmen's compensation and social security disability insurance benefits from 80 percent to 100 percent of the disabled worker's average current earnings before the onset of his disability. The objective of the offset provisions is to avoid the payment of combined amounts of social security benefits and workmen's compensation payments that would be excessive in comparison with the beneficiary's earnings before he became disabled. Although the committee agrees with the compassionate objective of the House bill, it feared the combination of First, payments equal to past wages, plus, second, tax exemption for these amounts, could result in payments in excess of prior take-home pay and this could jeopardize efforts to rehabilitate the worker and restore him to gainful employment. The committee was of the opinion that the best interest of the disabled worker in his own rehabilitation.

MEDICARE AND MEDICAID

During the past 2 years, the committee has devoted an extensive and almost disproportionate share of its time to determining and evaluating the many problems in the huge medicare and medicaid programs.

Parenthetically, it might be worthwhile to mention that during our years of work we have shared with the Committee on Ways and Means information we have developed. The Committee on Ways and Means, in turn, has given us the benefit of their efforts.

The medicare and medicaid programs are here to stay. With that in mind, it was more important than ever for the committee to act to correct the problems which our work revealed. The House, in its bill, attempted to and did develop solutions to some of the important problems. We accepted, and in some instances, improved upon amendments in the House bill designed to bring medicare and medicaid costs under control. We have also added amendments to further achieve the common objectives of both the House and Senate—reasonable and equitable controls on the costs and utilization of health care services with the minimum amount of redtape.

We believe the amendments of the House and those added by the Finance Committee will go a very long way toward assuring the taxpayers and the millions of citizens who depend upon medicare and medicaid that those programs will function more effectively and economically in delivering quality health care.

Let me describe the more important features of this part of the committee's bill.

PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

My distinguished colleague from Utah (Mr. BENNETT) has worked very hard on the provision in the committee's bill that provides for the establishment and use of professional standards review organizations. I would not wish to let this opportunity go by without recognizing his outstanding efforts in developing this provision.

Under this provision, professional standards review organizations would be established to review the utilization of health care provided under the medicare and medicaid programs. The Secretary of Health, Education, and Welfare would, after consultation with national and local health professions and agencies, designate appropriate areas throughout the Nation for which professional standards review organizations would be established. Areas may cover an entire State or parts of a State, but generally a minimum of 300 practicing doctors would be included within one area.

Organizations representing substantial numbers of physicians in an area, such as medical foundations and societies, would be invited and encouraged to participate. Where the Secretary finds that such organizations are not willing or cannot reasonably be expected to develop capabilities to carry out professional standards review organization functions in an effective, economical, and timely manner, he would enter into agreements with such other agencies or organizations with professional competence as he finds are willing and capable of carrying out such functions.

The Secretary would approve those organizations which can reasonably be expected to improve and expand the professional review process. The initial approval would be made on a conditional basis, not to exceed 2 years, with the review organizations operating concurrently with the present review system. During the transitional period, medicare carriers and intermediaries are expected to abide by the decision of the professional standards review organization where the professional standards review organization has acted. This reliance will permit a more complete appraisal of the effectiveness of the conditionally approved professional standards review organization. Where performance of an organization is unsatisfactory, and the Secretary's efforts to bring about prompt necessary improvement fail, he could terminate its participation.

Provider, physician, and patient profiles and other relevant data would be collected and reviewed on an ongoing basis to the maximum extent feasible to identify persons and institutions that provide services requiring more extensive review. Regional norms of care would be used in the review process as routine checkpoints in determining when excessive services may have been provided. The norms would be used in determining the point at which physician certification of need for continued institutional care would be made and reviewed. Initial priority in assembling and using data and profiles would be assigned to those areas most productive in pinpointing problems so as to conserve physician time and maximize the productivity of physician review.

The professional standards review organization would be permitted to employ the services of qualified personnel, such as registered nurses, who could, under the direction and control of physicians, aid in assuring effective and timely review. They would also be authorized to use the services of effective hospital utilization review committees and local medical society review committees in performing their tasks.

Where advance approval by the review organizations for institutional admission is required, such approval would provide the basis for a presumption of medical necessity for purposes of medicare and medicaid benefit payments. Failure of a physician, institution, or other health care supplier to seek advance approval, where required, could be considered cause for disallowance of affected claims.

In addition to acting on their own initiative, the review organizations would report on matters referred to them by the Secretary. They would also recommend appropriate action against persons responsible for gross or continued overuse of services, use of services in an unnecessarily costly manner, or for inadequate quality of services and would act to the extent of their authority or influence to correct improper activities.

A National Professional Standards Review Council would be established by the Secretary to review the operations of the local area review organizations, advise the Secretary on their effectiveness, and make recommendations for their improvement. The Council would be composed of physicians, a majority of whom would be selected from nominees of national organizations representing practicing physicians. Other physicians on the Council would be recommended by consumers and other health care interests.

INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

We on the committee have been increasingly concerned about making sure that the medicare and medicaid programs operate effectively and as Congress intends. I know other Members of the Congress and the people who administer these programs have been concerned, too. But these programs are very complex and far reaching and sometimes the review processes being used cannot identify problems or discrepancies as soon as we all would like. And sometimes there is no way to promptly correct the problems that have been found.

I want to commend two distinguished members of the committee—the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Delaware (Mr. WILLIAMS)—who sponsored a provision in the committee bill that will go a long way to alleviate our concern about these difficulties. The provision will establish an Office of Inspector General for Health Administration within the Department of Health, Education, and Welfare.

His responsibilities will be patterned after the successful approach by the Agency for International Development and the investigative responsibilities, with respect to congressional requests, required of the U.S. Tariff Commission. In carrying out his responsibilites, he will not be under the control of any officer of Health, Education, and Welfare other than the Secretary, and he will be provided with sufficient authority to make sure that medicare and medicaid function as Congress intends. He will continuously review these programs, and any other health programs established under social secruity, to determine their efficiency and economy of administration, their compliance with the law, and the extent to which the objectives and purposes for which they were established are being realized.

He will recommend ways to correct deficiencies or to improve these programs. And he will have the authority to suspend regulations, or practices or procedures which he finds not in harmony with congressional intent or which will lead to inefficiency and waste. It is important to have a mechanism for dynamic and ongoing review of these programs, and that the person with this responsibility be at a level where he can promptly call attention to problems and deal with them in a timely and effective fashion. Armed with the authority provided under this provision, I believe the voice of the Inspector General will be effective in improving the efficiency and economy with which the medicare and medicaid programs of the Department of Health, Education, and Welfare are administered.

WAIVER OF NURSING REQUIREMENTS IN RURAL HOSPITALS

Several members of the committee were concerned about the problem created by the need to assure the availability of hospital services of adequate quality in rural areas and the fact that existing shortages of qualified nursing personnel generally make it difficult for some rural hospitals to meet the nursing staff requirements in present law. The committee has attempted to resolve this problem by including in the bill a provision that would allow the Secretary, under certain conditions, to waive the medicare requirement that a hospital have registered professional nurses on duty around the clock. This requirement could be waived only if, First, the hospital has at least a registered nurse on the daytime shift, Second, has made, and is continuing to make, a real effort to hire enough nurses to meet the requirements, and Third, is unable to employ qualified personnel because of nursing shortages in the area. Also, the hospital must be located in an isolated geographical area in which hospital facilities are in short supply and the closest other facilities are not easily accessible to people of the area. And finally, it must be known that nonparticipation of the hospital would seriously reduce the availability of hospital services to medicare beneficiaries living in the area.

The Secretary would, of course, regularly review the situation with respect to each of these hospitals and the waiver would be granted on an annual basis for a period of only one year. This waiver would apply only to the nursing staff requirements and would expire on December 31, 1975.

PROFICIENCY TESTING OF HEALTH PERSONNEL

In 1967 the committee recommended that the Secretary of Health, Education, and Welfare consult with appropriate professional health organizations and State health agencies to explore, develop, and apply appropriate means—including testing procedures—for determining the proficiency of health care personnel otherwise disqualified or limited in responsibility under regulations of the Secretary.

The Department has taken little or no action, except with respect to directors of clinical laboratories, in developing proficiency testing and training courses. The personnel problems which existed in 1967 and which the committee sought to correct have been aggravated as a result of the Department's continued inaction.

We are all aware of the acute shortage of nursing personnel in America. This has forced many hundreds of nursing homes to cover some shifts with "waived" practical nurses. These are practical nurses, who do not have the required formal training, and who, in many States, have been licensed on a waivered basis. Undoubtedly, a substantial proportion of these practical nurses, who have years of experience, are competent, but they do not meet the medicare and medicaid charge-nurse requirements. Therefore, unfortunately, many otherwise-qualified nursing homes are being or soon may be forced out of the medicare program be cause of the unavailability of a registered nurse or a licensed practical nurse who meets the medicare requirements. Similar problems exist with respect to physical therapists, medical technologists, and psychiatric technicians.

The committee has therefore added to the House bill a provision which requires the Secretary to explore, develop, and apply appropriate means of determining the proficiency of health personnel disqualified or limited in responsibility under present regulations. The committee expects that the Secretary will regularly report to it and to the Committee on Ways and Means of the House of Representatives concerning the progress in this area.

REIMBURSEMENT OF PHYSICIANS IN TEACHING HOSPITALS

The committee is aware that a major problem—of almost scandalous proportions—in medicare administration is the payment under part B on a fee-for-service basis for the services of "supervisory" physicians in teaching hospitals—services which in many instances were never rendered by the physician in whose name they were billed. We estimate these payments to be more than $100,000,000 annually and in general, such payments were not made prior to medicare. It certainly was not the intent of Congress that medicare cover noncustomary charges. The Comptroller General of the United States has sent several disturbing reports to the committee that document and detail the problems in this area.

The House bill attempts to deal with this problem by providing for payment under part B—physician's bills—for services of certain teaching physicians on a cost rather than a charge basis. Payment on a fee-for-service basis would only be made if there is general billing for such services to all patients and collection from those able to pay.

The committee believes, and has amended the House bill to provide, that payments for services furnished by supervisory physicians in teaching hospitals should be made on a cost basis under part A—hospital insurance—unless the patient is truly a private patient or unless the hospital since 1965 has charged all patients in full, including the medicare deductible and coinsurance amounts, and has collected from at least half of them. For donated services of teaching physicians a salary cost would be imputed equal to the average cost of salaried physicians.

LIMITS FOR DETERMINING REASONABLE CHARGES FOR PHYSICIANS' SERVICES

Another specific concern of the committee has been the threat that continuing increases in physicians' fees pose to the effectivness of the medicare program. We certainly recognize that there are complex reasons for these increases. Part of the problem is that more and more people are seeking medical care and the number of doctors is not increasing fast enough to keep up with the demand. But something must be done.

The House bill which the committee approves without change moves in the direction of an approach to reimbursement of physicians that ties recognition of fee increases to some reasonable index that reflects what is happening in the rest of the economy, thereby limiting recognition of increases in charges to amounts that economic data indicate would be fair to all concerned. Under this approach, recognition of fee increases would continue, but only in relation to things that are happening in other parts of the economy that have a bearing on the physician's cost of doing business. What is proposed is not a limit on what a physician may charge under the medicare program, but rather a limit on what the program will recognize as the prevailing fee in the locality. Thus, a limitation would be imposed only where a physician's charges are significantly higher than the usual or prevailing charge in the locality for the same service, or where a physician raises his customary charge significantly above former levels.

This is not an effort to penalize any group in the health care delivery system or to interfere with anyone's right to receive just compensation for their services. The objective is to move toward a system of determining reasonable charges which will be related to the general state of the economy. Indexes will be developed to give recognition to such things as the cost of producing medical services, costs of living, and

earnings of other professional people. This approach should provide the individual physician with an objective measure of the fairness of increases in his charges.

LIMITS ON REIMBURSEMENT FOR CAPITAL EXPENDITURES

The committee also approved the provision in the House bill that would authorize the Secretary of Health, Education, and Welfare to withhold or reduce reimbursement amounts for depreciation, interest, and other expenses related to capital expenditures for plant and equipment in excess of $100,000 where such expenditures and equipment are determined to be inconsistent with State or local health facility plans. This feature is similar to a provision in the committee bill of 1967. Under this program, the Secretary would make agreements with States to utilize the services of qualified health planning agencies to help in administration of this provision. The agencies will submit findings and recommendations with respect to proposed capital expenditures that are inconsistent with the plans developed by these agencies.

The committee amended the provision to provide for appeal at the State level when negative decisions are made by the planning agencies. This provision would not impede the growth and expansion of hospitals and skilled nursing homes but would provide guidance to assure that future growth is achieved in a sensible, orderly manner. It should have little or no effect on most hospitals and nursing homes since additional facilities are generally constructed only in response to a need of the community. But this provision should discourage a hospital from acting without regard for the needs of the community.

LIMITATION ON COSTS RECOGNIZED AS REASONABLE

Under present law, providers of services are paid on the basis of reasonable cost. However, there are a number of problems that inhibit making a decision that the costs for a particular provider are not reasonable.

The committee is mindful of the fact that costs can and do vary from one institution to another as a result of differences in size, in the nature and scope of services provided, type of patient treated, the location of the institution, and various other factors affecting the efficient delivery of needed health services. It is also true, however, that costs can vary from one institution to another as a result of variations in efficiency of operation, or the provision of amenities in plush surroundings. The committee believes that it is undesirable, to reimburse health care institutions for costs that are the result of gross inefficiency in operation or provision of expensive services that are not medically necessary. These costs cannot properly be considered "reasonable" for purposes of payment under medicare and medicaid.

Accordingly, the committee approves the House provision which would give the Secretary new authority to set limits on costs recognized for certain classes of providers in various service areas. This new authority differs from existing authority in several ways and meets the particular problems identified above. First, it would be exercised on a prospective, rather than retrospective, basis so that the provider would know in advance the limits to Government recognition of incurred costs and have the opportunity to avoid incurring costs tht are not reimbursable. Second, relatively high costs that cannot be justified by the provider as reasonable for the results obtained would not be reimbursable. Third, provision would be made for a provider to charge the beneficiary for the costs of items or services in excess of or more expensive than those that are determined to be necessary in the efficient delivery of needed health services.

ADVANCE APPROVAL OF CARE IN EXTENDED CARE FACILITIES AND HOME HEALTH CARE

One of the key problem areas in medicare has been the substantial number of retroactive denial of benefits for care provided in extended care facilities. I know that I have received many heartbreaking letters from people faced with tremendous bills for services they thought were covered by their medicare insurance.

To deal with the problem, the committee has modified the provision in the House bill which authorizes the Secretary of Health, Education, and Welfare to establish presumptive periods of coverage on the basis of a physician's certification for patients admitted to an extended care facility or started on a home health plan. Under the committee amendment, to the greatest extent possible, prior review and approval of physicians' certifications of patient need for extended care would be required. Unless the doctor's certification was specifically disapproved in advance, medicare coverage would apply and payment would be made for the lesser of: First, the initially certified and approved period, second, until notice of disapproval, or third, 10 days. The committee bill also provides for a similar advance approval approach to the determination of coverage and payment for home health services. The committee hopes that this amendment will help to solve the problem of retroactive denials that have been so burdensome to medicare beneficiaries.

ADDITIONAL SAFEGUARDS

The committee bill adds a number of significant features to the statute to protect the medicare program from abuses. One of these facilitates the recovery of overpayments by authorizing a lien in favor of the Government in the amount of the overpayment.

Another provides specific penalties for fraud and abuse of the program and makes it a criminal offense to solicit, offer, or accept bribes or kickbacks—including the rebating of a portion of a medicare or medicaid fee or charge for a patient referral.

Still another would give the Secretary authority to terminate payment for services rendered by an abusive provider of health and medical services—those who have made a practice of furnishing inferior or harmful supplies or services, engaged in fraudulent activities, or consistently overcharged for their services.

Along with these structural improvements in the medicare program the committee bill proposes new rules governing the reimbursement of physical therapists, speech therapists, occupational therapists, and other specialists such as social workers, medical records, librarians, and dieticians. Under the bill payments to these providers will be limited to a "salary-related" basis. In effect their payment will not be on a fee-for-service basis, but will be limited to the amount generally equal to the salary such a person would reasonably have been paid if he were an employee. Of course, adjustments are authorized for expenses incurred by these people as self-employed persons—office expenses, travel expenses, and the like.

A new system of publicizing deficiencies in health care facilities is also included in the committee bill. This information would enable physicians and patients alike to make sounder judgments about their own use of available facilities in the community and should also serve to speed up the process of correction of the deficiencies.

HEALTH MAINTENANCE ORGANIZATIONS

The bill as passed by the House would provide medicare beneficiaries with an option to have all covered services furnished or arranged for by a health maintenance organization—a group practice or other prepayment capitation plan. The administration has strongly advocated this approach to health care payment and arrangement, expressing the view that it would provide incentives to hold medicare costs down. Existing prepayment plans such as Kaiser in California and HIP—Health Insurance Plan—in New York have demonstrated an ability to provide comprehensive health care of good quality efficiently and economically. The administration in urging this amendment expressed the hope that it would expand availability to older people of the desirable characteristics of prepaid comprehensive health care.

The committee has been concerned that this new medicare option without sufficient controls could turn out to be an area of potential abuse of the program rather than a new benefit for older people. Therefore, the committee has amended the provision substantially to include safeguards with respect to reimbursement to health maintenance organizations and, of great importance, safeguards to protect and assure that the interests of medicare beneficiaries who choose this option are fully protected.

The committee amendments, generally, speaking, are technical in nature but their combined effect is to plug potential loopholes in the plan before they develop. With these amendments and with the direction to the Inspection General to oversee the implementation of the health maintenance organization's services the committee agrees that the cost-saving potentials of health maintenance organizations should be fully explored.

ADDITIONAL MEDICARE BENEFITS

The committee bill again recommends that the Senate add certain services of optometrists and chiropractors to the benefits available under medicare. In

both instances, safeguards are provided to assure no deterioration in the quality of care provided under the program.

In addition, the bill provides that aged persons not eligible for hospital insurance may "buy in" to the program, paying the full cost of this new protection—$27 per month at the beginning. State and local governments could also buy in for their aged employees or retirees.

We have also provided for payment of doctor's bills associated with hospitalization in a Canadian hospital. This change should be quite helpful to people living along the border where local hospitals are not available.

ADMINISTRATIVE SIMPLIFICATION

The committee bill contains several features intended to ease and simplify the administration of the medicare program. An important example of this sort of change is the provision calling for uniform standards for nursing homes under medicare and medicaid. Under this provision a single set of health, safety, environmental, and staffing standards would apply and a single State agency would certify the facility both for medicare and medicaid. This change reflects the essential similarity between the care provided on a short term basis in extended care facilities under medicare and that provided on a long term basis in skilled nursing homes under medicaid.

Another considerable simplification concerns the present complex reimbursement formula for paying extended care facilities on a cost basis, with retroactive adjustments which cut back on allowances and makes everyone mad. Under the committee bill, the medicare program would be authorized to apply medicaid's skilled nursing home reimbursement rules to its own extended care facilities. This rule would be available where medicaid's rates are reasonably related to costs. It will give nursing home operators advance assurance of the amount of pay they can expect to receive for caring for medicare beneficiaries.

The committee bill also provides for experimentation with prospective reimbursement methods which might offer incentives to hold costs down or to produce services in the most efficient and effective manner. If these experiments are successful much of the difficulty with today's retroactive payment rules could be solved.

LIMITATION ON MEDICAID REIMBURSEMENT

Like the House, the Committee on Finance is concerned with the rapidly rising costs of medicaid and the overutilization of medicaid services. However, the approach taken by the House, of cutting off Federal matching funds for long term hospital and nursing home stays, seemed unnecessarily harsh. An alternative suggested by the committee would authorize the Secretary of Health, Education, and Welfare to reduce selectively the Federal matching rates for institutional care where professional review and medical audit procedures are inadequate or ineffective. States employing utilization review and medical audit functions properly would not be affected by this cutback provision. This appears to be a more equitable way of containing the costs of long term institutional care under medicaid than the House provision which would have automatically reduced Federal matching funds now available to the States for financing long term institutional care in general hospitals, mental hospitals, tuberculosis hospitals, and nursing homes without permitting the Secretary to exercise discretionary judgment.

INTERMEDIATE CARE FACILITIES

Another amendment, authorizing intermediate care under medicaid rather than under title XI, as at present, emphasizes that intermediate care facilities are institutions providing health-related services below the level of skilled nursing homes. For the first time, it would make such care, now limited to those receiving or eligible for cash assistance, available under medicaid to the medically indigent. Intermediate care would cover those requiring institutional care beyond residential care and who would, in the absence of such care, require placement in a skilled nursing home or mental hospital. These facilities would be required to have at least one full-time licensed practical nurse on their staffs. Additionally, subject to appropriate requirements, intermediate care would also be available to mentally retarded persons in public institutions. Because the committee felt that present review requirements are insufficient, States would be required to provide assurance to the Secretary that appropriate and effective utilization review and medical audit procedures are being applied to intermediate care, as is already required for patients in skilled nursing homes.

MENTALLY ILL

One area where we have put off too long the provision of Federal aid for badly needed hospital care concerns the treatment of mentally ill children. Many of these poor unfortunates could be helped to a better life if adequate care is provided for them in their youth. I am pleased that the committee agreed with me when I offered an amendment to provide medical treatment for them. Under this amendment Federal matching payments would be authorized under medicaid to States for care of mentally ill children under 21 years of age in public mental institutions. Such funds would be available where States maintained their present fiscal effort, for patients in accredited mental hospitals who are undergoing a program of active medical treatment. Presently, such Federal matching is authorized only for persons 65 or over.

MEDICAID'S UNIFORMITY RULES REVISED

Under present law, all medicaid recipients in a State must be eligible for the same scope of services, and the services must be available throughout the State. Present title XIX requirements for "statewideness" of amount, duration, and scope of benefits have created problems for States who want to contract with organizations, such as neighborhood health centers or prepaid group practices, to provide services to title XIX recipients. The services are often broader in scope than those available under medicaid, but are not available throughout the State.

A committee amendment facilitates arrangements with comprehensive health organizations and health groups offering services different from those in the regular State medicaid plans.

It also makes it possible for States to utilize reasonable uniform deductibles and copayment features in their medicaid plans for the medically indigent without requiring that they also apply to the welfare recipients covered by the plan. This will help make it possible to control excess utilization if a State requires the medically indigent to share a reasonable part of the cost of their own care.

MEDICAID MAINTENANCE OF EFFORT

The committee approved the provision in the House bill to repeal the requirement that all States must move toward a comprehensive medicaid program by 1977. In addition, the committee bill would repeal the provision requiring that States maintain their efforts by not cutting back on the amount they spend for medicaid from 1 year to the next. The committee believes that States should be allowed to decide how extensive a medicaid program they desire.

PROTECTION AGAINST CATASTROPHIC ILLNESS

The Committee on Finance is concerned about the devastating effect which a catastropic illness can have on families unfortunate enough to be affected by such an illness. Over the past decades science and medicine have taken great strides in their ability to sustain and prolong life. Patients with kidney failure, which until recently would have been rapidly fatal, can now be maintained in relative good health for many years with the aid of dialysis and transplantation. Patients with spinal cord injuries and severe strokes can now often be restored to a level of functioning which would have been impossible years ago. Modern burn treatment centers can keep victims of severe burns alive and can offer restorative surgery which can in many instances erase the after effects of such burns.

These are but a few examples of the impact which recent progress in science and medicine has had. This progress, however, has had another impact. These catastrophic illnesses and injuries which heretofore would have been rapidly fatal and hence not too expensive financially, now have an enormous impact on a family's finances.

To deal with this situation, the committee has added to the House bill an amendment which would establish a catastrophic health insurance program beginning in January 1972 for all people under age 65 who are insured under social security, as well as their spouses and minor children. People under 65 who receive monthly social security benefits would also be eligible. People over 65 would not be covered since they have medicare which substantially meets the needs of all but a very small minority of beneficiaries.

It is estimated that only 20 to 30 per cent of our people under 65 have insurance against the costs of catastrophic illness through major medical or comprehensive medical plans. I am very proud to be the sponsor of this amendment which I believe will go a long way towards lifting the financial burden from those who are already carrying the heavy load of sickness and despair.

The benefits provided under the catastrophic health insurance program would be the same as those currently provided

under parts A and B of medicare, except that there would be no upper limitations on hospital days, extended care facility days, or home health visits. The major benefits excluded from medicare, and consequently excluded from this proposal, are nursing home care, outpatient prescription drugs, dental care, and full inpatient and outpatient psychiatric coverage.

The deductibles in the plan would parallel the deductibles under parts A and B of medicare. There would be a hospital deductible of 60 days' hospitalization for each person and a supplemental medical deductible initially established at $2,000 per family.

After an individual is hospitalized for 60 days in 1 year, he would become eligible for payments toward his hospital expenses beginning on the sixty-first day of his hospitalization. Any posthospital extended care services which he subsequently received during that year would also be eligible for payment. After the hospital deductible is met, the program would pay hospitals substantially as they are presently paid under medicare, with the individual being responsible for a coinsurance payment equal to one-fourth of the inpatient hospital deductible as determined for medicare purposes. Extended care services would be subject to a daily coinsurance amount equal to one-eighth of the inpatient hospital deductible as determined for medicare purposes. If the program were in effect in January 1971 the coinsurance for a hospital day would be $15 a day, and for extended care services $7.50 a day.

The medical deductible would apply to the entire family. After a family had incurred expenses of $2,000 for physicians' bills, home health visits, physical therapy services, laboratory, and X-ray services, and other covered medical and health services, the family would become eligible for payments toward these expenses. After the $2,000 medical deductible has been met, the program would pay for 80 per centum of eligible expenses, with the patient being responsible for coinsurance of 20 per centum.

As in the medicare program, these coinsurance features are intended to limit program costs and to control the utilization of services.

The program would be administered by using carriers and intermediaries as in the present medicare program. Medicare's quality standards for institutions would also apply. Social security, with the cooperation of carriers and intermediaries, would determine when the deductibles have been satisfied. To keep the paperwork down, bills would not be accepted under the supplemental plan until they totaled $2,000 per family.

The committee estimates that more than 1 million families of the approximately 49 million families in the United States incur medical expenses which will qualify them to receive benefits under the program. The first year's cost of the program is estimated at $2,200,000,000 on a cash basis. A separate catastrophic insurance trust fund with its own employer-employee tax would be established to focus public and congressional attention closely on the cost and the adequacy of the financing of the program. Like the benefits, the tax would become effective January 1, 1972.

For people on public assistance and the medically indigent the catastrophic illness insurance program would be supplemental to the medicaid program in the same way that it will be supplemental to private insurance for other citizens. The benefit structure of medicaid varies from State to State, but in general it is a basic rather than a catastrophic benefit package.

I want to thank my fellow committee members for the very fine cooperation and assistance they have given me on this amendment. I believe this is a major step forward that will benefit all Americans.

FINANACING PROVISIONS

At the present time, the social security cash benefits program is in close actuarial balance, while the hospital insurance program has an actuarial deficiency. Unless hospital insurance taxes are raised substantially, the hospital insurance trust fund will be exhausted in 1972. To meet the cost of the cash benefits program as it would be expanded by the bill and to bring the hospital insurance program into actuarial balance, the contribution rates for the programs would be adjusted and the contribution and benefit base—the maximum amount of annual earnings subject to contributions and used in computing benefits—would be increased.

INCREASE IN THE CONTRIBUTION AND BENEFIT BASE

The bill provides for an increase in the ceiling on taxable and creditable earnings to $9,000, effective for 1971. This increase would take account of the increases in earnings levels that have occurred since 1968, when the $7,800 ceiling on earnings went into effect and would cover the total earnings of an estimated 79 per centum of all workers—the same percentage as the $7,800 base covered when it went into effect.

People earning amounts between $7,800 and $9,000 a year will pay taxes on an additional $1,200 of earnings. In return, of course, they will get credit for more earnings and will thus get higher benefits. The higher creditable earnings resulting from the increase in the ceiling on earnings will make possible benefits that are more reasonably related to the actual earnings of workers at the higher earnings levels. It the base were to remain unchanged, more and more workers would have earnings above the creditable amount and these workers would have benefit protection related to a smaller and smaller part of their full earnings.

CHANGES IN THE CONTRIBUTION RATES

Under the schedule of contribution rates for cash benefits contained in the bill, the contribution rates for employers and employees scheduled for 1971–72 would be decreased from the 4.6 per centum provided for under present law to 4.4 per centum each.

The bill provides for increases in the contribution rate schedule for the hospital insurance program. The contribution rate scheduled for 1971–72 would be increased from 0.6 per centum each for employees, employers, and the self-employed to 0.8 per centum for 1971–72. The additional taxes for this part of the program will go far toward removing the large actuarial deficit of the hospital insurance program and would make that program financially sound.

The bill also provides for a contribution rate schedule to fully finance the catastrophic illness insurance provision added to the bill by the Finance Committee. The contribution rate schedule for catastrophic illness for 1972–74 would be 0.3 per centum each for employees, employers, and the self-employed.

For the benefit of Senators and others who are concerned with the long-range financing aspects of the social security and hospital insurance programs the following charts compare the combined tax rates and maximum tax payable under the committee bill, the present law and the House bill. I call attention to the fact that the rates under present law applies to maximum earnings of $7,800, while both the House bill and the committee bill apply to a wage base of $9,000.

I ask unanimous consent that the chart showing the tax rates and maximum taxes be printed in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY TAX RATES AND MAXIMUM ANNUAL TAXES UNDER PRESENT LAW, THE HOUSE BILL AND THE COMMITTEE BILL

Period	Tax rates (percent)			Maximum taxes		
	Present law	House bill	Committee bill	Present law	House bill	Committee bill
EMPLOYER-EMPLOYEE, EACH						
1971	5.2	5.2	5.2	$405.60	$468.00	$468.00
1972	5.2	5.2	5.5	405.60	468.00	495.00
1973–74	5.65	5.2	5.6	440.70	468.00	504.00
1975	5.65	6.0	6.35	440.70	540.00	571.50
1976–79	5.7	6.0	6.35	444.60	540.00	571.50
1980–85	5.8	6.5	7.0	452.40	540.00	630.00
1986	5.8	6.5	7.6	452.40	585.00	684.00
1987 and after	5.9	6.5	7.6	460.20	585.00	648.00
SELF-EMPLOYED						
1971	7.5	7.3	7.4	$585.00	$657.00	$666.00
1972	7.5	7.3	7.7	585.00	657.00	693.00
1973–74	7.65	7.3	7.8	596.70	657.00	702.00
1975	7.65	8.0	8.35	596.70	720.00	751.50
1976–79	7.70	8.0	8.35	600.60	720.00	751.50
1980–86	7.8	8.0	8.50	608.40	720.00	765.00
1987 and after	7.9	8.0	8.50	616.20	720.00	765.00

Mr. LONG. Let me also note for the record that the combined rate for cash benefits and hospital insurance is the same under the committee bill as under present law for 1971 and 1972 and is less than present law for 1973 and 1974. The catastrophic insurance tax is a new feature, which of course adds to the rate.

We have been assured that the financing provided under the committee bill is adequate to pay for all of the benefits—both the benefits provided under present law and the new benefits provided under the bill. Moreover, each of the separate trust funds will be soundly financed and over the next few years the total income to the program will be nearly $6,000,000,000 more than outgo, as compared with the more than $21,000,000,000 excess which would accrue under present law.

The following table compares the income, and outgo, of the social security funds over the next 3 years under present law and under the committee bill.

I would point out that under the committee bill, the assets and the reserve could gradually grow from $44.9 billion to $47 billion in 1973. I ask unanimous consent that the chart be printed in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

PROGRESS OF THE OLD-AGE AND SURVIVORS INSURANCE, DISABILITY INSURANCE, HOSPITAL INSURANCE, AND CATASTROPHIC INSURANCE TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER FINANCE COMMITTEE BILL, 1971-73

[Cash basis; in billions of dollars]

Period	Income		Outgo		Net increase in funds		Assets, end of period	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
Fiscal year 1972	$49.0	$52.8	$43.0	$50.5	$6.0	$2.3	$51.0	$44.9
Calendar year:								
1971	47.0	49.0	41.7	47.6	5.3	1.3	46.3	42.3
1972	50.0	55.3	44.2	53.3	5.7	1.9	52.0	44.2
1973	56.9	59.7	46.7	56.9	10.2	2.8	62.2	47.0

FINANCING THE AUTOMATIC PROVISION

Mr. LONG. As I mentioned earlier, benefits would be automatically adjusted to take account of increases in the cost of living. The cost of this increase would be met by increasing both the contribution and benefit base and the contribution rates so that each increase would meet one-half of the cost. The Secretary of Health, Education, and Welfare would determine how much the contribution and benefit base would have to be increased in order to finance one-half of the long-range cost of the proposed benefit increase, and how much contribution rates would have to be increased in order to finance one-half of the long-range cost of the proposed benefit increase. The Secretary would then publish in the Federal Register both the new, higher base and the revised contribution rate schedule, to be effective beginning January 1 of the year for which the benefit increase is effective.

Mr. President, now let me describe the additional matters contained in the committee bill.

THE TRADE ACT OF 1970

The committee approved the basic provisions of the House trade bill as an amendment to H.R. 17550, the social security legislation. The principal exceptions concern the export tax incentive called DISC and the repeal of the American selling price system of valuation.

Now, I will discuss the basic provisions of the amendment dealing with the foreign trade which was approved by the committee.

TRADE AGREEMENT AUTHORITY

The first aspect of the amendment deals with the extension of further tariff cutting authority to the President. The President has been without authority to reduce tariffs under the Trade Expansion Act since July 1, 1967. This new authority would not be used to enter into another major round of trade negotiations. None are planned. But, there is another reason why this authority is needed. Under the rules of the game in international trade, whenever one country must increase duties or impose quotas in order to protect a domestic industry which is being injured by imports, that country must also offer compensatory tariff reductions on other imports of equivalent value to the country whose exports would be adversely affected by the increased duty or quota. The alternative would be to face retaliation on the part of those adversely affected countries. It is clear that, under other provisions of this bill, the United States will be imposing some limited restrictions on the imports of other countries. For this reason, it was felt necessary to extend to the President authority—through July 1, 1975—to cut tariffs by 20 percent in two stages. The committee made clear that it does not believe the President should offer "compensation" to countries which themselves have illegal tariff or nontariff barriers against United States exports, for which the United States has not been "compensated". In other words, in those situations we should go to the bargaining table and work out a mutually satisfactory solution to the question of compensation.

REVISE UNFAIR TRADE PRACTICE STATUTES

The trade bill also deals with three unfair trade practice statutes. It revises section 252 of the Trade Expansion Act to give the President further authority to cope with foreign nontariff barriers restricting U.S. exports in industrial as well as agricultural trade. This is what he asked for and the reason is this: Under present law, the authority is confined mainly to agricultural products. This additional authority, requested by the administration, will strengthen the President's hands in negotiating nontariff barriers with other countries. It will serve as a clear warning that the United States is no longer able to turn the other cheek when foreign countries impose new nontariff barriers against U.S. products.

In addition, the Senate amendment agrees with the House that in antidumping and countervailing duty cases, the Treasury should have some time limits imposed upon it in making its determination regarding the imports involved. The Antidumping Act deals with injurious price discrimination, and countervailing duty statute deals with foreign subsidies. In the case of the antidumping statute, the Treasury would have 4 months to reach a tentative decision on the question of whether or not there has been price discrimination, except in extraordinarily complicated cases in which the Secretary may take up to 7 months. In cases under the countervailing duty statutes, the Secretary of the Treasury would have 1 year to make decisions. Both the House and the Senate committee agree that these time limits will give assurance that decisions will be reached promptly on matters of vital concern to domestic industry.

REVISED ESCAPE CLAUSE AND ADJUSTMENT ASSISTANCE PROVISION

A third major area which the committee dealt with was in revising the stringent criteria in present law for providing adjustment assistance and tariff adjustment (escape clause) relief to firms, workers, and industries which are seriously injured by import competition. With respect to the escape clause which deals with industrywide injury, present law provides that tariff concessions must be found to be the major cause of increased imports, and increased imports must be found to be the major factor in causing serious injury. These two tests have proven so difficult that only one industry out of over 20 applicants has qualified for relief since 1962. The executive branch agrees that these tests are too rigid.

The Finance Committee substantially altered both tests to make it easier for a domestic industry to receive relief. The Senate amendment would require that increased imports must be related in whole or in part to tariff concessions. This was the same test that existed for 11 years from 1951 to 1962, and it worked well. The committee agrees with the House that a "substantial cause" relationship between increased imports and serious injury was fairer to all than either the present law or the administration's recommendation, of substituting the concept of "primary" cause for "major" cause in the statute.

The committee considered that the "escape clause" had a substantial causetest for 11 years, between 1951 and 1962, and it also worked well. We did not feel that another possible misinterpretation of our intention by using the word "primary" instead of "major" would be worth risking. In fact, it appears there is a distinction without a difference in the two terms.

The committee also felt that the definition of industry should permit separate consideration to be given to those segments of a multiproduct corporation for producing one product which might be seriously injured by imports, even though

other product areas may not be. This is called the "segmentation principle" and it too was on the books for 11 years without any difficulties between 1951 and 1962.

Another area in the escape clause which the committee did take action on and which is new, and that is the so-called "acute or severe" injury test. Under the committee's amendment, the Tariff Commission must determine whether on the basis of the substantial cause-test an industry is being seriously injured by imports. That would be the first finding. Having made that determination and assuming it was positive, the Commissioners finding serious injury would also determine whether the injury was acute or severe. The term "acute or severe" denote a degree of injury which is a level higher than serious injury and which could, if not immediately corrected, threaten the very existence of an industry as a viable economic entity in the United States. Now, under either the initial determination of serious injury or the subsequent acute or severe injury determination, the Tariff Commission would recommend a remedy. If only the initial serious injury was found, the President would consider the remedy suggested by the Tariff Commission but would be allowed to proclaim any import restriction he deemed necessary to prevent serious injury, unless he determines it is not in the national interest to impose such restrictions. In the latter case, he must provide adjustment assistance to those firms and workers which are being seriously injured. If there are two affirmative findings by the Tariff Commission—one of serious injury and another of acute or severe injury—the President would have to impose the remedy recommended by a majority of the Tariff Commission making those determinations, unless he determines it is not in the national interest to do so. In other words, the second test puts a little more pressure on the President to accept the Tariff Commission's findings, but the President retains his flexibility. But if he does not accept the Tariff Commission's recommendation he must nevertheless provide adjustment assistance. The committee deemed that this flexibility was necessary.

With respect to adjustment assistance, it is only necessary to determine that imports are contributing to unemployment or underemployment in the case of groups of workers, or to serious injury in the case of firms.

TEXTILES AND FOOTWEAR

Now let me turn to the textile and footwear provisions in the bill.

The textile industry is the largest manufacturing industry in the United States with 2.1 million employees, many of them disadvantaged. The industry moved from the North to the South, and now may move across the Pacific unless relief from low-wage imports is provided. All the European countries have negotiated voluntary agreements with Japan and other Asian textile producers to limit imports of manmade fiber and woolen textiles into the European market. That is the intent of this bill. The United States has been striving to obtain a similar agreement, because we have become the "dumping ground" for cheap imports, and our producers are facing severe hardships. But the Japanese do not appear willing to give us the same consideration that they gave the Europeans.

The nonrubber footwear industry has also been hurt by growing imports. Thus, the bill provides for quantative limitations on the imports of certain textile and footwear articles equal to the average annual imports for the 3 calendar years, 1967 through 1969.

However, there is a great deal of flexibility in the bill. For example, the President is authorized to exempt any products from the statutory import quotas: First, which he determines are not disrupting the United States market, second, when he determines that the national interest requires such action, and, third, when the supply of any article in the domestic market is insufficient to meet the demand at reasonable prices, or, fourth, when voluntary agreements are entered into with foreign producing countries.

The President is specifically authorized to negotiate agreements with foreign countries under which imports of textile and footwear articles would be voluntarily controlled. As I have stated imports covered by such voluntary agreements would be exempt from the mandatory quota provisions of the bill. The main thrust of the legislation, therefore, is to share our market with foreign goods, hopefully on a voluntary basis, so that industry and labor would not be severely injured by foreign competition.

Textile and footwear imports into the United States have been increasing very rapidly. The average imports of manmade fiber amounted to 1,390 million square yards in the 1967–69 base period, and for wool textile products it was 184.5 million square yards. As of June 1970, imports of manmade fiber textiles are running at an alltime record of 2.4 billion square yards. Apparel imports are also sharply up, and in some product areas, such as sweaters and shirts, imports have practically taken over the market. For example, in 1965 imports of sweaters of manmade fiber were 501,000 dozen. In 1969, imports of such sweaters had increased to 6,974,000 dozen. That is more than a tenfold increase in the space of 4 years. Such increases in imports year after year are devastating our textile and apparel firms. Many responsible individuals realize this. In an article appearing in the September issue of Fortune magazine the former Minister of Finance in Japan, the Honorable Nobutane Kuichi made this wise statement:

> Confrontation between us and the world is no good. I'd like to see the growth-rate of our exports decline from last year's 22 percent to no more than 10 percent, ideally 7 percent. I have told this to the Prime Minister and he doesn't like it because everything is geared to exports.

Let us not forget that other countries having much more severe barriers to imports than the United States, face the same problems. Japan, for example, has quotas on 98 products. Western Europe controls its imports through border taxes and variable levies, and, in addition, has quantitative restrictions on Japanese and other Asian textile products, which serve to divert them to the United States. For example, this Nation absorbs 50 percent of Japan's apparel exports; all Western Europe, with more than our population, absorbs only 5 percent.

Under these circumstances, they should not point their finger at us as starting a trade war. We do not want a trade war. But we cannot stand idly by and watch our industries go under and our labor force decimated by foreign imports while nothing is done. These provisions will insure that American industry and American jobs will be protected in a reasonable way while, at the same time, insuring an equitable share of our market for foreign goods.

NATIONAL SECURITY PROVISION

Another area covered by this bill is the revision of the national security provision of the Trade Expansion Act. Under the present law, if the Director of the Office of Emergency Preparedness makes a finding that imports of a particular article are threatening to impair the national security, he shall so report to the President. If the President agrees with this finding, he shall impose whatever restrictions he deems necessary to remedy the situation.

The House believed, and the Finance Committee concurs that wherever national security findings are involved, a quota would be a more suitable device for controlling imports than a tariff. In the first place, the quota would provide assurance that imports could be kept at a level consonant with the national security objectives, whereas no tariff could give that assurance.

If the tariff were set too low, imports would come pouring in to depress our market; if the tariff was very high, it could shut off imports completely or involve very high costs to the U.S. consumer. In the case of oil, there is the additional problem of tanker rates, which are extremely volatile. A tariff set on Monday might be inappropriate on Friday if tanker rates had moved up sharply in the meantime. We cannot adjust our tariffs to accommodate the fickle nature of these tanker rate variations, or to the whims of Arab potentates who have effective control over prices.

The Director of the Office of Emergency Preparedness stated before the Finance Committee that a tariff would tend to increase the cost of oil to the consumer much more than a quota. The Secretary of State, the Secretary of Defense, the Secretary of the Treasury, the Secretary of Commerce, and the Director of the Office of Emergency Preparedness all agree that a tariff is not a suitable instrument for controlling oil imports, and have so advised the President. The President has accepted that recommendation. The committee bill reflects the same conclusion.

WELFARE AMENDMENTS

INTRODUCTION

The goal of working out progressive and productive proposals in the area of public welfare has occupied the committee for many months.

Looking at the overall structure of our public assistance system, the committee concluded that two different approaches were called for. First, there is no pressing need to throw out completely our present programs for the aged, blind, and disabled and start a new program in that area. These programs, on the whole, have been working well. They have been responsive to the needs of poor people, and the rolls have remained fairly steady. The committee therefore determined to make desirable improvements in these programs, but not at this time to change their basic direction.

The situation with regard to the program of aid to families with dependent children is far different. The AFDC caseload has tripled in the last 10 years, and we now have approximately 9 million AFDC recipients throughout the country. The rate of growth is continuing unabated, and every State is feeling the consequences. Equally disturbing is the nature of the growth in the program. Most of the families being added to the rolls are eligible because of the absence of the father from the home. These are cases largely resulting from desertion, separation, and illegitimacy. Fully three-fourths of the families now receiving AFDC are families in which the father is absent, and this percentage will be increasing if present trends continue.

Faced with this situation, the committee felt compelled to develop workable and greatly needed improvements in those programs created by the Congress to help AFDC families and to get at the root cause of dependency. The bill would make possible immediate improvement in the work incentive and child care programs, thus assisting many families to move toward economic independence. Along with these proposals to solve problems which are amenable to rapid improvement, the committee is advocating a broad program of testing which is aimed at finding long-range solutions to the overall problem of welfare dependency.

At this point I would like to describe in greater detail just what the committee bill includes.

ASSISTANCE TO THE AGED, BLIND, AND DISABLED

First of all, the bill proposes a national minimum income level which would provide a considerably higher level of assistance for a large percentage of recipients of aid to the aged, blind, and disabled. Many of these people, who are among the most hopeless and helpless of all the poor in our country, are currently receiving assistance which is obviously inadequate for their needs.

We think it is urgent that increased assistance be given to those who are living in States where payments are very low. Thus, the bill would require States to provide a level of assistance sufficient to assure persons in these categories a total monthly income of at least $130 for a single person, or $200 for a couple. States would, of course, have the option of maintaining or establishing a higher standard for residents of their State.

To give some idea of the impact of this new minimum, let me point out that in the aged category, this provision would result in increased assistance for eligible single-aged individuals in about 31 States, and for eligible aged couples in about 36 States.

The committee bill would also, in effect, give needy persons in the adult categories more money in lieu of food stamps. We all know that many of them have suffered loss of dignity and pride by having to use food stamps when they go out to the local grocery store to do their shopping. This bill will give them cash, which they can use as they want, and when they want.

In addition, the committee wanted to make sure that those social security beneficiaries who are also public assistance recipients would share in the benefit of the social security increases which are provided in the bill. If present law remained unchanged, any increase in a social security check would mean an offsetting decrease in the recipient's public assistance check. Therefore, the committee bill requires States to raise their standards of need for those in the aged, blind, and disabled categories by $10 per month for a single individual, and $15 for a couple. These recipients would in this way be guaranteed an increase in total income of at least these amounts.

Recognizing that the rapid growth in welfare expenditures in recent years has strained the fiscal capacities of the States, the committee wanted to make sure that the States would not have to bear any additional costs resulting from these new benefits in the adult categories. A certain amount of fiscal relief will accrue to the States to the extent that welfare grants are reduced because of the increases which the bill provides in social security benefits. However, this relief is not necessarily distributed in a way which reflects the relative welfare burdens of the States under present law or under the additional requirements imposed by the bill.

We have worked out a proposal which, generally speaking, would assure all States a 10-percent savings over their expenditures for adult assistance programs in 1970. The Federal Government would pay 100 percent of the cost of additional expenditures for the aged, blind, and disabled which are required by the committee bill.

Mr. President, it is my belief that these changes proposed in the bill will be of enormous benefit to those Americans who are in need because of old age, blindness, or other crippling disability. We have been able to work out a way of increasing the minimum income level above the $110 per person level proposed by the administration and approved by the House, and to make other needed improvements, without going above the amounts which the administration stated it was willing to allocate for these categories of assistance.

TESTING OF WELFARE ALTERNATIVES

Now let me turn to the problem of assistance to needy families with children. I have already outlined, and there is no need to further document, the seriousness of the growth in the AFDC program. The committee has studied the present program. It has studied the proposal, with its many variations, which the administration made for the establishment of a new family assistance plan to be superimposed on the AFDC program.

In all honesty and sincerity, I would say that the committee shares the view of Governor Hearnes of Missouri, who testified during the hearings on FAP. Governor Hearnes summed up his own opinion by stating quite seriously that if you read what the newspapers said about the proposal, you would be for it, but if you read what was actually in the bill, you had to be against it.

We read the administration's bill. We had many weeks of public hearings on it. Nearly everyone who testified endorsed the principles in the proposal, but nearly all the witnesses also pointed out weaknesses.

As legislators, we know that the perfect law is yet to be written. We would not reject a proposal because of minor problems or oversights. These, we know, can be corrected in the course of time.

But when a proposal establishes a new direction, and goals are established which in our honest evaluation are unattainable under the measures provided, then it is our responsibility to require a more thorough examination.

The committee bill would thus require the Secretary of Health, Education, and Welfare to conduct up to five tests of possible alternatives to the AFDC program. One or two of these tests would test a "family assistance" type proposal for welfare, and one or two of the tests would test a "workfare" type proposal. In addition, the bill provides for a test in which a program of rehabilitation of welfare recipients would be administered by vocational rehabilitation personnel.

It is my hope, and the hope of the committee, that these tests would provide a sound basis for rational legislative action in the welfare area. We would also hope that each test would produce data from which there could be estimated for the various types of programs the cost, extent of participation, and effectiveness in reducing dependency on welfare which could be expected if such programs were adopted as a substitute for AFDC. The tests should also provide valuable administrative experience which would facilitate the implementation of any of the test proposals which might eventually be enacted.

The bill would give the Department of Health, Education, and Welfare flexibility in choosing the areas in which the tests are to be conducted. However, it would require that the areas chosen should be broadly representative of the country as a whole so that the data from the tests may serve as a reliable basis for future congressional action.

The tests are also to be conducted in such a way that valid comparisons among the various alternatives can be made. The bill therefore requires that the Department conduct the same number of "workfare" tests as "family assistance" tests—either one or two of each. In each pair of tests the beginning and ending dates of the two tests must be the same, the number of participants must be approximately the same, and the areas in which the two tests are conducted must be comparable as to popu-

lation, per capita income, unemployment level, and other relevant factors.

Tests would have to be conducted with State cooperation and with State sharing in the costs of the tests.

At all stages in the development of the tests and in their operation, the committee would be kept advised and the Comptroller General would be consulted regarding testing procedures that would be utilized.

Two matters that this Senator would like to see developed by these tests are whether wage subsidies are one effective way of increasing the incomes of the disadvantaged and whether, if they are, the one-check or the two-check approach is preferable. The one-check approach involves passing the subsidy to the employer who includes it in his wage to the worker. The two-check approach envisions a wage supplemented by a payment directly from the welfare office.

Mr. President, we believe this program of testing is both a responsible and a responsive way of meeting our present welfare crisis. We agree that the present system is bad, but we do not agree that it is so bad that any untested alternative would be preferable merely because it is new or different. We want to find some real answers to the welfare problem. And we believe that the way to do this is through careful experimentation.

At the same time, we recognize that there are changes in the present legislation which should be made immediately, and we seek in the bill to correct some of the worst and most obvious defects.

WORK INCENTIVE PROGRAM

The committee and the administration are in substantial agreement as to the obligation of appropriate welfare recipients to work. The thrust of any welfare reform proposal must encompass the basic proposition that able-bodied welfare recipients should be required to work if child care and meaningful manpower training are provided—and that actual jobs must be available for such people after training.

Mr. President, I think the Congress has now reached the point where it is reluctant to support any more training programs that do not result in jobs for participants. Moreover, the disadvantaged people of this country share this disenchantment—they say in increasing numbers "no more training programs without jobs."

The committee bill adopts almost all of the administration's requests for improvement of the work incentive program. It provides more favorable matching for manpower training expenses and for welfare services which support training, including the vitally important day care. It also provides registration with the employment service as a condition of welfare eligibility and puts into effect uniform Federal standards for referral of welfare recipients to WIN. All of these elements have been cited by the administration as crucial deficiencies in the work incentive program.

But the bill goes further—and here, I would be remiss in not pointing to the great contributions of the junior Senator from Georgia, Senator TALMADGE. It comes to grips with some of the basic reasons for the failure of WIN which have been very disturbing to the committee. The Committee on Finance was the principal architect of the WIN program—I believe I was the initial sponsor of that amendment—and was responsible for the basic decision—that the Department of Labor would administer the manpower training program. However, the committee has been greatly disappointed in the implementation of the program.

The points of emphasis the Finance Committee thought were made abundantly clear in the 1967 amendments have been paid lipservice or totally ignored. A meaningful program of on-the-job training continues to be an unfulfilled Labor Department promise. The legally required program of special work projects—public service employment—is a reality in only one State. Lack of Labor Department and Department of Health, Education, and Welfare cooperation and that of their counterparts at the local level has been a major problem in the referral process and in the provision of necessary supportive services for recipients in work and training. The main thrust of the WIN program as it exists today remains in the direction of basic education and classroom training, which our experience with manpower training over the last decade shows does not result in the placement of people in jobs, but rather in a growing skepticism of both welfare recipients and the public as to the worth of such endeavors.

Mr. President, this situation must change. More effective administration must be provided, and WIN's on-the-job training and public service employment components must become a vital part of the program.

It is for this reason the committee bill includes a provision which would require heavy emphasis on these two components. Also, a tax credit mechanism is provided which will link manpower training to the actual provision of jobs.

I might say there has been a severe disappointment in the performance of the Department of Labor in accordance with its duties under the law.

The task of training welfare recipients for jobs and actually placing them in employment on a permanent basis is admittedly one of the most difficult tasks facing Government. The committee believes that the changes it is proposing for WIN are important, albeit some of these could have been made without changes in the statute. But we are also aware that regardless of what the Congress does in this area the ultimate success of the program will, in large measure, be dependent on the dedication of administrators at the Federal, State, and local level and the resources they are allocated. Thus, we believe it is incumbent upon the Department of Labor to show its commitment to WIN and to provide staffing at the Federal level which is commensurate with its responsibilities as the primary administrator of the program. The WIN program must receive the kind of implementation its importance deserves.

CHILD CARE

The bill also includes proposals which would greatly expand the availability of child care resources throughout the Nation. At the present time the lack of adequate child care represents perhaps the single largest impediment to the efforts of poor families, especially those headed by a mother, to achieve economic independence. The committee bill would seek to remove this impediment for the poor, while at the same time promoting child care facilities for all families which need them, by creating a Federal Child Care Corporation.

Although the Committee on Finance and the Congress, through past amendments to the Social Security Act, have attempted to meet the need for child care we have been unable to overcome the great lack of organization, initiative, and know-how which exists in the child care area. We have provided money, but we have found that money alone will not do the job. We need a mechanism at the Federal, State, and local levels which will respond to both national and local needs for child care. We believe the Federal Child Care Corporation will be such a mechanism.

The Corporation would have as its first priority making available child care services to children of parents eligible for such services under the AFDC program, and who need them in order to participate in employment or training. However, it would also have the broader function of making child care available for any family which may need it, regardless of welfare status.

The Corporation would work in an uncomplicated way. Under the committee bill, $50 million would be given to the Corporation to provide initial working capital. This amount would be in the form of a loan by the Secretary of the Treasury and would be placed in a revolving fund. The money would be used by the Corporation to begin arranging for child care services. Initially, the Corporation would contract with existing public, private nonprofit, and proprietary facilities to serve as child care providers. To expand services, the Corporation would also give technical assistance and advice to organizations interested in establishing facilities under contract with the Corporation. In addition, the Corporation could provide child care services in its own facilities.

Fees would be charged for all services provided or arranged for by the Corporation. The fees would go into the revolving fund to provide capital for further development of services and to repay the initial loan. They would be set at a level which would cover the costs to the Corporation of arranging child care.

We have provided in the bill for construction authority for the Corporation, and would authorize the issuance of bonds for this purpose if new construction is needed. We envisage, however, that this authority will be used sparingly, and that every effort will first be made to utilize existing facilities.

I am deeply concerned about the quality of care which children are to receive, and I therefore want to emphasize that

the bill includes provision for Federal child care standards, to assure that adequate space, staff, and health requirements are met. In addition, facilities used by the Corporation would have to meet the Life Safety Code of the National Fire Protection Association.

The bill includes inservice training authority, and the committee expects that this authority, along with the training programs under the WIN program, will be used to train welfare mothers, insofar as possible, to work in child care programs. This will mean that while some mothers are being freed for work, others will be provided employment directly in child care facilities.

The Corporation, while providing a mechanism for expanding the availability of child care services, would not provide funds to subsidize child care. Those who are able to pay would be charged the full cost of services. The cost of child care needed by families on welfare would be paid by State welfare agencies.

Here, too, the committee bill makes a significant improvement in present law by providing for an increase from 75 percent to 90 percent in the Federal matching share for child care services. The bill would authorize payment of 100 percent of the cost of services for a temporary period if the Secretary determined that necessary services would not otherwise be available. The 90 percent matching rate would be available to the States for child care for families receiving AFDC and also for past and potential recipients.

FAMILY PLANNING SERVICES

Mr. President, the committee bill provides for a major advance in enabling welfare recipients to obtain free family planning services by authorizing 100 percent Federal funding for State family planning programs, including both information and the provision of medical services.

As under present law, States would be required to offer family planning services to all appropriate recipients of AFDC, including, on an optional basis, former recipients and those who are likely to become recipients of welfare. Acceptance of services, as under present law, would be voluntary with the recipient.

A beginning has been made as the result of congressional action in 1967 when 75 percent Federal matching funds was authorized for this purpose. The progress which has been made under those amendments, however, has not met the committee's expectations.

The provisions of the committee bill are consistent with the aims of the administration, as expressed by the President in a speech in July 1969:

> Most of an estimated five million low income women of childbearing age in this country do not have adequate access to family planning assistance, even though their wishes concerning family size are usually the same as those of parents of higher income groups.
>
> It is my view that no American woman should be denied access to family planning assistance because of her economic condition. I believe, therefore, that we should establish as a national goal the provision of adequate family planning services within the next five years to all those who want them but cannot afford them. This we have the capacity to do.

The committee shares the goal of the President and believes that this is an appropriate step in its fulfillment. It notes that, according to testimony of Planned Parenthood Federation, full family planning services can be provided for about $60 per woman per year. This seems a small price to pay for the personal, social, and economic benefits which can be achieved as the result of an effective nationwide family planning program.

EMERGENCY ASSISTANCE TO MIGRANT FAMILIES

Some of the most disadvantaged citizens in our country can be found among migrant workers. When children are involved, the situation calls even more urgently for action, and this action must be of a national nature which is commensurate with the national problem.

Under existing law, emergency assistance may, at the option of the States, be provided to needy migrant families with children and be provided either statewide or in part of the State. Fifty percent Federal matching is provided.

The committee bill establishes a more meaningful program by amending existing law: first, to require all States to provide such a program; second, to require that it be statewide in application; and, third, to provide Federal matching of its cost at the 75 percent level.

OBLIGATIONS OF DESERTING FATHER

Mr. President, when we discuss welfare reform, we should always remember some of the root causes of the present crisis.

The facts are startling:

In 1969, three out of four families receiving AFDC were eligible because of the father's absence from the home. Think of that—75 percent. One out of six families is on welfare because of the father's desertion. With about 9 million AFDC recipients, this means that about 1,500,000 mothers and children are receiving welfare today because the father of the family has deserted.

An illustration of the impact of desertion on a city's AFDC rolls is New York where between 1961 and 1968 the cases of deserted or informally separated wives grew by 412 percent.

Nationally, the largest single cause of dependency among children is illegitimacy. In 28 percent of the families receiving AFDC, the mother is not married to the father of the child.

Congress, particularly in the 1967 amendments, attempted to deal with this aspect of the dependency problem. These measures, however, have failed to stem the explosive growth of the welfare rolls in the past 3 years, a growth largely consisting of families in which there either never was a father or in which the father has deserted the family or is otherwise separated from the mother.

During the hearings on the welfare bill, Secretary Richardson was asked his opinion about direct Federal action in desertion cases. He replied:

> We would support legislation which made it a Federal crime to cross State lines for the purpose of evading parental responsibility. * * * From the standpoint of our Department to make this a Federal crime would help to reduce the problem, we think, and to that extent we would be for it.

The committee considers the provisions of present law useful and feels they should be retained. However, it is clear that further action is necessary to permit more extensive involvement of the Federal Government in cases where the father is able to avoid his parental responsibilities by crossing State lines.

Thus, the committee bill would make it a Federal misdemeanor for a father to cross State lines in order to avoid his family responsibilities. The penalty under this new amendment would be imprisonment for up to 1 year.

Second, the committee bill would provide that an individual who has deserted or abandoned his spouse, child, or children shall owe a monetary obligation to the United States equal to the Federal share of any welfare payments made to the sopuse or child during the period of desertion or abandonment.

The bill also provides that information regarding the whereabouts of the deserting individual would be furnished, on request, by the Federal Government to the deserted spouse where a judgment for support has been obtained.

Daniel P. Moynihan has stated:

> Now, a working-class or middle-class American who chooses to leave his family is normally required first to go through elaborate legal proceedings and thereafter to devote much of his income to supporting them. Normally speaking, society gives him nothing. The fathers of AFDC families, however, simply disappear. Only a person invincibly prejudiced on behalf of the poor would deny that there are attractions in such freedom of movement.

It is my hope that the measures contained in the committee bill will equate the responsibilities of a father of AFDC children with those of the father of a working-class or middle-class family.

THE COURT AND WELFARE LAW

Some major changes in welfare law have been made in recent years not by the Congress, but by the Judiciary, These decisions have played a major role in the phenonmenal growth of the welfare rolls in the last 3 years. In some cases, the Court decisions have been made on the basis of an interpretation of congressional intent and in some cases the decision has been based on an interpretation of the Constitution. Common to many of these cases seems to be an assumption that welfare is a "property right" rather than a "gratuity" granted as a privilege by the Congress and subject to such eligibility conditions as the Congress, through the legislative process, decides to impose.

Health, Education, and Welfare Secretary Elliot L. Richardson disagrees with this view of welfare as a vested right. Under Secretary Veneman disagrees with this view. The Committee on Finance disagrees with this view. Underlying the committee's action on the welfare amendments in the bill is the fundamental policy that the "right to welfare" is a statutory right, dependent on legislation enacted by the Congress, and not a vested, inherent, or inalienable right to benefits.

The committee's view is that the right to welfare is no more substantial, and has no more legal effect, than any other benefit conferred by a generous legislature. The welfare system as we know it

today is authorized under the Social Security Act, and the statutory rights granted under that act can be extended, restricted, altered, amended, or even repealed by the Congress. It is this ability to change the nature of a statutory right which distinguishes it from a property right or any other right considered inviolate under the Constitution.

Consistent with this view the committee bill includes provisions reasserting the intent of Congress with respect to the residency requirements, the man in the house rules, payments of welfare benefits during appeals, the requirement that States seek to establish the paternity of illegitimate children applying for welfare and allowing caseworkers to enter the home of welfare recipients at reasonable times and with reasonable notice.

In addition the bill would prevent the use of Federal funds in financing future efforts to nullify any feature of the Social Security Act.

TAX AMENDMENTS

This bill also contains several tax amendments closely related to the programs dealt with by the bill.

INFORMATION REPORTING

An important feature of the committee bill is the provision calling for information reports to be submitted to the Internal Revenue Service of payments made by insurance companies to health care providers. In the case of federally financed health programs like medicare and medicaid the amendment calls for reports both of payments made direct to the provider and those made to the beneficiary in reimbursement of his bills. In the case of private insurance policies, however, the amendment would require reporting only of payments made direct to the provider.

BRIBES AND KICKBACKS

Another committee amendment corrects an unintended effect of the Tax Reform Act of 1969 allowing a tax deduction for illegal bribes and kickbacks. The 1969 Act required that there be a criminal conviction or guilty plea before such a payment could be disallowed. The committee bill substantially restores the prior law and disallows a deduction if the payment is illegal under Federal or State law. This disallowance rule also applies to medical referral fees under the medicare and medicaid programs since another provision in the bill makes such payments illegal.

RETIREMENT INCOME CREDIT

The committee bill also upgrades the retirement income credit—a tax relief provision for retired persons—by increasing the amount of retirement income eligible for the credit. This action, together with the recent announcement by the Internal Revenue Service that it would compute the retirement income credit for persons who request it, should go far toward making this credit generally more useful.

Mr. President, in connection with that, I want to give credit to the Senator from Connecticut (Mr. RIBICOFF) for his diligence in this area in assuring that an adequate tax relief provision for retired persons would be a provision of the bill.

WORK INCENTIVE TAX CREDIT

Another amendment recommended by the committee provides for a tax credit for employers of persons trained or placed through the work incentive program. The tax credit will amount to 20 percent of the employee's salary for the first year of employment, but it would be recaptured if the employee should be discharged in the first 2 years of employment. The committee felt that this amendment, part of a comprehensive revision of the work incentive program, would stimulate jobs for people who today must depend on the welfare system for their sustenance.

VETERANS PENSION INCREASE

The Committee on Finance, in its deliberation on this bill, has continued, as in the past, to be mindful of the special needs of veterans. The committee bill includes the text of S. 3385, a pension increase bill introduced by Senator HERMAN E. TALMADGE, chairman of the Subcommittee on Veterans' Legislation. The Talmadge bill, incorporated as a committee amendment, would increase pension benefits by $160,000,000 above present law, effective January 1971.

Pension benefits are related to need. As social security payments are increased, the veterans need for a pension decreases, although by a considerably smaller amount than the rise in social security benefits. The committee amendments substantially offset these reductions.

CONCLUSION

Mr. President this concludes my prepared statement on the committee bill. I urge that it be approved.

I ask unanimous consent to have printed in the RECORD a summary of the principal provision of the bill.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

II. SUMMARY OF PRINCIPAL PROVISIONS OF THE BILL

A. SOCIAL SECURITY CASH BENEFITS

1. Provisions of the House bill changed, and new provisions added by the committee

The committee made a number of changes in the provisions of the House-passed bill affecting the social security cash benefit programs. In a number of cases, the committee bill would modify or eliminate provisions of the House bill affecting select groups of beneficiaries; these changes would help make possible a 10-percent across-the-board benefit increase compared with the 5-percent increase in the House bill. Other provisions in the committee bill include a $100 minimum benefit, an increase in the benefits for widows and widowers, an age-62 computation point for men, liberalization of the retirement test, an increase in the maximum benefits payable to a family, a reduction in the waiting period for disability benefits, and other less far-reaching but nonetheless important changes.

Increase in Social Security Benefits

Social security payments to the nearly 26 million beneficiaries on the rolls at the end of January 1971, and to those who come on the rolls after that date, would be increased by 10 percent, with a new minimum benefit of $100. (The House-passed bill would have increased benefits by 5 percent, with a minimum benefit of $67.20.)

The benefit increase would be effective for the month of January 1971, but would not be paid until April, and would mean additional benefit payments of $5.0 billion in the first full year.

Increased Widows' and Widowers' Insurance Benefits

Under present law, when benefits begin at or after age 62 the benefit for a widow (or dependent widower) is equal to 82½ percent of the amount the deceased worker would have received if his benefit had started when he was age 65. A widow can get a benefit at age 60 reduced to take account of the additional 2 years in which she would be getting benefits.

Both the House bill and the committee bill are aimed at providing benefits to a widow equal to the benefits her husband was receiving, or would have received. It was brought to the committee's attention, however, that in some cases the widow, under the House bill, would actually receive a benefit substantially higher than her husband received before his death. Under the House bill, a widow would be entitled to 100% of the amount her deceased husband would receive if he became a beneficiary after reaching age 65. On the other hand, if he actually began receiving benefits before reaching age 65, his benefits would be actuarially reduced. For example, a man eligible for $150 monthly if he retires at age 65 will receive reduced benefits of $135 when he retires 18 months before reaching age 65. Under the House bill, his widow age 65 or older would be eligible for monthly benefits of $150; under the committee bill, she would receive $135, as did her husband. Generally, under the committee bill the widow would receive either 100% of the benefit her husband was actually receiving at the time of his death or, if he was not receiving benefits, 100% of the benefit he would have been eligible for at age 65.

About 2.7 million widows and widowers on the rolls at the end of January 1971 would receive additional benefits, and $649 million in additional benefit payments would be made in the first full year.

Effective date.—January 1, 1971.

Cost-of-Living Increases

The House-passed bill would have provided for cost-of-living increases in benefits and for related increases in the tax base and in the exempt amount under the retirement test which would have subordinated the role of Congress in determining benefit levels. The committee has revised these provisions in order to stress the role of the Congress in setting social security tax and benefit levels. Under the committee bill, social security benefits would rise automatically in the event the cost of living goes up and Congress failed to legislate on social security benefits or taxes. The social security earnings limitation would increase automatically as covered earnings increase. The full cost of these automatic increases would be met equally by increases in tax rates and in the tax base, with the function of determining the base and the rates performed by the Secretary of Health, Education, and Welfare. The committee bill would provide that the automatic benefit increases would not go into effect if in the year before the year in which the increase was to be effective Congress and the President had approved a change in social security benefit levels, or a change in the schedule of social security tax rates, or a change in the social security tax base.

Age 62 Computation Point for Men

Under present law, the method of computing benefits for men and women differs in that years up to age 65 must be taken into account in determining average earnings for men, while for women, only years up to age 62 must be taken into account. Also, benefit eligibility is figured up to age 65 for men and up to age 62 for women. These differences which provide special advantages for women

would be eliminated under the committee bill and under the House-passed bill by applying the same rules to men as now apply to women.

The House-passed change would apply immediately to those already on the rolls as well as to those coming on in the future. Under the committee's bill, there would be a gradual transition to the new procedures so that the provision would apply only to those becoming entitled in benefits in the future; the number of years used in determining insured status and in computing benefits for men would be reduced in 3 steps so that men reaching age 62 in 1973, and later, would have only years up to age 62 taken into account in determining insured status and average earnings.

In the first full year, an additional $6 million in benefits would be paid out under this provision. Under the change in benefit eligibility requirements for men, some 2,000 people—workers, their dependents, and survivors not eligible under present law—would be added to the rolls in the first year.

Effective date.—January 1, 1971.

Increase in Maximum Family Benefits

The committee bill provides that families coming on the rolls after a benefit increase is enacted, as well as families already on the rolls at the time the increase is enacted, would be guaranteed the full amount (10 percent under the committee bill) of the current and future general benefit increases. Under the committee bill, maximum family benefits would range from 1.5 to 1.88 times the worker's benefit amount payable at age 65.

Effective date—January 1, 1971.

Actuarial Reduction for Women

Under present law when a woman applies before age 65 for a retirement benefit based on her own earnings, her benefits are actuarially reduced to take account of the longer period over which benefits will be paid. If she subsequently applies for a wife's benefit after reaching age 65, her wife's benefit is also reduced to reflect the fact that she began to receive benefits before age 65. The House-passed bill would eliminate actuarial reduction in such cases; the committee bill would retain the provisions of present law.

Benefits for Divorced Women

The committee bill retains the provisions of present law which require that in order to qualify for benefits as a divorced wife, divorced widow or a surviving divorced mother a woman must show that: (1) she was receiving at least one-half of her support from her former husband, or (2) she was receiving substantial contributions from her former husband, or (3) there was a court order in effect providing for substantial contributions to her support by her former husband.

The House-passed bill would delete these requirements.

Waiting Period for Disability Benefits

Under present law there is a six-month waiting period before a disabled person is eligible for social security disability insurance benefits. The committee added to the House bill a provision to reduce the waiting period for disability benefits by two months, so that benefits would be payable on the basis of a four-month waiting period, rather than a six-month period.

About 140,000 people—disabled workers and their dependents and disabled widows and widowers—would be able to receive a benefit for January 1971 as a result of this provision. About $185 million in additional benefits would be paid out during the first full year.

Effective date.—January 1, 1971.

Childhood Disability Benefits

The committee bill, like the House bill, would provide childhood disability benefits for the disabled child of an insured retired, deceased, or disabled worker, if his disability began before age 22, rather than before 18 as under present law. The committee added a new provision to permit a person who was entitled to childhood disability benefits to become re-entitled if he again becomes disabled within 7 years after his prior entitlement to such benefits was terminated.

About 13,000 people—disabled children and their mothers—would immediately become eligible for benefits, primarily as a result of extending the age limit to 22. About $13 million in additional benefits would be paid out during the first full year.

Effective date.—January 1, 1971.

Disability Benefits Affected by the Receipt of Workmen's Compensation

The committee deleted the provision in the House bill modifying the workmen's compensation offset provisions to raise the ceiling on income from combined workmen's compensation and disability insurance benefits from 80 percent to 100 percent of the disabled worker's average current earnings before the onset of his disability.

Disability Insurance Benefits for the Blind

The House-passed bill contained a provision which would eliminate the general recency-of-work requirement for people who meet the definition of blindness in the Social Security Act. The committee bill revises the requirements for paying disability insurance benefits to blind people. Under the committee revision, disability insurance benefits would be payable to any blind person (as defined in the law) who has credit for 6 quarters of social security coverage, without regard to his ability to work.

About 225,000 people, blind workers and their dependents, would become immediately eligible for monthly benefits. About $225 million in additional benefits would be paid out during the first full year.

Effective date.—January 1, 1971.

Adoption of Child by Retired or Disabled Worker

The committee broadened the provision of the House-passed bill which would change the provisions of present law relating to the payment of benefits to a child (other than a natural child or a stepchild) who is adopted by a disability insurance beneficiary after the latter becomes entitled to benefits. Under the committee bill, the child, adopted when a disabled or retired worker is entitled to benefits, would be able to get child's benefits based on the worker's earnings if: (1) the adoption was decreed by a court of competent jurisdiction within the United States, (2) the child lived with the worker in the United States for the year before the worker became disabled or entitled to an old-age or disability insurance benefit, (3) the child received at least one-half of his support from the worker for that year, and (4) the child was under age 18 at the time he began living with the worker.

Effective date.—January 1, 1971.

Refund of Social Security Tax to Members of Certain Religious Faiths Opposed to Insurance

Under present law, members of certain religious sects, who have conscientious objections to social security by reason of their adherence to the established teachings of the sect, may be exempt from the social security self-employment tax provided they also waive their eligibility for social security benefits. This exemption was written largely to relieve the Olo Order Amish from having to pay the social security tax when, because of their religious beliefs, they would never draw social security benefits.

The committee bill would extend the exemption (by a refund or credit against income taxes at year end) from social security taxes to members of the sect who are "employees" covered by the Social Security Act as well as the "self-employed" members of the sect. The employee would have to file an application for exemption from the tax and waive his eligibility for social security and medicare benefits as the self-employed members must presently do. The provision specifically provides that there would be no forgiveness of the employer portion of the social security tax as the committee believes this would create an undesirable preference in the statute.

Trust Fund Expenditures for Rehabilitation Services

The committed added to the House bill a provision to authorize an increase in the amount of social security trust fund monies that may be used to pay for the costs of rehabilitating social security disability beneficiaries. The amount would be increased from 1 percent of the previous year's disability benefits to 1¼ percent for fiscal year 1972 and to 1½ percent for fiscal year 1973 and subsequent years.

Underpayments

The committee added a provision to the House bill under which additional relatives (by blood, marriage, or adoption) would be added to the present categories of persons listed in the law who may receive social security cash payments due a deceased beneficiary under title II of the Social Security Act.

Wage Credits for Members of the Uniformed Services

Present law provides for noncontributory social security wage credits of up to $100 a month, in addition to credit for basic pay, for military service performed after 1967. The committee bill, like the House bill, would provide that the additional wage credits would be extended to service in the period from 1957 (when military service was first covered under social security) through 1967. In addition, the committee bill would make a change in the way the additional credit is computed from $100 for each month of service to $300 for each quarter of service. The additional wage credits would affect approximately 130,000 beneficiaries immediately; about $35 million in additional benefits would be paid out in the first full year.

Effective date.—January 1, 1971.

2. *Provisions of the House bill that were not changed by the committee*

Special Payments to People Age 72 and Older

Under present law the special payments of $46 a month for an individual and $69 for a couple made to people age 72 and over who have not worked under the program long enough to qualify for regular cash benefits. Under the bill, the payments would be increased by 5 percent to $48.30 a month for an individual and $72.50 for a couple.

The benefit increase would be effective for the month of January 1971 but would not be paid until April.

Reduced Benefits for Widowers at Age 60

The 1965 amendments lowered from 62 to 60 the age of eligibility for widows but left the age of eligibility for dependent widowers at age 62. The bill provides that widowers who have attained age 60 would be eligible for reduced benefits, as widows are under present law.

Effective date.—January 1, 1971.

Liberal of the Retirement Test

The committee bill, like the House bill, provides an increase from $1,680 to $2,000 in the amount a beneficiary under age 72 may earn in a year and still be paid full social security benefits for the year.

Under present law, each $2 earned between $1,680 and $2,880 results in a $1 reduction in benefits; each dollar earned above $2,880 reduces benefits by $1. The bill would provide for a $1 reduction for each $2 earned with respect to all earnings above $2,000, not just those between $2,000 and $3,200.

For 1971 about 650,000 beneficiaries would receive additional benefits, and about 380,000 persons who would receive no benefits under present law would receive some benefits. Additional benefit payments for the first full year would be about $404 million.

Effective date.—Taxable years ending after 1970.

Disability Insurance Benefits Applications Filed After Death

The committee bill would permit disability insurance benefits (and dependents' benefits based on the worker's entitlement to disability benefits) to be paid to the disabled worker's survivors if an application for benefits is filed within 3 months after the disabled worker's death.

Effective date.—Deaths in and after year of enactment.

Penalty for Furnishing False Information To Obtain a Social Security Number

Under present law, penalties are not provided for individuals who give false information in order to secure multiple social security numbers with an intent to conceal their true identities. This has led to a number of problems in private industry and in the administration of Government programs. Therefore, the committee bill, like the House bill, would provide criminal penalties if an individual willfully furnishes false information with the intent to deceive the Secretary of Health, Education, and Welfare for the purpose of obtaining more than one social security number or of establishing a social security record under a different name. Upon conviction, an individual shall be fined not more than $1,000, or imprisoned for not more than one year, or both.

Other Cash Benefit Amendments

The committee also deleted the House-passed amendment providing social security coverage for Federal Home Loan Bank employees and adopted amendments relating to widows who remarry, retroactive payments for certain disabled people, temporary employees of the Government of Guam, policemen and firemen in Idaho and policemen in Missouri, certain public hospital employees in New Mexico, registrars of voters in Louisiana, certain U.S. citizens who are self-employed outside the United States and certain part-time and student employees of State and local governments in Nebraska. Other amendments included in the committee's bill relate to the treatment of earnings of self-employed people paying taxes on a fiscal year basis, recomputation of benefits based on combined railroad and social security earnings and payment to a child entitled on the record of more than one worker.

B. MEDICARE AND MEDICAID

1. Provisions of the House bill that were not substantially changed by the committee

Relationship between Medicare and Federal employees benefits

The committee bill would require that effective January 1, 1972, no payment would be made under medicare for the same services covered under a Federal employees health benefits plan, unless in the meantime, the Secretary of Health, Education, and Welfare certifies that the Federal employees health benefits program has been modified to make available coverage supplementary to medicare benefits and that Federal employees and retirees age 65 and over will continue to have the benefit of a Government contribution toward their health insurance premiums.

Hospital Insurance for the Uninsured

People reaching age 65 who are ineligible for hospital insurance benefits under medicare would be able to enroll, on a voluntary basis, for hospital insurance coverage under the same conditions under which people can enroll under the supplementary medical insurance part of medicare. Enrollment for supplementary medical insurance is also required. Those who enroll would pay the full cost of the protection—estimated at $27 a month at the beginning of the program, and rising as hospital costs rise. States and public organizations, through agreements with the Secretary, would be permitted to purchase such protection on a group basis for their retired (or active) employees age 65 or over.

Limitation on Recognition of Physicians' Fee Increases

Charges determined to be reasonable under the present criteria in the medicare, medicaid, and maternal and child health law would be limitd by providing: (*a*) that after enactment of the bill medical charge levels recognized as prevailing may not be increased beyond the 75th percentile of actual charges in a locality during the previous elapsed calendar year; (*b*) that for fiscal year 1972 and thereafter the prevailing charge levels recognized for a locality may be increased, in the aggregate, only to the extent justified by indexes reflecting changes in costs of practice of physicians and in earnings levels; and (c) that for medical supplies, equipment, and services that, in the judgment of the Secretary, generally do not vary significantly in quality from one supplier to another, charges allowed as reasonable may not exceed the lower levels at which such supplies, equipment and services are widely available in a locality.

Termination of Payments to Suppliers of Services Who Abuse the Medicare Program

The Secretary of Health, Education, and Welfare would be given authority to terminate payment for services rendered by a supplier of health and medical services found to be guilty of program abuses. Program review teams would be established to furnish the Secretary professional advice in carrying out this authority.

Repeal of Medicaid Provision Requiring Expanded Programs

The requirement in present law that States have comprehensive medicaid programs by 1977 would be repealed.

State Determination of Reasonable Hospital Costs

States would be permitted to pay hospitals on the basis of their own determination of reasonable cost, provided there is assurance that the medicaid program would pay the actual cost of hospitalization of medicaid recipients.

Government Payment No Higher Than Charges

Payments for institutional services under the medicare, medicaid, and maternal and child health programs could not be higher than the charges regularly made for those services.

Federal Matching for Modern Claims Processing Systems

Federal matching at the 90-percent rate would be available under medicaid for the States to set up mechanized claims processing and informational retrieval systems. Federal matching for the continuing operation of such systems would be at the 75-percent rate.

Prohibition of Reassignments

Medicare (part B) and medicaid payments to anyone other than a patient, his physician, or other person providing the service, would generally be prohibited, unless the physician (or, in the case of medicaid, another type of practitioner) is required as a condition of his employment to turn over his fees to his employer or unless there is a contractual arrangement between the physician and the facility in which the services were provided under which the facility bills for all such services.

Utilization Review in Medicaid

Hospitals and skilled nursing homes participating in the medicaid and maternal and child health programs would be required to have the same type of utilization review committee with the same functions as are required in the medicare program. (Any such committee actually performing such functions for medicare purposes would apply these to medicaid cases.)

Medicaid Deductibles for the Medically Indigent

Present law requires medicaid cost sharing provisions for the medically-indigent to vary directly with the amount of the recipient's income.

This has created an impossible administrative situation for States desiring to apply uniform reasonable copayment requirements (for example, 50 cents or $1 per prescription).

The amendment would permit States to employ reasonable cost sharing provisions with respect to health services for the medically indigent without requiring variations because of differences in income levels of different medically indigent recipients.

Terminating Payment Where Hospital Admission Not Necessary Under Medicare

If the utilization review committee of a hospital or extended care facility, in its sample review of admissions, finds a case where institutionalization is no longer necessary, payment would be cut off after 3 days. This provision parallels the provision in present law under which long-stay cases are cut off after 3 days when the utilization review committee determines that institutionalization is no longer required.

Role of State Health Agencies in Medicaid

State health or other appropriate State medicaid agencies would be required to perform certain functions under the medicaid and maternal and child health programs relating to the quality of the health care furnished to recipients.

Retroactive Coverage Under Medicaid

States would be required to cover under medicaid the cost of health care provided to an eligible individual during the 3-month period before the month in which he applied for medicaid.

Certification of Hospitalization for Dental Care

A dentist would be authorized to certify to the necessity for hospitalization to protect the health of a medicare patient who is hospitalized for noncovered dental procedures.

Christian Science Sanatoriums Under Medicaid

Christian Science sanatoriums would be exempted from the medicaid requirement that they have a licensed nursing home administrator and from other inappropriate skilled nursing home requirements.

Grace Period for Paying Medicare Premium

Where there is good cause for a medicare beneficiary's failure to pay supplementary medical insurance premiums, an extended grace period of 90 days would be provided.

Extension of Time for Filing Medicare Claims

The time limit for filing supplementary medical insurance claims would be extended where the medicare beneficiary's delay is due to administrative error.

Waiver of Enrollment Requirements in Cases of Administrative Error

Where an individual's enrollment rights under part B of medicare have been prejudiced because of inaction or error on the part of the Government, the Secretary would be authorized to provide equitable relief to the individual.

Enrollment Under Medicare

Eligible individuals would be permitted to enroll under medicare's supplementary medi-

cal insurance program during any prescribed enrollment period. Beneficiaries would no longer be required to enroll within 3 years following first eligibility or a previous withdrawal from the program. Relief would be provided where administrative error has prejudiced an individual's right to enroll in medicare's supplementary medical insurance program.

Waiver of Medicare Overpayment

Where incorrect medicare payments were made to a deceased beneficiary, the liability of survivors for repayment could be waived if the survivors were without fault in incurring the overpayment.

Medicare Fair Hearings

Fair hearings, held by medicare carriers in response to disagreements over amounts paid under supplementary medical insurance, would be conducted only where the amount in controversy is $100 or more.

Collection of Medicare Premium by Railroad Retirement Board

Where a person is entitled to both railroad retirement and social security monthly benefits, his premium payment for supplementary medical insurance benefits would be dededucted from his Railroad Retirement benefit in all cases.

2. Provisions of the House bill modified by the committee

Limitation on Federal Payment for Disapproved Expenditures

Reimbursement amounts to providers of health services under the medicaid, medicare, and maternal and child health programs for capital costs, such as depreciation and interest, would not be made with respect to large capital expenditures which are inconsistent with State or local health facility plans. The committee added a provision which would require States which apply this provision to establish an appeals mechanism at the State level for purposes of considering adverse decisions.

Experiments and Projects in Prospective Reimbursement and Incentives for Economy

The Secretary of Health, Education, and Welfare would be required to develop experiments and demonstration projects designed to test various methods of making payment to providers of services on a prospective basis under the medicare, medicaid and maternal and child health programs. In addition, the Secretary would be authorized to conduct experiments with methods of payment or reimbursement designed to increase efficiency and economy. The committee added a provision which would allow the Secretary to include in such projects community mental health centers, and ambulatory care facilities.

Limits on Costs Recognized as Reasonable

The Secretary of Health, Education, and Welfare would be given authority to establish and promulgate limits on provider costs to be recognized as reasonable under medicare based on comparisons of the cost of covered services by various classes of providers in the same geographical area. Hospitals and extended care facilities could charge beneficiaries for the costs of services in excess of those that are necessary to the efficient delivery of needed health services (except in the case of an admission by a physician who has a financial interest in the facility). The committee added a provision which would further define unreasonable costs as including those resulting from gross inefficiency.

Limitation on Federal Medicaid Matching

The House bill provided for a one-third cutback in Federal medicaid matching after a medicaid patient had received 90 days of care in a skilled nursing home or 90 days in a mental hospital or 60 days in a general hospital in a year. The committee substituted for the House section a provision which would authorize the Secretary of HEW to reduce the matching selectively in those States where he finds inadequate medical audit and utilization review. The cutback in matching would be related to the degree of excessive costs resulting from inadequate review and audit.

Payment for Supervisory Physicians in Teaching Hospitals

The committee modified the provision in the House bill which would provide for payment for services of certain teaching physicians on a cost basis and would make fee-for-service reimbursement contingent on general billing for such services to all patients and collection from those able to pay. Under the committee modification, reimbursement of physician time in the teaching serivce would be determined on a cost or cost-equivalent basis. Reimbursement for such services would be made on a reasonable-charge basis if the hospital had, in the 2-year period ending in 1967, and subsequently, customarily charged all patients and collected from a majority of patients on a fee-for-service basis, or if a bonafide private patient relationship had been established.

Institutional Planning and Budgeting

Health institutions under the medicare program would be required to have a written plan reflecting an operating budget and a capital expenditure budget. The committee clarified this provision to stipulate that the operating budget would not have to be a detailed item budget.

Modifications in Extended Care and Home Health Benefits

The committee modified the provisions of the House bill which would authorize the Secretary of Health, Education, and Welfare to establish presumptive periods of coverage on the basis of a physician's certification for patients admitted to an extended care facility or started on a home health plan. The committee provides that, to the extent feasible, pre-admission review of extended care admissions would be required and unless disapproved, coverage upon admission would continue for the lesser of (1) the initially certified period, (2) until notice of disapproval, or (3) 10 days. Where certifications and evidence were provided in a timely basis, any subsequent determination (for purposes of determining medicare payments liability) that the patient no longer required covered care would be effective 2 days after notification to the facility. The committee provides for a similar approach to the determination of coverage of home health services.

Payments to Health Maintenance Organizations

Medicare beneficiaries could choose to have their care provided by a health maintenance organization (a prepaid group health or other capitation plan). Medicare would contract with such organization, and would reimburse them on a capitation basis at a rate equivalent to 95 percent of the per capita costs of medicare beneficiaries in the area with actuarial adjustments taking into account variations in patient mix. Profits accruing to the organization, beyond their retention rate for non-medicare members would be passed to the medicare enrollees in the form of expanded benefits. The committee substantially tightened the provision so as to define more specifically the quality standards and reimbursement mechanisms which would apply to the organizations as well as including additional safeguards against potential abuse and exploitation.

Physical and Other Therapy Services Under Medicare

The committee removed the provision in the House bill which would authorize reimbursement up to $100 for physical therapy services in a therapist's office.

The committee modified the limitation on reimbursement for institutional therapy basis, and also extended the limitation from a "salary equivalent" to a "salary related" basis, and also extended the limitation to apply to other therapists, dieticians, social workers and medical records librarians for their services provided in an institutional setting.

Medicare Benefits for People Living Near U.S. Border

The House bill provides that medicare beneficaries living in the border areas of the United States would be entitled to coveerd inpatient hospital care if the hospital they use is closer to their residence than a comparable U.S. hospital and if it has been accredited by a hospital approval program with standards comparable to medicare standards. The committee added to the House bill a provision extending coverage in these cases to physicians' and ambulance services furnished in conjunction with covered foreign hospital care.

3. New provisions added by the committee

Professional Standards Review Organizations

The committee provided for the establishment of Professional Standards Review Organizations formed by organizations representing substantial numbers of practicing physicians in local areas to assume responsibility for comprehensive and ongoing review of services provided in the medicare and medicaid programs. The purpose of the amendment is to assure proper utilization of care and services provided in medicare and medicaid through a formal professional mechanism representing the broadest possible cross-section of physicians in an area. Appropriate safeguards are included so as to adequately provide for protection of the public interest and to prevent pro forma assumption and carrying out of the vitally important review activities in the two highly-expensive programs. The amendment provides for the use by the PSRO of effective utilization review committees in hospitals and medical organizations.

Conform Medicare and Medicaid Standards for Nursing Facilities

The committee added to the House bill a provision which would require that health, safety, environmental, and staffing standards for extended care facilities be uniform with those established for skilled nursing homes under medicaid.

Inspector General for Health Administration

An Office of Inspector General for Health Administration would be established within the Department of Health, Education, and Welfare. The Inspector General would be appointed by the President, would report to the Secretary, and would be responsible for reviewing and auditing the social security health programs on a continuing and comprehensive basis to determine their efficiency, economy, and consonance with the law.

Proficiency Evaluation of Otherwise Disqualified Health Care Personnel

The committee bill would require the Secretary of Health, Education, and Welfare to develop and employ proficiency examinations to determine whether health care personnel, not otherwise meeting specific formal criteria now included in medicare regulations, have sufficient training, experience, and professional competence to be considered qualified personnel for purposes of the medicare program.

Penalty for Fraudulent Acts Under the Medicare and Medicaid Programs

The committee added to the House bill a provision which would broaden the present penalty provisions relating to the making of a false statement or representation of a mate-

rial fact in any application for medicare payments, to include the soliciting, offering, or acceptance of kickbacks or bribes, including the rebating of a portion of a fee or a charge for a patient referral, by providers of health care services. The penalty for such acts, as well as the acts currently subject to penalty under medicare, would be imprisonment up to one year, a fine of $10,000, or both. In addition, the committee bill provides that similar penalty provisions apply under medicaid.

The committee also provided that anyone who knowingly and willfully makes, or induces the making of, a false statement of material fact with respect to the conditions and operation of a health care facility or home health agency in order to secure medicare or medicaid certification of the facility or agency, would be guilty of a misdemeanor punishable by up to 6 months' imprisonment, a fine of not more than $2,000, or both.

Inclusion of American Samoa and the Trust Territory of the Pacific Islands Under Title V

The committee bill would include the Trust Territory of the Pacific Islands and American Samoa as eligible to receive funds under the maternal and child health and crippled children programs (title V).

Provide for Reasonable Approval of Rural Hospitals

The committee added to the House bill a provision which would authorize the Secretary of Health, Education, and Welfare to waive, on an annual basis, the requirement that an access hospital have registered professional nurses on duty around the clock, but only if he finds that the hospital: (a) has made, and is continuing to make, a bona fide effort to comply with the nursing staff requirement but is unable to employ the qualified personnel necessary because of nursing personnel shortages in the area and has an RN on the daytime shift; (b) is located in a geographical area in which hospital facilities are in short supply; and (c) nonparticipation of the "access" hospital would seriously reduce the availability of hospital services to beneficiaries residing in the area. The waiver authority would expire December 31, 1975.

Consultants for Extended Care Facilities

The committee added to the House bill a provision to authorize State agencies to provide consultative services to those extended care facilities which request them in such specialty areas as maintenance of medical records and the formulation of policies governing the provision of dietary and social services. Medicare payment would be made directly to the State agency for the costs incurred in rendering these consultative services. The provision of such services by the State would satisfy the medicare requirements relating to the use of consultants in the appropriate specialty areas.

Public Access to Records Concerning Institutions' Qualifications

The committee added to the House bill a provision under which the Secretary of Health, Education, and Welfare would be required to make reports of an institution's significant deficiencies (such as deficiencies in the areas of staffing, fire, safety, and sanitation) a matter of public record readily and generally available at social security district offices if, after a reasonable lapse of time (not to exceed 90 days), such deficiencies were not corrected.

Simplified Reimbursement of Extended Care Facilities

The committee provision would authorize the Secretary of Health, Education, and Welfare to adopt (and adjust as specified), as reasonable-cost payments for extended care facilities in any State, the rates developed in that State under medicaid for reimbursement of skilled nursing care, if the Secretary finds that they are based upon reasonable analyses of costs of care in comparable facilities.

Authority for Establishing Liens to Permit Recovery of Overpayments

The committee added a provision to the House bill to facilitate the recoupment of overpayments to providers of services by authorizing the Secretary of Health, Education, and Welfare, when he determines it to be necessary for purposes of recovering an overpayment to a provider, to establish a lien in favor of the Government in the amount of the overpayment, preserving in the course of such action the right of the provider to contest the amount of the overpayment and to seek release of the lien to clear title.

Direct Laboratory Billing

The committee bill woud authorize direct payment to laboratories for diagnostic tests at a negotiated rate provided that such rate does not exceed the amount which is payable under present law.

Refunding of Excess Medicare Premiums

The committee bill would authorize the refunding of excess medicare premiums paid prior to a beneficiary's death.

Waiver of Recovery of Erroneous Payment

The committee provisions would limit medicare's right of recovery of an erroneous payment to a three-year period from the date of the payment, where the institution or person involved acted in good faith. Similarly, the Secretary of H.E.W. would specify a reasonable period of time (not to exceed 3 years) after which medicare would not be required to accept claims for underpayment or nonpayment.

Provider Reimbursement Appeals Board

The committee amendment would establish an appeals board to hear appeals on reimbursement decisions made by intermediaries, under certain conditions, and where the amount at issue was $10,000 or more.

Prosthetic Lenses Furnished by Optometrists

The committee amended the definition of physician in medicare to include a licensed doctor of optometry, but only with respect to establishing the medical necessity of prosthetic lenses.

Chiropractors

The committee amendment would delete the study of chiropractic services called for in the House bill and would substitute a provision which would provide for the coverage under medicare of services involving manipulation of the spine by licensed chiropractors, if the chiropractor meets certain minimum standards established by the Secretary of Health, Education, and Welfare. The same limitations on chiropractic services would also be applicable to States providing such care under medicaid.

Colostomy Supplies

The committee provided for the inclusion of materials directly related to the care of colostomies as a reimbursable expense under medicare.

Section 1902(d)

The committee added a provision to the House bill which would repeal section 1902 (d) which requires States to maintain their level of fiscal expenditures from year-to-year in their medicaid programs.

Separately, the committee also provided that the 1902(d) maintenance of fiscal effort provision would not apply to Missouri effective for the year beginning July 1, 1970.

Increase in Maximum Federal Medicaid Matching for Puerto Rico

The $20 million ceiling on Federal medicaid matching for Puerto Rico would be raised to $30 million under the committee provision.

Health Screening of Children

The committee would authorize the Secretary to establish orderly priorities in the implementation of the presently required health care screening for children programs, with initial priority being given to preschool children.

Relationship Between Medicaid and Comprehensive Health Programs

The committee bill would permit a State to make arrangements with comprehensive health care programs for the delivery of services on a pre-paid basis to medicaid recipients, subject to the approval of the Secretary.

Intermediate Care Facilities

Under the committee amendment, the intermediate care provision would be transferred from title XI to title XIX. An ICF would be required to have at least one full-time licensed practical nurse on its staff, and care in ICF's would be subject to professional audit and utilization review requirements. The mentally retarded receiving active treatment in public institutions meeting appropriate standards established by H.E.W. would be eligible for Federal matching funds.

Termination of Nursing Home Administrators Advisory Council

The committee would terminate the Advisory Council on December 31, 1970. Under present law the council would be terminated December 31, 1971.

Coverage of Mentally Ill Children Under Medicaid

The committee bill would authorize coverage of inpatient care in State and local mental institutions for medicaid recipients under age 21, provided that the care consists of active treatment, that is provided in an accredited institution, and that the State maintain its own level of fiscal expenditure for care of the mentally ill under 21.

Definition of "Physician" in Medicaid

The committee bill would define "physician" in title XIX to mean a doctor of medicine or a doctor of osteopathy.

75 Percent Medicaid Matching Funds for Professional Medical Personnel

The present 75 percent Federal medicaid matching rate for professional medical personnel in State agencies would be expanded to also include such personnel who, on a contract or similar basis, undertake independent professional and medical audits of medicaid patients.

C. CATASTROPHIC HEALTH INSURANCE PROGRAM

The committee added to the House bill an amendment which would establish a program of catastrophic health insurance under the Social Security Act for all persons under age 65 who are insured under social security, their spouses and dependent children, as well as all persons under age 65 who are entitled to retirement, survivors, or disability benefits under title II of the act. The health services to be covered, and the applicable exclusions, are the same as under the medicare program, except that there would be no upper limit on covered hospital or extended care days or home health visits. Under the catastrophic health insurance program, benefits would be payable toward the costs of inpatient hospital services and post-hospital extended care services above an annual deductible of 60 days of inpatient hospital care for each individual, subject to a daily coinsurance amount. The program would also cover 80 percent of reasonable costs incurred for home health care and hospital outpatient services, and 80 percent of reasonable charges incurred for other covered medical services above an annual deductible amount which would initially be set at $2,000 per family and which would rise in accordance with any increases in the physicians' services component of the Consumer Price Index. The program could be adminis-

tered through regular medicare administrative procedures and subject to all utilization, cost, quality and administrative controls applicable under that program. Coverage under the program would be effective beginning January 1, 1972, and the financing provisions necessary to pay for the additional benefits would become effective at the same time.

D. FINANCING OF SOCIAL SECURITY TRUST FUNDS

In order to pay for the additional costs of the social security changes proposed in the committee bill, including the new catastrophic illness insurance and the existing actuarial deficit in the hospital insurance program, the social security tax base would be increased from $7,800 a year to $9,000 a year, starting January 1, 1971, as in the House-passed bill.

In addition, a new schedule of taxes would be provided. Like the schedule of taxes proposed in the House bill, the committee bill would decrease the taxes paid under the cash benefits program over the next few years, and increase the taxes paid under the hospital insurance program. Also, the committee bill provides an additional tax of 0.3 percent in 1972, rising to 0.4 percent in 1980 to pay for the catastrophic illness insurance provided in the bill.

E. TRADE ACT OF 1970

Purposes

The committee's trade amendment (Title III of this bill) is derived, with changes, from H.R. 18970 which passed the House of Representatives on November 19, 1970.

In brief, the general purposes of the Committee's trade amendment are:

(1) To provide to the President limited tariff-reducing authority for compensatory purposes until July 1, 1975;

(2) To strengthen our unfair trade practice statutes and thus enable industy and workers who are adversely affected by unfair foreign trade practices to receive a fair opportunity for relief;

(3) To revise the adjustment assistance and tariff adjustment procedures and criteria in the Trade Expansion Act of 1962, and provide a fair opportunity for injured industries, firms, and workers to receive adequate and prompt relief;

(4) To establish import quotas on textiles and footwear, unless: (a) the President finds them not to be in the national interest or (b) voluntary agreements limiting such imports are consummated with foreign governments, or (c) the President finds that imports do not disrupt the U.S. market;

(5) To revise the national security provisions of the Trade Expansion Act to preclude the use of duties or tariffs whenever the President has determined that imports of a particular product or material are threatening to impair the national security;

(6) To strengthen the independent status of the U.S. Tariff Commission; and

(7) To make various other changes in our tariff and trade laws which will streamline the procedures dealing with specific import or export problems.

Trade Agreement Authority

The President's trade agreement authority under the Trade Expansion Act of 1962 terminated at the close of June 30, 1967. The President has been without such authority since that time and in his trade message to the Congress, of November 18, 1969, he requested renewal of the authority, including new authority to reduce duties.

The committee amendment would extend the President's authority to enter into new trade agreements under the Trade Expansion Act of 1962 to July 1, 1975. The President is given new authority to reduce duties by 20 percent, or 2 percentage points, below the rates of duty which will exist when the final stage of the Kennedy Round reduction becomes effective on January 1, 1972. The committee amendment would limit the President's authority to enter into and carry out new trade agreements to those situations in which compensatory concessions are necessary to offset the effects of an increase in U.S. duties or imposition of other restrictions by the U.S. Government on the products of a foreign country which were bound under a trade agreement. Should reductions in duty under the new authority be agreed to prior to the final stages of the Kennedy Round, the remaining stages of Kennedy Round reductions and the new reductions agreed to are to be aggregated and made effective in at least two stages.

Other Presidential Authority

Concern has been expressed about the barriers to trade which have developed despite the Kennedy Round of trade negotiation. In 1962, the Committee on Finance added section 252 to the Trade Expansion Act to provide new authority and direction to the President to act against import restrictions or other acts of foreign countries which unjustifiably or unreasonably burden or discriminate against U.S. commerce. The Trade Act of 1970 broadens the President's authority to deal with foreign trade barriers and streamlines the procedures for handling specific complaints.

The Trade Act of 1970 also amends the President's authority to safeguard the national security by providing that any adjustment of imports under the national security authority shall not be accomplished by the imposition or increase of any duty or of any fee or charge having the effect of a duty. In addition, time limitations are imposed on the Director of the Office of Emergency Preparedness in making determinations on applications for action under the national security provision.

Tariff Adjustment and Adjustment Assistance

The need for making less rigid the criteria for determining serious injury from increased imports is met in title III both for tariff adjustment for industries and adjustment assistance in the case of firms or groups of workers.

Tariff Adjustment.—In present law, the criteria for determining serious injury are the same for tariff adjustment for industries and for adjustment assistance for firms and workers. The committee agrees with the House and the Administration that the present criteria are too stringent. Under the new provisions, the Tariff Commission, in the case of tariff adjustment, or the President, in the case of adjustment assistance, is to determine whether increased imports *"contribute substantially"* toward causing or threatening to cause serious injury. In the case of tariff adjustment, the committee provided that increased imports must be related in whole or in part to the duty or other customs treatment reflecting tariff concessions agreed to by the United States.

If serious injury is found to an industry, those Commissioners finding injury are to make an additional determination under the new provision. This additional determination will be in the affirmative if the Commission finds that imports of the article are: (1) acutely or severely injuring a domestic industry or (2) threatening to acutely or severely injure a domestic industry.

A majority of the Commissioners present and voting is to be required for an affirmative injury determination and a majority of those Commissioners finding injury under the criteria provided must determine the type of import restriction required to remedy the injury.

When the Commission finds and reports to the President an affirmative injury determination, the President is required to take such action as he deems necessary to prevent or remedy the injury so found unless he determines that such action is not in the national interest. In the case of an additional affirmative determination by the Commission on the question of acute or severe injury, the President is required to impose the import restrictions found by the Commission to be necessary to prevent or remedy the acute or severe injury unless he determines that such action would not be in the national interest. As is presently provided, if the President does not make effective the remedy determined by the Tariff Commission, he must report to the Congress within 60 days of the receipt of the Tariff Commission's report and findings. In such case, the existing provisions of law with respect to Congressional implementation of the Tariff Commission finding as to the action necessary to prevent or remedy the injury would continue to apply.

Section 352 of the Trade Expansion Act with regard to orderly marketing agrcements is amended to provide that the President may, at any time, negotiate such agreements on articles subject to tariff adjustment or upon which he has received an affirmative injury determination.

New review procedures on pending tariff adjustment action are provided. In any report by the Tariff Commission reviewing such tariff adjustment actions, it must include information on steps taken by firms in the industry to compete more effectively with imports. In addition, in any review of tariff adjustment actions by the Tariff Commission, as a result of which the President may determine to extend, in whole or in part, or terminate such action, the Commission will be required to determine whether the existing restrictions on imports are sufficient to prevent or remedy injury to the domestic industry.

Adjustment Assistance.—The Trade Act of 1970 also revises the procedures for petitions by firms or groups of workers to provide that petitions by firms or groups of workers are to be made to the President rather than the Tariff Commission. The Tariff Commission will continue to provide the President with a factual report to assist the President in making his determination as to eligibility of firms and groups of workers to apply for adjustment assistance.

The amendment provides increased trade adjustment allowances payable to adversely affected workers. Under existing law, the allowance is 65 percent of the worker's average weekly wage or 65 percent of the average weekly manufacturing wage, whichever is lower. The amendment increases each of these percentages to 75 percent.

The amendment provides that if the President does not provide tariff adjustment for an industry after an affirmative injury determination by the Tariff Commission, he is required to provide that the firms and workers in that industry may request certification of eligibility for adjustment assistance.

The Committee also provided the Tariff Commission with a period of 90 days after the date of enactment of this Act to make the necessary changes in its rules and regulations and to so organize its staff to expeditiously process the tariff adjustment and adjustment assistance petitions filed under the provisions of this Act. No new petition may be filed under section 301(a) of the Trade Expansion Act until the Tariff Commission issues new rules and regulations, which must be within 90 days after enactment.

Quotas on Certain Textile and Footwear Articles

We believe that the tariff adjustment amendments described above will be sufficient to deal with competitive situations facing many domestic producers in the economy. However, the effects of rapidly increasing imports on two basic industries are such as to require extraordinary measures. Part B of title III of this bill deals with the ex-

tremely serious threat to the textile and apparel industry and to the nonrubber footwear industry.

Under part B of title III, the total quantities of imports of certain textile and footwear articles are to be limited by category and by country beginning in the year 1971. For that year, imports are to be limited to the annual average quantities imported during the three calendar years 1967 through 1969. For the years after 1971, the total quantity of imports of each category of textile articles or footwear articles is to be limited to the quantity determined for the foreign country for the preceding year plus an increase determined by the President. Any such increase is to be limited to a percentage not over 5 percent of the total quantity permitted to be entered in the immediately preceding year as the President determines to be consistent with the purposes of the quota provisions.

The President is authorized to exempt from quotas imports of articles: (1) which he determines are not disrupting the U.S. market, (2) when he determines that the national interest requires such action, or (3) when he finds that the supply of such articles in the domestic market is insufficient to meet demand at reasonable prices.

In addition, the President is authorized to negotiate agreements under which imports of textiles and footwear would be controlled on a voluntary basis. Imports covered by such agreements would also be exempt from quantitative limitations as would imports of cotton textile articles as a result of the existing Long Term Arrangements on Cotton Textiles.

Determinations with respect to the establishment of or change in quantitative limitations or exemptions from such limitations, other than determinations made by the President for national interest reasons, would be subject to the rulemaking provisions of the Administrative Procedure Act.

The quota limitations provided in the bill would terminate on July 1, 1976, unless the President finds that the extension of the quantitative limitations for periods not to exceed 5 years would be in the national interest.

Other Tariff and Trade Provisions

The magnitude and the nature of U.S. foreign trade has changed remarkably over the past decade. Although both imports and exports separately account for about 4 percent of the gross national product, they now exceed $80 billion. The committee is concerned that the rules of competition governing this volume of trade be fair to all concerned. Consequently, the committee has tightened the domestic procedures with respect to such international trade practices as dumping and subsidization of exports. Greater recognition as to the role of the Tariff Commission as an independent agency is emphasized in amendments made to the Tariff Act of 1930. The committee directs the Executive and the Tariff Commission to conduct a series of studies aimed at developing basic principles of free and fair trade, insuring reciprocity for U.S. commerce, and fair international labor standards. Provision is also made for the solution of specific trade problems which cannot be remedied under existing provisions of law.

Antidumping Act of 1921

The Antidumping Act is amended to provide that the Secretary of the Treasury must take initial action within 4 months after the question of dumping has been presented to him. In exceptional cases the Secretary would have an additional 90 day period to reach such a finding, if he published in the Federal Register, within 60 days after the complaint is received, the reasons why additional time is absolutely necessary. Under the committee amendment, this would require the withholding of appraisement within that period should the Secretary of the Treasury have reason to suspect that sales at less than fair value are, or are likely to be, taking place. Should the Secretary of the Treasury's initial action involve a tentative negative determination, the Secretary would be authorized to withhold appraisement within three months after the notice of negative determination has been made if he should reverse his initial negative determination. In addition, the Antidumping Act is amended to provide criteria for a determination of dumping with regard to imports from State controlled economies. The amendment reflects existing Customs practices.

Countervailing Duty Provision

The countervailing duty provision is amended to require the Secretary of the Treasury to make a determination within 12 months after the question is presented to him as to whether a bounty or grant has been bestowed on imports into the United States.

Under the bill, subsidized duty-free imports are also to be subject to the countervailing duty provisions but only if the Tariff Commission should determine that such subsidized imports are injuring a domestic industry. The countervailing duty provision is also amended to provide the Secretary of the Treasury with discretionary authority with respect to the imposition of a countervailing duty on an article subject to quantitative limitation or subject to agreements under which the volume of exports to the United States is limited. Countervailing duties would be imposed when the Secretary determines that such limitations are not an adequate substitute for a countervailing duty with respect to the article in question.

Tariff Commission

In view of the added investigative and statutory burden on the Tariff Commission which will result from this legislation and in view of the concern of the committee to protect the independent nature of the Tariff Commission, the committee provided, in effect, that the Tariff Commission's budget shall be directly appropriated by the Congress (as is the budget of other independent agencies such as the General Accounting Office), and that the Executive shall not have authority to reorganize the Commission. The committee bill also would direct the Tariff Commission to do a number of studies which could lay the groundwork for a fresh approach to U.S. trade problems and agreements.

Comprehensive Studies by the President and Tariff Commission

There are a number of outstanding problems in the field of international trade which require intensive study. One such problem is the apparent lack of balance and reciprocity in the General Agreement on Tariffs and Trade. The presently constituted GATT agreement contains certain provisions that were written in 1947 when the United States had an overwhelmingly dominant position in world trade. They were designed at that time to put more dollars into the hands of the then war-torn European countries. The international economic positions of Europe, Japan, and the United States have changed so radically since the end of World War II that a new executive agreement incorporating the provisions of commercial reciprocity in all trade and investment matters appears to be desirable. As a first step toward the realization of this goal, the committee's bill authorizes and directs the executive branch and the Tariff Commission to conduct a series of studies dealing with the U.S. position in world trade and the rules under which trading nations can freely and fairly compete in world markets. It would be expected that this series of studies will lead to concrete negotiating proposals to the Congress and ultimately to new agreements and machinery for coping with all trade and investment problems.

Foreign Trade Statistics

The committee trade amendment also provides for the collection and publication of U.S. import statistics which will show c.i.f. value and thus include the cost of insurance, freight and other charges associated with c.i.f. value. This is the practice recommended to all countries by the United Nations and the International Monetary Fund for computing balance of trade statistics. Over 100 countries have adopted the so-called *c.i.f.* basis of measuring imports; only the United States and a few other countries use the free on board (f.o.b.) system, under which imports are tabulated on the basis of their value at the foreign port. The committee felt that the c.i.f. system will be more comparable to the method of publishing import statistics used by most other countries. Moreover, the committee's bill provides that U.S. exports, which are financed directly by Government grants and credits, should be shown separately from other exports on all monthly statistics which are published by the Department of Commerce.

Miscellaneous Trade Provisions

The committee trade amendment also would provide certain tariff-rate quota controls on imports of glycine and related products and on mink furskins.

The committee also provided a quarterly allocation of meat import quotas and closes a loophole concerning "prepared" fresh, chilled, and frozen beef and veal. The committee amendment does not extend the meat quota provisions to any other products not currently under quota.

The committee amendment also provides that additional invoice information will be required from foreign shippers for the purpose of statistical classification of imports.

The committee amendment also would reduce the rate of duty on parts of ski bindings.

A new provision of law would authorize the President to impose a suspension of trade with a nation which permits the uncontrolled or unregulated production of or trafficking in certain drugs in a manner to permit these drugs to fall into illicit commerce for ultimate disposition and use in this country.

F. AMENDMENTS TO PUBLIC PROGRAMS AND WORK INCENTIVE PROGRAM

1. Aid to the aged, blind, and disabled

National Minimum Income Standards for the Needy Aged, Blind, and Disabled

The committee bill would establish a national minimum income level for persons who receive cash assistance under federally matched State welfare programs for the needy aged, blind, and disabled. States would be required to provide a level of assistance sufficient to assure persons in these categories a total monthly income from all sources of at least $130 for a single individual or $200 for a couple. In the aged category this provision would result in increased assistance for eligible single aged individuals in about 31 States and for eligible aged couples in about 36 States. Concurrently with establishing these national minimum standards for assistance to the aged, blind, and disabled, the committee bill would make persons receiving such assistance ineligible to participate in the food stamp program. In effect, the bill would give needy persons more cash in lieu of food stamps.

Pass-Along of Social Security Increases to Welfare Recipients

Under other provisions of the bill, social security benefits would be increased by 10 percent, with the minimum basic social security benefit increased to $100 from its present $64 level. If no modification were made in present welfare law, however, many needy aged, blind, and disabled persons would get

no benefit from these substantial increases in social security since offsetting reductions would be made in their welfare grants. To assure that such individuals would enjoy at least some benefit from the social security increases, the committee bill requires States to raise their standards of need for those in the aged, blind, and disabled categories by $10 per month for a single individual and $15 per month for a couple. As a result of this provision, recipients of aid to the aged, blind, or disabled, who are also social security beneficiaries, would enjoy an increase in total monthly income of at least $10 ($15 in the case of a couple).

DEFINITIONS OF BLINDNESS AND DISABILITY

The committee bill provides for the establishment of nationally uniform definitions of blindness and disability for purposes of the federally matched programs of assistance to the blind and disabled. The definitions adopted are those already applied in the disability insurance program established under title II of the Social Security Act.

The term "disability" would be defined by the committee bill as "inability 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 has lasted or can be expected to last for a continuous period of not less than 12 months," with further clarification of the meaning of "substantial gainful activity."

The term "blindness" would be defined as "central visual acuity of 20/200 or less in the better eye with the use of correcting lens." Also included in this definition would be the particular sight limitation which is referred to as "tunnel vision."

Under present law each State is free to prescribe its own definition of blindness and disability, and the committee bill would permit States to continue assistance to individuals who are now on the rolls under the existing State definition, but who would not be considered blind or disabled under the new Federal definitions.

Prohibition of Liens in the Program of Aid to the Blind

The committee bill would prohibit any State from imposing a lien on a blind individual's property as a condition of his receiving Federally-matched Aid to the Blind welfare payments. Present law leaves the matter of liens up to the discretion of the States.

Fiscal Relief for the States

The committee bill includes a provision which generally would not require States in future years to spend more for assistance to the aged, blind, and disabled than 90 percent of their expenditures for this purpose in calendar year 1970. The 10 percent savings would be paid from Federal funds as would the full amount of any increased expenditures resulting from mandatory provisions of the bill (such as the $10 pass-along of social security increases and the $130 national minimum standard for assistance to the aged, blind, and disabled). Increases in caseloads resulting from normal program growth would also be fully paid for with Federal funds, but increased expenditures resulting from liberalizations in State welfare programs not required by Federal law would not be covered by the 90 percent limitation. Such optional State liberalizations would be financed in accord with the regular Federal-State matching provisions.

2. Child Care

Although present law includes provisions designed to make child care services available to needy families with children, these services are still unavailable to many who need them. The lack of child care is particularly serious for those who wish to participate in work or training programs, or who undertake employment in an effort to become economically independent. The committee bill would promote the development of additional services both by providing for more favorable matching to the States for child care services and by establishing a new mechanism for the delivery of these services, the Federal Child Care Corporation.

Federal Matching Share

The bill provides for an increase from 75 percent to 90 percent in the Federal matching share for child care services provided by the States under title IV part A of the Social Security Act. The Secretary of Health, Education, and Welfare would be authorized to pay 100 percent of the cost of child care for a limited period of time in cases where he determined that necessary care would otherwise be unavailable. The 90 percent matching rate would be available to the States for child care for families receiving Aid to Families with Dependent Children and also for past and potential recipients, if the State has adopted the optional program for these groups. States would be required to maintain their present efforts so that additional Federal funds would result in expanded child care services.

Federal Child Care Corporation

As a mechanism to expand the availability of child care services, the bill would establish a Federal Child Care Corporation. The Corporation would have as its first priority making available child care services to children of parents eligible for such services under the AFDC program and who need them in order to participate in employment or training. However, it would also have the broader function of making child care available for any family which may need it, regardless of welfare status.

The bill provides for $50 million as initial working capital for the Corporation. This amount would be in the form of a loan by the Secretary of the Treasury and would be placed in a revolving fund. The money would be used by the Corporation to begin arranging for child care services. Intially, the Corporation would contract with existing public, private nonprofit, and proprietary facilities to serve as child care providers. To expand services, the Corporation would also give technical assistance and advice to organizations interested in establishing facilities under contract with the Corporation. In addition, the Corporation could provide child care services in its own facilities.

Fees would be charged for all services provided or arranged for by the Corporation. The fees would go into the revolving fund to provide capital for further development of services and to repay the initial loan. They would be set at a level which would cover the costs to the Corporation of arranging child care.

The bill also includes a provision which authorizes the Corporation to issue bonds for construction if, after the first two years of operation, the Corporation feels that additional funds for capital construction of child care facilities are needed. Up to $50 million in bonds could be issued each year, with an overall limit of $250 million on bonds outstanding. Construction is to be undertaken only if child care services cannot be provided in existing facilities.

Federal child care standards are specified in the amendment to assure that adequate space, staff and health requirements are met. In addition, facilities used by the Corporation would have to meet the Life Safety Code of the National Fire Protection Association. Any facility in which child care is provided by the Corporation, either directly or by contract, would have to meet the Federal standards, but would not be subject to any licensing or other requirements imposed by States or localities.

The Corporation, while providing a mechanism for expanding the availability of child care services, would not provide funds to subsidize child care. Those who are able to pay would be charged the full cost of services. The cost of child care needed by families on welfare would be paid by State welfare agencies.

State welfare agencies would be free to use the services of the Corporation in providing child care to welfare recipients, but would not be required to do so.

The Corporation would also have the authority to conduct programs of in-service training, either directly or by contract.

The bill requires the Corporation to submit a report to each Congress on the activities of the Corporation, including the data and information necessary to apprise the Congress of the actions taken to improve the quality of child care services and plans for future improvement.

The Corporation would be headed by a Board of Directors consisting of three members, to be appointed by the President with the consent of the Senate. The members of the Board would hold office for a term of three years.

A National Advisory Council on Child Care would be established to provide advice and recommendations to the Board on matters of general policy and with respect to improvements in the administration of the Corporation. The Council would be composed of the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Secretary of Housing and Urban Development, and 12 individuals, appointed by the Board.

3. Improvements in the work incentive program

The Work Incentive Program was created by the Congress as a part of the Social Security Amendments of 1967. It represents an attempt to cope with the problem of rapidly growing dependency on welfare by providing welfare recipients with the training and job opportunities needed to help them become financially independent.

Experience under the program has shown that a number of modifications are desirable. The committee's bill is designed to strengthen and improve the program.

On-the-job training and public service employment

A major criticism of the present Work Incentive Program has been the lack of development of on-the-job training and public service employment. On-the-job training and public service employment offer the best opportunity for employment of welfare recipients because they provide training in actual job situations. Unfortunately, less than two percent of the welfare recipients enrolled in the Work Incentive Program today are participating in on-the-job training and public service employment. The committee amendment would require that at least 40 percent of the funds spent for the Work Incentive Program be used for on-the-job training and public service employment.

The committee bill would also simplify the financing and increase the Federal share of the cost of public service employment (formerly called special work projects) by providing 100 percent Federal funding for the first year and 90 percent Federal sharing of the costs in subsequent years (if the project was in effect less than three years, Federal sharing for the first year would be cut back to 90 percent).

Tax Incentive for Hiring WIN Participants

As an incentive for employers in the private sector to hire individuals placed in employment through the Work Incentive Program, another feature of the amendment would provide a tax credit equal to 20 percent of the wages and salaries of these individuals. The credit would only apply to wages paid to these employees during their first 12 months of employment, and it would be recaptured if the employer terminated employment of an individual during the first 12 months of his employment or before the end of the following 12 months. This

recapture provision would not apply if the employee became disabled or left work voluntarily. (The tax credit is described more fully in Part H of this summary.)

Registration of Welfare Recipients and Referral for Work and Training

Under present law, all "appropriate" welfare recipients must be referred by the welfare agency to the Labor Department for participation in the Work Incentive Program. Certain categories of persons are statutorily considered inappropriate. Persons may volunteer to participate in the Work Incentive Program even if the State welfare agency finds them inappropriate for mandatory referral.

Another criticism of the program has been that the State application of those standards of "appropriateness" for the program have resulted in widely differing rates of referrals and program participation. The committee's bill would eliminate this situation with a series of amendments. First, it would require welfare recipients to register with the Labor Department as a condition of welfare eligibility unless they fit within one of the following categories:

1. Children who are under age 16 or attending school;

2. Persons who are ill, incapacitated or of advanced age;

3. Persons so remote from a WIN project that their effective participation is precluded;

4. Persons whose presence in the home is required because of illness or incapacity of another member of the household; and

5. Mothers with children of preschool age.

At least 15 percent of the registrants in each State would be required to be prepared by the welfare agency for training and referred to the Work Incentive Program each year; States failing to meet this percentage would be subject to a decrease in Federal matching funds for aid to families with dependent children. The committee bill would also establish clear statutory direction in determining which individuals would receive employment or training by generally requiring the Department of Labor and Health, Education, and Welfare to accord priority in the following order, taking into account employability potential:

1. Unemployed fathers;

2. Dependent children and relatives age 16 and over who are not in school, working or in training;

3. Mothers who volunteer for participation; and

4. All other persons.

Thus, under the amendment, mothers would not be required to participate until every person who volunteered was first placed.

Liberalized Federal Matching for Training

The committee bill increases from 80 percent to 90 percent the rate of Federal matching for WIN training expenditures. Welfare agency expenditures for social, vocational rehabilitation, and medical services which are provided to directly support an individual's participation in WIN would also be matched at the 90 percent rate. Under existing law, these services are now generally matched by the Federal Government at the 75 percent rate.

Labor Market Planning and Program Coordination

The committee bill would require the Secretary of Labor to establish local labor market advisory councils whose function would be to identify present and future local labor market needs. The findings of these councils would have to serve as the basis for local training plans under the Work Incentive Program to assure that training was related to actual labor market demands.

The committee also mandates coordination between the Departments of Labor and Health, Education, and Welfare and their counterparts at the local level. The committee bill would require a separate WIN unit in local welfare agencies and joint participation by welfare and manpower agencies in preparing employability plans for WIN participants and in program planning generally.

Earned Income Disregard

Under present law States are required, in determining need for Aid to Families with Dependent Children, to disregard the first $30 monthly earned 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.

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.

4. Family planning services

Under present law, family planning services must be offered all appropriate welfare recipients; 75 percent Federal matching is available in meeting the cost of family planning services. The committee bill would provide 100 percent Federal funding for family planning services offered recipients of Aid to Families with Dependent Children. In addition, there would be 100 percent Federal funding, at the State's option, for those who were once welfare recipients or who are likely to become welfare recipients.

5. Emergency assistance for migrant families

The bill would require the States to establish State-wide programs to provide emergency assistance to needy migrant families with children. The Federal matching rate would be 75 percent. Under present law the establishment of programs for migrant families is optional with the States, and the Federal share is 50 percent. As under the existing program, assistance could be in the form of money payments or payments in kind. Assistance would be limited to a period not to exceed 30 days in any 12-month period.

6. Obligation of a deserting father

Present law requires that the State welfare agency 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 Internal Revenue Service records in locating deserting parents.

The committee added to these provisions an amendment which would make it a Federal misdemeanor for a father to cross State lines in order to avoid his family responsibilities.

In addition, the committee bill also provides that an individual who has deserted or abandoned his spouse, child, or children shall owe a monetary obligation to the United States equal to the Federal share of any welfare payments made to the spouse or child during the period of desertion or abandonment. In those cases where a court has issued an order for the support and maintenance of the deserted spouse or children, the obligations of the deserting parent would be limited to the amount specified by the court order. If the State has obtained a court order, the Federal Government would attempt to recover both the Federal and non-Federal share of welfare payments to the deserting father's family. If the State has not obtained a court order, the Federal Government would only attempt to recover the Federal share of the welfare payments. The deserting parent's obligation could be collected in the same manner as any other obligation against the United States.

The bill also would authorize Federal officials knowing the whereabouts of a deserting parent to furnish this information to such parent's spouse (or to the guardian of his child) in cases in which a court order for child support has been issued against him.

7. Clarification of congressional intent regarding welfare statutes

Denial of eligibility for aid to families with dependent children where there is a continuing parent-child relationship

Under present law, aid to families with dependent children is available to children who have been deprived of parental support by reason of the "continued absence from the home" of a parent. In a recently decided opinion, the Supreme Court ruled that a State could not consider a child ineligible for welfare when there was a substitute parent with no legal obligation to support the child. The Court stated: "We believe Congress intended the term 'parent' in section 406(a) of the act * * * to include only those persons with a legal duty of support."

The committee bill would clarify Congressional intent by permitting States to take into account the presence of a man in the house if there exists between the man and the dependent child a continuing parent-child relationship. For purposes of determining whether such relationship exists between a child and an adult individual, only the following factors could be taken into account:

(1) They are frequently seen together in public;

(2) The individual is the parent of a half-brother or half-sister of the child;

(3) The individual exercises parental control over the child;

(4) The individual makes substantial gifts to the child or to members of his family;

(5) The individual claims the child as a dependent for income tax purposes;

(6) The individual arranges for the care of the child when his mother is ill or absent from the home;

(7) The individual assumes responsibility for the child when there occurs in the child's life a crisis such as illness or detention by public authorities;

(8) The individual is listed as the parent or guardian of the child in school records which are designed to indicate the identity of the parents or guardians of children;

(9) The individual makes frequent visits to the place of residence of the child; and

(10) The individual gives or uses as his address the address of such place of residence in dealing with his employer, his creditors, postal authorities, other public authorities, or others with whom he may have dealings, relationships, or obligations.

A child-parent relationship could be determinated to exist only on the basis of an evaluation of these factors taken together with any evidence which may refute any inference related to these factors.

Duration of Residence Requirement

The committee bill requires States to impose a one-year duration of residence requirement in determining eligibility for welfare. However, Federal matching would not be denied solely because a State failed to meet this requirement. If a welfare recipient moved to a State with a one-year duration of residence requirement, his State of origin would be required to continue his welfare payments (as long as he remained eligible) for up to 12 months, by which time the individual could establish eligibility for welfare in his new State of residence.

Limitation on Duration of Welfare Appeals Process

Recently the Supreme Court ruled that assistance payments could not be determined before a recipient is afforded an evidentiary hearing. The committee bill would require that States reach decisions on an individual appeal within 30 days. The committee bill also requires the repayment of amounts which it is determined a recipient was not entitled to receive. Any amounts not repaid could be considered an obligation of the recipient to be withheld from any future assistance payments to which the individual may be entitled.

States Permitted to Seek to Establish Name of Putative Father

A recent court decision held that a mother's refusal to name the father of her illegitimate child could not result in denial of aid to families with dependent children (AFDC). The applicable State regulation was held to be inconsistent with the provision in Federal law that AFDC be "promptly furnished to all eligible individuals" on the grounds that the State regulation imposed an additional condition of eligibility not requred by Federal law. The Court reached this conclusion despite the explicit requirement in Federal law that States attempt to establish paternity when a child is born out of wedlock.

The committee's bill would clarify congressional intent by specifying that the requirement that welfare be furnished "promptly" may not preclude a State from seeking the aid of a mother in identifying the father of a child born out of wedlock.

Requiring Welfare Recipient to Permit Caseworker in the Home

The committee amendment permits States, if they wish, to require as a condition of welfare eligibility that recipients allow a caseworker to visit the home. Home visits would have to be made at a reasonable time and with reasonable advance notice.

8. Regulations of the Department of Health, Education, and Welfare

The committee bill would curb the regulatory authority of the Department of Health, Education, and Welfare in several particulars.

"Declaration Method" of Determining Eligibility Permitted But Not Required

The Committee bill would preclude the Secretary of Health, Education, and Welfare from requiring by regulation that States use a simplified declaration method in determining eligibility for welfare. As under present law, States would be free to use this method if they so wished, but they could not be required to do so by regulation.

Definition of Unemployment

Under present law, Aid to Families with Dependent Children may be paid to a family headed by an unemployed father, at the option of the State (23 States now offer such assistance). However, there is no Federal definition of "unemployment" in the statute. The committee approved an amendment defining a father as unemployed for welfare purposes if he has worked less than 10 hours in the last week or less than 80 hours in the last 30 days.

9. Use of Federal funds to undermine Federal programs

The committee added a section to the general provisions of the Soical Security Act specifying that no Federal funds may be used to pay, directly or indirectly, the compensation of any individual who in any way participates in Federally supported legal action designed to nullify congressional statutes or policy under the Social Security Act.

10. Use of Social Security numbers

The Committee bill requires that on and after January 1, 1972, State welfare agencies use the social security numbers of each welfare recipient as an identification number in the administration of public assistance programs.

11. Testing of welfare reform alternatives

The committee bill provides for a broad program of testing of various approaches to reform of the welfare system. The Secretary of Health, Education, and Welfare would be authorized to conduct up to four tests of possible alternatives to the AFDC program. One or two of these tests would involve "family assistance" type programs, and one or two of the tests would involve "workfare" programs. In addition, the bill provides for a pilot project of a program of rehabilitation of welfare recipients to be administered by vocational rehabilitation personnel.

The "family assistance" tests would follow the traditional welfare approach of providing money payments to families with incomes below certain levels, but would extend this assistance to all families with fathers including so-called "working poor"—low-income families headed by a fully employed male—who are not eligible for AFDC. As under AFDC, a portion of earnings would be disregarded to provide work incentives, and nondisabled adults (with certain exemptions) would be required to accept employment or training.

The "workfare" tests would make a sharp distinction between welfare and 'workfare." Families with preschool age children where the father is dead, absent, or disabled would be presumed unemployable and would be eligible for cash welfare payments. Other low income families would not be eligible for such payments but would be guaranteed work opportunity, with training and other preparation for employment where necessary. Participants in these "workfare" programs would have their wages supplemented if they are below the minimum wage. Allowances would also be paid to those in training. Child care and other services would be provided as necessary.

The pilot project to test the administration of welfare programs by vocational rehabilitation personnel would involve assistance payments according to regular AFDC standards. These payments would, however, be administered through the facilities and personnel of the Rehabilitation Services Administration wihch would also apply its rehabilitation techniques to welfare recipients in an attempt to encourage and assist adult individuals with a potential for work to prepare for and obtain employment.

The various tests would run for a minimum of two years, involve State sharing in costs at a level not in excess of State sharing in the costs of AFDC, and involve continuing consultation among the Department of Health, Education, and Welfare which would conduct the tests, the General Accounting Office, and the Congress. Each test would have to cover all eligible families within a State or a part of a State, and for the duration of the test no AFDC payments could be made to families residing in the test area. Each "family assistance" test would have to run concurrently with a "workfare" test and the two test areas would have to be comparable with respect to various relevant factors including population, per capita income, and unemployment rate.

G. VETERANS' PENSION INCREASE

The committee bill incorporates the text of S. 3385, a bill to increase pension benefits to veterans and widows by up to 9 percent. The committee bill would also increase the income limitations, from $2,000 to $2,300 in the case of a veteran or widow alone, and from $3,200 to $3,600 in the case of a married veteran or widow with a child.

H. MISCELLANEOUS AMENDMENTS

1. Tax amendments

Denial of Tax Deduction With Respect to Certain Medical Referral Payments

Present law provides that no tax deduction is to be allowed for illegal bribes or kickbacks where, as a result of the payment, there is successful criminal prosecution. If the bribe or kickback does not constitute a criminal act (presumably even if there is a loss of license), or if the taxpayer is not successfully prosecuted, the deduction is allowable.

This provision deletes the requirement in present law of a criminal conviction in the case of bribes and kickbacks before a deduction for such a payment is denied. In lieu thereof, the provision provides that no deduction is to be allowed for a bribe or kickback which is illegal under either Federal or State law, if these laws subject the party involved to liability for criminal or civil penalties (including the loss of license). In the case of a payment which is illegal under State law, the deduction will be denied on the basis of such illegality only if the law is generally enforced. Other sections of this bill provide that medical referral fees under the medicare or medicaid programs are illegal. It is made clear that referral fees are to be treated as bribes or kickbacks for purposes of this provision.

Required Information Relating to Excess Medicare Tax Payments by Railroad Employees

Present law provides that a railroad employee whose work is covered by railroad retirement and who is also employed in other work covered by social security is entitled to receive a credit or refund of the excess medicare tax he may have paid because of this dual employment status. To enable a railroad employee to claim his excess medicare tax is a credit on his income tax return, all railroad employees are required to include on the W-2 forms given to their employees the amount of compensation covered by railroad retirement and the hospital tax deducted.

Because of the inability of most railroads to furnish the required information by January 31 (primarily because of a broader wage concept under railroad retirement) and the fact that only a relatively few employees are eligible for this refund, this provision changes the requirement that railroad employers supply separate hospital tax information on the W-2 forms for all of their employees. In lieu thereof, the provision requires that railroad employers include on, or with, the W-2 form furnished to its employees, a notice with respect to the allowance of the credit or refund of the tax on railroad-covered wages in those cases where the employee has also received other wages covered under the social security program. Upon the request of an employee, railroad employers are required to furnish to the employee a written statement showing the amount of the railroad tax coverage, the total amount deducted as tax, and the portion of the total amount which is for the financing of the cost of hospitalization insurance under the medicare program.

Reporting of Medical Payments

Present law provides that a person who makes specified kinds of payments in the course of a trade or business to another person, amounting to $600 or more in a calendar year, must file an information return showing the amount paid and the name, address, and identifying number of the recipient. Although, under this general requirement, persons engaged in a trade or business are required to report direct payments to providers of health care services (often described as "assigned" payments), there is no authority under present law to require the reporting of payments made to patients themselves ("unassigned" payments), even though in the normal circumstances, they are paid over to providers of health care services, or represent reimbursement of earlier payments.

The bill provides specifically, in addition to the general requirement of present law, that all payments in the course of a trade or business made to providers of health care services in the case of direct or "assigned" payments must be reported. Further, in the case of "unassigned" or indirect payments, reporting will be required in those cases where the Federal Government administers the health program or funds the program to a substantial extent. The reporting requirement specifically includes professional service corporations, proprietary hospitals, and other payees who may act as conduits for providers of health care services.

The provision also requires the Secretary of the Treasury and the Secretary of Health, Education, and Welfare to study the extent to which "unassigned" and "assigned" claims are used to obtain payments from insurance organizations and to report each year to the Senate Committee on Finance and the House Committee on Ways and Means any significant shift from the use of "assigned" claims to "unassigned" claims. In addition, the provision requires that the Secretary of Health, Education, and Welfare keep records showing the identity of each provider of medical or health care items or services under the medicare or medicaid programs, the types of items or services provided and the aggregate amounts paid to the providers under each program. Health care providers are required to be identified by their taxpayer identifying numbers. The Secretary of Health, Education, and Welfare must submit to the Senate Committee on Finance and the House Committee on Ways and Means annually a report identifying each person who is paid a total of $25,000 or more during the preceding year under the medicare and medicaid programs.

These reports are due to be submitted for the calendar year, beginning with 1970, not later than June 30 of the following calendar year.

Tax Credit for Portion of Salary Paid Participants in Work Incentive Programs

Under present law there are no special tax provisions relating to the costs of employee training programs. These costs are treated as any other business expense and may be deducted if they are ordinary and necessary in carrying on the taxpayer's trade or business.

This provision provides a special tax incentive for employers who hire individuals under a work incentive program (WIN) established under section 432(b)(1) of the Social Security Act. The taxpayer would be allowed, as a credit against his income tax liability, and in addition to his regular business deduction, an amount equal to 20% of the wages and salaries paid to the employee during the first 12 months of his employment. Any unused tax credits could be carried back to the three preceding taxable years (but only to a taxable year beginning after December 31, 1968) and then could be carried forward to the next seven succeeding taxable years.

However, if the taxpayer terminated the employment of the individual at any time during the first 12 months of employment, or at any time during the next 12 months, any tax credit allowed under this provision would be recaptured. The credit would be recaptured by increasing the taxpayer's tax liability, in the year of termination, by an amount equal to previous tax credits allowed with respect to the employee. The recapture provision would not apply if the employee voluntarily left the employment of the taxpayer, or if the employee became disabled. Further, a credit would not be allowed for any expenses of training outside the United States or if the employee is closely related to the taxpayer.

Retirement Income Credit

Present law provides a retirement income credit of 15 percent of eligible retirement income up to a maximum of $1,524 for a single person and $2,286 for married couples where each is fully eligible in his or her own right. The credit is designed to provide comparable tax treatment to those who receive tax-exempt social security benefits and those who receive taxable pensions. Consequently, the maximum base for the credit is reduced by social security benefits received and by earnings in excess of $1,200—a reduction of 50 cents for each dollar of earnings between $1,200 and $1,700 and dollar for dollar for earnings in excess of $1,700.

Because of increases in social security benefits since the present maximum base for the credit was established, this provision increases the base for the credit to more closely approximate the current levels of social security benefits. It increases the $1,524 to $1,872 and the $2,286 to $2,808. In addition, the amount that can be earned without reducing the base for the credit is raised from $1,200 to $1,680 and the range within which the base is reduced 50 cents for each dollar of earnings is raised to $1,680 to $2,880.

2. Other Amendments

The commitee also added provisions relating to the authorization of the managing trustee of the social security trust funds to accept gifts made unconditionally to the Social Security Administration, authorizing loans for the installation of sprinkler systems necessary for facilities to meet medicare standards, increasing the grade level of the Commissioner of Social Security, requiring the consent of the Senate to future appointments to the position of Administrator of Social and Rehabilitation Services, and extension of the provision for disregarding certain social security benefit increases under welfare programs.

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

Mr. LONG. Mr. President, I will yield for a question.

Mr. HARRIS. Mr. President, will the Senator from Louisiana state what he understands the procedure to be on the consideration of the bill? Will it come up in the period from 9 to 3 or in the period from 3 to 9, or does the Senator know? Perhaps we could ask for the attention of the majority leader.

Mr. MANSFIELD. Yes.

Mr. HARRIS. I have asked the manager of the bill whether the consideration of this bill would come from 9 to 3 each day or from 3 to 9, or do we know?

Mr. MANSFIELD. It will be in the second shift each day. The pending business from 9 to approximately 3 will be the conference report on the Department of Transportation appropriations bill.

Mr. HARRIS. Will the Senator yield further?

Mr. LONG. I yield for a question.

Mr. HARRIS. Mr. President, does the Senator intend to ask unanimous consent that the committee bill as reported be considered as original text for the purpose of amendment to the second degree thereafter?

Mr. LONG. I would like to do so, because I know that it would expedite the consideration of the bill. I am led to believe, however, that such a request will be objected to. However, I intend to do it, and just for the purpose of discussion, Mr. President, I ask unanimous consent that the committee amendments be regarded as original text for the purpose of considering further amendments.

The PRESIDING OFFICER. Is there objection?

Mr. WILLIAMS of Delaware. Mr. President, reserving the right to object, I have told the Senator from Louisiana that I thought we could get such a request with the exception of three or four major items of the bill which I think deserve a rollcall vote or special attention. As soon as we can get those marked in the bill, we will be able to reach them.

For example, there is a committee amendment that deals with changing the social security benefits from the 5 percent provided in the House bill to the 10 percent which was approved by the Senate Committee.

Another committee amendment changes the minimum of $100 a month limitation.

Then there is the question of whether we do or do not approve an escalating cost-of-living provisions.

Then there is the question of catastrophic health insurance amendment.

I cite those four examples. I am sure that some Senator will want to vote on the Trade Act as well.

I am saying there are four or five of those items, and with the exception of those items which will require rollcall votes we will be able to reach a unanimous-consent agreement.

I have asked the staff to mark up a bill for me with respect to those particular amendments and how much would be included in them so that at the appropriate time we can agree to the consideration of all committee amendments except those. If the Senator wishes to make that request I think I could have that information tomorrow so we could agree. I believe there are about 100 items, and many of them do not amount to much; they are technical amendments. I would say that except for the four or five votes we could get down to business.

Mr. LONG. Mr. President, I am glad the Senator has raised the question. I would be inclined to agree to that type procedure if it could be agreed upon. I am sure everyone realizes if we can agree to accept the commitee amendments en block, reserving the right of any Senator to amend in both the first degree and second degree, which is the same as agreeing that the bill simply be regarded—all of it—as being original text, it really preserves to every Senator the right to offer as many amendments as he wants to offer and that is the procedure that is usually adopted. It will help to expedite consideration of the bill.

No one forfeits any right under that arrangement and when that agreement is made it offers to the sponsors of the bill the availability of a motion to table in order to get on with the business, so it

confers an advantage on Senators, which everyone should recognize, when that arrangement is agreed to, because if someone is against the bill or if someone is adamantly opposed to its passage, if a particular part of the bill is agreed to then, of course, he would have the right to insist that every amendment be the subject of debate, explanation, and a roll-call vote and insist on the presence of a quorum during all the consideration. While it is not unusual, I believe it would very much expedite procedure on the bill.

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

Mr. WILLIAMS of Delaware. Mr. President, before the Senator yields, will he yield to me for just a moment?

Mr. LONG. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I agree fully with the chairman. I have discussed the matter with him earlier and said I thought we could get this consent agreement. For example, the first committee amendment merely changes the title and renumbers. That amendment is just a routine amendment. The next amendment is a question of whether we raise social security benefits by 5 percent, or to $100. I would suggest we could agree on the first committee amendment, and the next committee amendment could go over until tomorrow. We would know what the next amendment would be and we could have a vote tomorrow.

Mr. President, I ask unanimous consent that the first committee amendment be agreed to.

The PRESIDING OFFICER. There is a unanimous-consent request pending.

Mr. HARRIS. That was withdrawn.

Mr. WILLIAMS of Delaware. That has been withdrawn.

Mr. President, I ask unanimous consent that the first committee amendment be agreed to. It amends the titles.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection and the first committee amendment is agreed to.

The first committee amendment was agreed to, as follows:

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Mr. WILLIAMS of Delaware. Mr. President, the next committee amendment deals with social security increases. There will be no vote on that tonight. Tomorrow there will be a vote on social security.

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

Mr. LONG. I yield for a question.

Mr. HARRIS. Mr. President, I thank the Senator for yielding. I would like to have the attention of the Senator from Delaware, as well. I understand the position of the Senator from Delaware. I commend him for his willingness to agree

later on to portions of the committee bill being amendable in the second degree. There will be objection to title III, the trade portion of the bill.

Mr. WILLIAMS of Delaware. That is correct.

Mr. HARRIS. My intention is that we should try to get a vote this week on the welfare reform bill, the amendment to be offered by the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Utah (Mr. BENNETT), in amendable form, so that I can before its final consideration offer amendments to it, and that we also get down to the social security bill this week.

Would the Senator have any objection at the appropriate time to the welfare section of the committee bill being considered as original text? I understand he would not object to that.

Mr. WILLIAMS of Delaware. When we get to the welfare section?

Mr. HARRIS. Yes.

Mr. WILLIAMS of Delaware. As far as I am concerned I do not think there would be objection. I know what the Senator from Oklahoma has in mind, so when it is offered it would be subject to an amendment, and I think it should be.

Mr. HARRIS. The Senator is correct, that is, so that the Ribicoff-Bennett amendment will be subject to amendment.

Mr. WILLIAMS of Delaware. I am in agreement with what the Senator seeks to achieve. I do not think there would be objection. I think that is the appropriate way to proceed.

The only exception I was making is that, for example, the trade section would have to be voted on, catastrophic insurance is a section unto itself, and social security insurance would have a vote. I would say there would be a half dozen votes and we would be pretty much down to the serious arguments.

Mr. LONG. If there is no objection to that part of it, I believe in moving ahead any way we can, provided it does not prejudice the rights of anyone. I would not want to prejudice anyone's rights. I do not see how it would prejudice anyone's right if we agreed now on the welfare portion being original text.

Mr. WILLIAMS of Delaware. If the Senator will withhold that until tomorrow I think we could work out something that is agreeable, something that would be acceptable. As the Senator knows, they want a vote on the trade section. I can understand their position on that. I have mentioned catastrophic insurance. In a couple of hours we could call the roll on that and perhaps vote tomorrow on that particular point.

I would like to see us proceed and get this out in a proper manner. I would like to complete this matter up or down, one way or another, between now and the end of the year.

Mr. HARRIS. Mr. President, will the Senator yield so that I may place a statement in the RECORD.

Mr. LONG. Mr. President, I ask unanimous consent that I may yield to the Senator from Oklahoma for the purpose of placing a statement in the RECORD.

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

Mr. HARRIS. Mr. President, I appreciate the answers of the Senator from Louisiana and the Senator from Delaware. I hope that we will be able to act on this bill, with the exception of title III, dealing with trade, so that we can get a vote on social security and welfare reform, this week.

I am very hopeful the Senate will act promptly to enact much needed increases and improvements in the social security, medicare, and medicaid programs, and real welfare reform. I have worked toward that end in the Committee on Finance.

Mr. President, I have set forth my position concerning H.R. 17550 in separate views printed in the committee report, and I ask unanimous consent to have my views printed at this point in the RECORD.

There being no objection, the separate views of Mr. HARRIS were ordered to be printed in the RECORD, as follows:

SEPARATE VIEWS OF MR. HARRIS

INTRODUCTION

The initial objectives of H.R. 17550 were to provide more adequate social security benefits and to make needed improvements in medicare, medicaid and maternal and child health programs.

The objective of H.R. 16311 was to effect urgently needed reform of a failing welfare system.

These objectives are highly laudable. However, by the addition of unrelated matters, unwise amendments and weak substitutions for some provisions, these original objectives have been made hostage to other, less noble, aims.

The Trade Act of 1970 was added as an amendment to H.R. 17550.

Various amendments to the present welfare laws were agreed to which can only be characterized as regressive and punitive.

An amendment to establish a Federal Child Care Corporation, which would represent a substantial and objectionable change in child care programs, was adopted.

I, therefore, voted against reporting the bill. My reasons for doing so are here set forth in detail.

SOCIAL SECURITY

A. Increase in benefits and minimums

The committee made several greatly needed improvements in the social security provisions of H.R. 17550.

The 5 percent increase in benefits, adopted by the House, was stepped up to a 10 percent increase. The committee also rightly voted to provide a $100 minimum social security benefit level.

With these increases, H.R. 17550 became an acceptable advance this year toward fairness in our social security program.

B. Workmen's compensation offset

The committee made certain other changes in the House bill provisions regarding social security which were undesirable.

The provision in the House bill, amending present law which requires social security disability benefits to be reduced when workmen's compensation is also payable and when the combined payments exceed 80 percent of average current earnings before disablement, was stricken.

The House bill called for a reduction in benefits by the amount by which the combined payments under both programs exceed 100 percent of average current earnings before disability. This provision should be restored.

C. Financing

When the committee finished its work, it had voted approximately $10 billion in additional benefits. It then turned to financing.

I believe the committee was mistaken in not properly taking into account the presently regressive nature of the social security tax system and in not fully considering the economic impact of the financing arrangements which it approved.

The social security tax system is not as nearly based upon ability to pay as is the Federal income tax. There is an upward limit—presently $7,800, and $9,000 under the committee bill—on the amount of salary which is taxed. The tax is in a flat rate basis; it is not graduated.

I believe that the payroll tax under social security has reached the saturation point. I, therefore, supported an effort to finance a portion of benefits from general revenue. This effort failed.

Alternatively, I offered a financing plan which would make the social security tax system more progressive by raising the wage base to $12,000 in 1971. This allows actuarial soundness with less of an increase in the tax rate over a period of years. The following table shows the financing plan which I offered and which was rejected by the committee. As indicated, in addition to providing actuarial soundness over the long term in each of the funds involved—OASDI, health insurance and the new catastrophic health insurance—the plan which I offered would avoid a cash deficit in any year in any of the funds.

[In percent]

	OASDI	HI	CI	Total
1971	4.1	0.7		4.8
1972-74	4.1	.8	0.3	5.2
1975-79	5.0	.9	.35	6.25
1980-84	5.5	1.0	.35	6.85
1985 plus	5.85	1.0	.4	7.25
	−.15	−.06	+.02	

Note: The excesses of income over outgo resulting from this schedule follow:

[In millions of dollars]

	OASDI	HI	CI
Fiscal year 1972	1,079	1,044	589
Calendar year 1971	97	560	
Calendar year 1972	1,519	1,303	565
Calendar year 1973	2,843	851	403

The financing plan which I offered would also provide an additional and very important economic impact. It would postpone an increase in the tax rate from 4.8 to 5.2, which is otherwise scheduled to go into effect in January 1971 under present law. Unless this rate increase is postponed, it will have a seriously dampening effect on consumer demand at a time when the economy is much too sluggish and unemployment intolerably high. Stimulation of consumer demand through postponement of the presently scheduled tax rate increase and through increased benefits would not be inflationary by serving to cause expanded production volume, allowing some reduction in unit costs.

The revised manner in which Federal budgets are now made up and presented, taking into account income and expenditures from social security and other trust funds, more clearly points up the fiscal impact of decisions concerning social security benefits and rates.

In addition to the right of social security beneficiaries to more adequate benefits, the payment of increased benefits will provide a much-needed increase in consumer demand, aiding economic recovery. This fiscal impact should not be offset by immediate rate increases, primarily the way in which the automatic adjustment of the benefits vent an annual deficit in the various funds or to provide general actuarial soundness.

D. Cost-of-living increase

The committee worked long and hard on the problem of how to insure that the pur-

chasing power of social security benefits is maintained. On the whole the committee acted wisely in this regard; however, I disagree with some aspects of the automatic adjustment provisions—primarily the way in which the automatic adjustments of the benefits is financed.

The committee made some major changes in the automatic adjustment provisions that were proposed by the administration and passed by the House of Representatives. Many of the changes are reasonable, but some aspects of the provisions agreed to by the committee should be changed if they are to be fully acceptable and are to operate smoothly.

There are two major difficulties with the committee provisions concerning automatic adjustment of social security benefits and automatic financing.

First, the committee bill would require the Secretary of Health, Education, and Welfare to promulgate increases in both social security tax rates and the earnings base in order to finance the automatic increases in benefits, even though such increases in social security taxes would be unnecessary and would greatly over-finance the program. Under the committee bill, whenever an automatic cost-of-living increase in benefit occurs, the Secretary would be required to increase social security taxes. Such increases in taxes would not be necessary because a large part of the cost of the automatic benefit increase would be met from rising earnings levels without increasing either the tax rate or the earnings base.

Second, the provision for automatic increases in the earnings base as wages rise, proposed by the administration and passed by the House, does not constitute a discretionary delegation to the executive branch. The increases would be automatic and the determination of the amount would be routine on the basis of social security wage record statistics.

Under the committee revision, on the other hand, it would be necessary for the Secretary of Health, Education, and Welfare, as a part of the automatic provisions, to determine both the short-range and long-range "cost" of each automatic benefit increase, and we would in effect be turning over to the Secretary of Health, Education, and Welfare the tax-setting function of the Congress.

The provision approved by the House would merely carry out automatically the policy which the Congress has been following on an *ad hoc* basis since 1950—that is, periodically increasing the social security earnings base so as to cover the same proportion of payroll as had been covered earlier, when wage levels were lower. As wages have risen, the $3,600 base that became effective in 1951 has been changed by the Congress, in steps, to $7,800—as it would have been under the automatic provisions. It is important to increase the base to keep up to date with rising wages, not only from the standpoint of the income of the program but to prevent a deterioration in the coverage of the program. For example, a job which paid $3,600 in 1950 pays around $9,000 today. If the base had not been increased over the years the benefits payable to a man in such a job would provide a much smaller proportion of wage replacement than they were originally intended to, and there would have been a major deterioration in the protection afforded by the program. If the base is kept up to date with rising wage levels, there will be little if any need for an increase in the tax rate to cover the cost of the automatic cost-of-living increase.

The House provisions in this regard are, therefore, preferable to the provisions adopted by the Senate, and they should be restored.

The House bill requires the Secretary of Health, Education, and Welfare to increase social security benefits any January, commencing January 1973, if he finds that the cost of living has increased by 3 percent or more between the last July-to-September calendar quarter preceding a secretarially determined benefit increase and the most recent July-to-September quarter. The automatic increases would be in addition to any increases which might be passed by Congress. The taxable wage base would increase automatically every 2 years based on increases in the average taxable wages after 1971.

MEDICARE AND MEDICAID

A. Health maintenance organizations

Medical costs have risen enormously. There are many causes for this. One cause is the greatly increased demand for medical services without a concurrently increased supply in personnel and facilities.

It is imperative that there be a massive increase in medical and paramedical personnel and in medical facilities. The shortages are already acute, and they are growing alarmingly.

It is also vital that there be much better use of existing personnel and facilities. Toward that end, the committee approved the health maintenance organization concept contained in H.R. 17550. Under this provision, medical payments can be made to physicians on a per capita basis, rather than on a fee-for-service basis only.

This provision is an important step forward toward encouraging prepayment for group medical practice and toward greater emphasis on preventative medicine.

B. Professional standards review organization

The committee adopted a proposal to establish professional standards review organizations at local and State levels throughout the country to review such functions as examination of patient and practitioner profiles; independent medical audits; on-site audits; and the development and application of norms of care and treatment.

The Secretary of Health, Education, and Welfare would be required to enter into agreements with qualified professional standards review organizations, principally local medical societies, to review the totality of care rendered or ordered by physicians for medicare and medicaid patients. Where medical societies are unable or unwilling to undertake the responsibility, the Secretary could contract with States or local health departments or other suitable organizations.

This provision has a laudable purpose: to insure quality care and to hold down unnecessary costs.

However, the proposal contains many unknown and unpredictable factors. Further, there are serious objections that it grants organized medicine too much control over utilization of facilities.

The proposal should be tested before Congress puts it into effect on a total basis as the committee bill would do. I am not satisfied that this proposal will result in the savings which have been claimed by its proponents, nor am I satisfied that the review procedure is the best and most workable which can be devised.

The House provisions on peer review should be strengthened, and the Senate committee provisions should be stricken.

C. State maintenance of effort

Under present law States are required to maintain their present financial efforts in support of medicaid and are required to build toward comprehensive medicaid programs by 1977.

The State of Missouri asked the committee to pass legislation giving it a special one-time exemption from the maintenance of effort requirement. The committee could have granted this special request, based upon unique circumstances, without upsetting the present law.

But the committee went far beyond the Missouri request and repealed the entire section 1902(d) of the present law, under which States are required to maintain their financial efforts under medicaid. The House of Representatives had previously stricken section 1903(e) which requires States to enact comprehensive medicaid programs by 1977.

The repeal of both these sections is most unfortunate. The poor people covered by medicaid are entitled to better medical attention and care—not less. Their needs should not be ignored in order to slow the rising costs of this program and medical care generally. Section 1902(d) and section 1903 (e) should be restored in the bill.

D. Physical therapy

The House bill provides for reimbursement of up to $100 of the cost of physical therapy on an outpatient basis in the office of an independent practitioner under part B of medicare. This provision was rejected by the Senate committee.

A great many beneficiaries need the services of a physical therapist, and these services can often best be performed in the office of the therapist. The limited reimbursement that the House approved, which in effect puts it on a trial basis, should be reinstated in the bill.

E. Blood replacement

The committee rejected a proposal to eliminate the requirement in the present law for a medicare patient to pay for or replace the first three pints of blood used by such patient. This requirement seems unreasonable. It places an undue burden on medicare patients, and it should be eliminated.

F. Medicare premium increases

The premium for part B, supplementary medical insurance, under medicare has increased by more than 80 percent in the last 4 years. Originally the premium was $3 a month per person. It was increased from $4 to $5.30 on July 1, 1970. For those living on social security, this increase is almost prohibitive and it should be eliminated if the aim of the medicare is to be realized.

WELFARE REFORM

A. Need for reform

During the past few years, the need for reform of our welfare system has assumed crisis proportions. Three parallel developments ave dramatized the urgency; sharply increasing welfare rolls, growing recognition of the inefficiency and failures of the system itself, and ever more crippling fiscal burdens on States and localities.

Neither the poor—a group that is widening every day in the current economic climate—the Nation's stability, nor any pretense to sound social policy can wait longer for a rational income maintenance system.

This case has been made so often and so convincingly by mayors, Governors, welfare administrators, recipients, social scientists, and political figures of every persuasion that there is no need for it being made again.

Toward this end, I introduced with seven other Senators the National Basic Income and Incentive Act, S. 3433. This bill calls for the federalization of the presently outdated, unworking, and inhumane welfare system, replacing it with a Federal income maintenance system. It represents a significant departure from our present thinking about welfare and represents true reform.

I had hoped that improvements in H.R. 16311 could be made that would move the family assistance plan closer to the concepts of the National Basic Income and Incentive Act and real reform. Unfortunately, the committee moved in the opposite direction and was willing to approve only a test of various pilot reform programs.

Passage of a test proposal alone will surely delay congressional consideration of real re-

form for at least 3 years. I do not believe that the Nation can wait.

There is good reason to predict that the number of families and individuals requiring financial aid will continue to increase, that State and local funds crucially needed for programs to reduce dependency will be drained by the demands of public assistance, that the inequities of the present system will continue to demean recipients so as to destroy their incenive, and that the entire Nation will suffer from a welfare system that must be revised.

B. Requirements for real reform

Perhaps if the administration had been willing to make progressive changes in the House-passed version of the family assistance plan, rather than regressive changes during the consideration of the bill by the committee, something more substantial than a test would have been reported by the committee. Elimination of mandatory coverage of families headed by an unemployed father (AFDC–UP) and elimination of the requirement that States maintain current benefit levels for families with income, provisions that were in the President's original welfare reform proposal, weakened support for the bill in the committee by those of us who were advocating more meaningful reform of our welfare system.

A failure to recognize the importance of requiring the minimum or prevailing wage, whichever is higher, also weakened support for the bill.

While I do not believe that the administration has gone as far as it should, I am pleased that it has now agreed to some of the changes in the family assistance plan which Senator McCarthy, Senator Ribicoff and I and others advocated. The changes the administration has now approved are embodied in the amendments offered by Senator Ribicoff and Senator Bennett.

I believe that additional improvements can and should be made.

Recognizing that Congress is not willing to completely federalize the welfare system at this time, a goal should nevertheless be established for moving within a time certain toward a welfare system that is federally financed and administered. Included within the goal should be a commitment to move the level of payment to an adequate income. Our goal is to assist people in getting out of poverty, but a floor at a low level, instead of raising families out of poverty, means only continued poverty with little prospects for breaking out.

Any system of reform should also require that the prevailing or minimum wage, whichever is higher, should be paid for those who are forced to take a job. Otherwise, a captive work force with insufficient standard of wage to be paid will be available to employers, and the effect will be to keep wages so low that millions will remain in poverty though working full time.

Any version of the family assistance plan that is adopted by the Senate should not require mothers with school-age children to work. Mothers should have some control over whether day care centers are good enough for their children.

Furthermore, a provision to provide for cost-of-living increases in payments to recipients should be adopted. We have recognized this principle with regard to those who are receiving social security payments, and the same arguments can be made in support of providing cost-of-living increases for those on public assistance.

Any system of welfare reform should also fully protect the rights of present recipients and of applicants to insure that the new law does not create different classes of citizens.

A national system of income maintenance, recognizing the needs of the working poor, setting uniform national minimums of assistance and removing present barriers to incentive and initiative is desperately needed.

These principles can and must be embodied in real welfare reform, together with programs which assure that, through expanded public service jobs and otherwise, people have a real chance to get a job.

C. Regressive amendments

Unfortunately, the committee adopted a number of amendments to our present system that are regressive.

The most disappointing action of the committee was the barring of legal service lawyers from representing welfare recipients. Much of the work of these lawyers in the past few years has been to secure benefits guaranteed by law, but not received by poor people due to illegal regulations and administrative practice.

During the past 3 years welfare recipients and lawyers associated with federally funded legal service programs have compiled a remarkable record of service to poor people. Significant court decisions have begun to nudge the welfare system toward a more equitable and enlightened program. Cruel and demeaning regulations, irrelevant to the purposes of the Social Security Act, have been overturned in the courts.

The Finance Committee has proposed that this record of progress be nullified. This restrictive amendment, adopted by the committee, should be defeated.

Other undesirable amendments were adopted by the committee.

The committee would make the leaving of a family and moving across State lines a Federal misdemeanor. This is an unwarranted extension of Federal police power into intimate aspects of family life and, in view of the State laws now regulating this subject, would prove to be unworkable.

The action taken by the committee in instituting a 1-year residency requirement for people in need of assistance was likewise regrettable. The committee provision is in conflict with the Supreme Court's opinion in *Shapiro* v. *Thompson*, 394 U.S. 618, in which it was held that citizens have a constitutional right to travel throughout the States and that welfare eligibility regulations should not impede that right. The committee position would restrict the right to travel precisely in the manner prohibited by the Court.

The committee was also mistaken, in my opinion, in resurrecting the onerous man-in-the-house rule. This rule, knocked down by court decision, would base eligibility not on actual resources but on imagined income from people not legally obligated to support the children involved.

Provisions were also adopted that require the return of amounts paid to welfare recipients who do not prevail at hearings; that eliminate progress made in the declaration system; that cut back on the Federal assistance now available to families with a father in the home; and that provide eligibility requirements wholly unrelated to the need of poor children.

Adoption of these provisions represents a step backward in our efforts to devise a more workable and humane system of welfare—an entrenchment of old myths about welfare and welfare recipients that should have been cast aside years ago.

D. Aid to aged, blind, and disabled

The committee made substantial changes in the House bill with regard to benefits for the aged, blind and disabled. The House bill provided for a minimum of $110 a month for single individuals and $220 for couples. The committee approved $130 for single individuals and $200 for couples, cashing out food stamps.

Taking into consideration the fact that an increase in social security benefits reduces Federal, and State expenditures for the aged, blind and disabled—and considering their great and growing needs—the Senate should provide for a minimum of at least $130 for single individuals and $230 for couples, not cashing out food stamps for these individuals.

E. Catastrophic health insurance plan

A critical problem has arisen because of the rapidly increasing costs of medical care that have left 90 percent of all Americans medically indigent. No one questions the need to provide a better means for the average American citizen to finance his health care.

While I agree with the objective of the catastrophic health insurance plan, I voted against attaching the plan to H.R. 17550. When the plan was presented to the committee for consideration, H.R. 17550 was already heavily loaded with extra, and in some instances nongermane amendments, and it did not seem appropriate to add to the bill such a massive new health program.

The problem which the catastrophic health insurance plan seeks to meet is pressing and must be solved. But it does seem that the problem could be more appropriately solved in a broader context of national health insurance and by considering the whole matter in a more deliberate and careful fashion.

There is little chance that any such new program as this can be adopted this late in the postelection session in any event, and the attachment of the measure to the already overburdened social security bill may tend to defeat the bill to which it is attached.

The chairman is to be congratulated for offering a solution to the crisis and for urging prompt action. With his interest and his strong desire to see legislation enacted, the committee should give this matter prompt attention at the beginning of the next session. At that time there will be full opportunity to give attention to the financing of catastrophic illness costs and to the financing of all health care, including the need for an urgent and massive increase in medical and paramedical personnel and facilities.

F. Federal child care corporation

There is a great shortage of quality child care facilities and services. We need to do more to promote the development of increased facilities and services. But the establishment of a Federal Corporation is not the way to achieve the needed results.

The Corporation under the committee bill would have the responsibility for arranging for child care services in the various communities of each State. Existing public, private nonprofit, and proprietary facilities would be contracted with by the Corporation to serve as child care providers. Pursuant to the terms of the provision adopted by the committee, the Corporation could provide child care services in its own facilities.

A fee would be charged by the Corporation for its services, to be paid either by the consumer of services or by a public agency.

I have grave concern about this approach to quality child care. Child care is a proper subject for local community concern and planning. The Federal Child Care Corporation approaches child care needs from the top.

Parental involvement is crucial in early childhood programs. If the parent is actively involved, there will be a positive overlap in the home and the community. I feel that this would be unlikely under the operation of the Federal Child Care Corporation.

I question whether the standards set out in the bill are high enough. These standards, coupled with the striking down of local and State regulations, could lead to purely custodial child care.

I am also concerned that with a growing number of commercial franchisers entering the day care field, a great tendency would exist for the Federal Child Care Corporation

to contract with these franchise operations. If so, this could lead to a depersonalization of child care services and eliminate or reduce community control and parental involvement—the hallmarks of good child care.

Child care has not received proper attention from the Congress. It should be a matter of top priority for the next session of the Congress. We must soon enact major legislation which will provide quality child care on a universal basis, not stigmatized by welfare alone, not controlled by private business, but controlled by the local community and with full involvement of the parents.

The provision in the present bill does not meet these crucial tests.

TRADE ACT OF 1970

I strongly opposed the attachment of the Trade Act of 1970, H.R. 18970, to the social security amendments. Not only did I object to the Trade Act on its merits, but I also thought it unfortunate to reduce the chances of passing much-needed welfare reform and increases in social security by attaching nongermane legislation.

I have general objections to the overall thrust of the Trade Act, as well as specific objections to its provisions. First, I will set forth my general reservations about the act.

A. Balance of trade

It is presently estimated that in 1970 we will have a healthy surplus of over $3 billion in our trade balance. Last year, the surplus was under $1 billion. In other words, this year our exports have been growing considerably more rapidly than imports.

The argument that U.S. industry is becoming increasingly noncompetitive, which is often made in support of the Trade Act of 1970, is invalidated by these figures. This would therefore seem to be an especially poor time to risk loss of export markets by curtailing imports.

Another effect of quotas which would be imposed under this bill would be the retardation of economic growth in developing nations. This is at odds with our larger foreign policy to encourage the strength and growth of these less developed countries.

B. Cost to consumers

Recently, Federal Reserve Board Governor, Andrew Brimmer, said that the textile and shoe quotas in this bill would cost the consumer an extra $3.7 billion, and that these costs would be borne disproportionately by the poor beacuse they must spend a larger share of their income on shoes and clothing than do more affluent citizens. Whatever the merits of the industries' case—and I want to return to this—it would seem that the consumer would have to pay a very heavy price indeed for these quotas.

These costs could multiply if other consumer items were subjected to quotas under the liberalized escape clause.

C. Impact of inflation

Much attention has rightly been focused on the economy in recent weeks. The inflation alert, the President's speech to the NAM—all focus on the real danger of inflation. Mr. Arthur Burns, in speaking on measures to combat inflation last week, suggested the relaxation of existing quotas on imports. This comes at a time when new inflationary quotas would be imposed by the trade bill. We obviously cannot have it both ways. We must draw the line and choose between control of inflation and protectionism.

Another voice raised in opposition to the import restrictions of the bill is that of the Chamber of Commerce of the United States. The Chamber has urged that a more constructive course on trade legislation be charted in the next session of Congress.

D. Danger of retaliation

I have also noted in the press an increasing number of statements made by officials of foreign governments, including some of our best customers—Canada, Germany, Latin America, Britain, and Mexico, to name a few—concerning the possible adverse consequences of the enactment of the trade bill. One can, of course, dismiss these statements as bluffing, on the assumption that other countries either could not or would not dare to curtail our exports. But is this assumption necessarily correct? In many instances, other countries would be able to obtain the same goods of comparable quality from alternative sources. Moreover, other countries watch their trade balance with the United States very carefully and would be very prone to reduce their purchases from us if we were to restrict their exports to this country. Finally, I think the element of national pride would be at work here. If they feel—as they seem to—that the textile and shoe quotas, for example, are unjustified, then they will naturally want to strike back. The risk of an old-fashioned trade war is, in my judgment, severe. If that happens, no State will be immune from its effects. In testimony before the Finance Committee, the National Chamber attributed 4 million American jobs to total United States exports. The wheat farmers of western Oklahoma have made Oklahoma the No. 3 wheat exporting State in the Nation. A generation of eastern Oklahomans have pinned high hopes on the Arkansas River Basin project which the late Senator Kerr spent so many years helping to develop into a navigable access to world commerce. All of these stand in real jeopardy in the face of restrictive trade policies.

E. Renewal of textile negotiations

The trade bill was approved by the House Ways and Means Committee after the Secretary of Commerce announced that the United States-Japanese textile negotiations had broken down and that the administration therefore reluctantly supported legislative quotas. In the past weeks, however, these negotiations have been resumed. There is admittedly no assurance that these negotiations will be successful either in the short or long run. But the fact of their resumption is surely significant and affords further reason for pause in considering the trade bill. The Japanese Government feels an early voluntary agreement is desirable because if there is no agreement and no legislation is passed this year, Congress may pass even more restrictive legislation next year.

F. Textile and shoe quota

To the best of my knowledge, there has been no objective determination that imports are causing or threatening serious injury to the domestic textile industry. Of course, the industry itself makes vehement allegations of jobs eliminated and production lost because of imports. But has any reasonable independent body like the United States Tariff Commission ever come to that conclusion? I would emphasize that I am not asserting that there are no parts of the textile industry that may be injured by imports. I am rather asking for evidence that there is a serious import-related problem affecting the entire industry.

In the face of such evidence, action is certainly required. Full use of present legal remedies should be made. Stronger and more agressive diplomatic initiatives by the administration could result in voluntary limitations on specified imports.

However, statistics from the American Textile Manufacturers Institute reflect that annual textile exports have expanded by $200 million over the past 12 years. More U.S. employees are engaged in making textile mill products now than in any year except 1968. The number of employees engaged in apparel manufacturing is at an all time high. Net sales, both in textiles and apparel, are the highest ever, nearly doubling 1960 figures. Taken as a whole, these facts do not support allegations of a severely depressed industry, requiring emergency legislation. In the absence of impartial evidence of harm from imports, I must question the need for, and the wisdom of, unilateral textile quotas, especially in view of their cost to the consumer and the possibility that the United States-Japanese negotiations may be successful.

As for shoes, a task force of the administration itself concluded just several months ago that there is no justification for quotas. Nevertheless, the President has asked the Tariff Commission to determine whether imports are causing or threatening serious injury to the domestic industry. This is the proper way in my judgment to develop a sound basis for informed and intelligent action concerning imports.

G. Escape clause provisions

Another provision of the trade bill that is very troublesome is the amended escape clause, which has traditionally authorized the President to impose higher tariffs or quotas on imports found to be injuring a domestic industry. The following aspects of the new escape clause are open to serious question.

First, under the trade bill the Tariff Commission would have to determine whether imports are a "substantial" cause of serious injury. Instead of "substantial," present law reads "major" and the administration's bill would have substituted "primary." These may sound like semantic quibbles, but the difference between "primary" and "substantial" could spell the difference between a reasonable and a promiscuous use of the escape clause.

Second, the bill resurrects the concept of geographic segmentation, which permits the Tariff Commission to carve up an industry and artificially select just that portion that will maximize the chance of an affirmative finding of injury. The Tariff Commission would be given the license to do so even though it made no economic sense and even though the companies and workers concerned were in fact able to make a successful adjustment to whatever import problem may have existed. One of the important features of the Trade Expansion Act of 1962 was its repeal of the geographic segmentation provision. Its resurrection is a major threat to an enlightened foreign trade policy.

H. Foreign import restrictions

The committee has gone even further than the House bill in making section 252 of the Trade Expansion Act of 1962 a protectionist device. At the present time, section 252 authorizes—but does not require—the President to impose new restrictions on imports from countries that are illegally or unreasonably restricting our exports. The key issue, of course, is who determines whether a foreign import restriction is illegal or unreasonable. The right of any member of the GATT to impose new restrictions is severely restricted by that agreement—as it should be if any order in international trade is to be preserved.

Under the committee's bill, the Secretary of Commerce would determine if a foreign import restriction is illegal or unreasonable. If he made an affirmative finding, the President would be authorized to work out a solution with the foreign country concerned. If he could not in 3 months, then he would have to take retaliatory action. This is—pure and simple—another radical violation of the GATT and another example of a blind attitude that somehow the United States can flout the rules of the game and get away with it.

I. Status of GATT

The committee struck the new separate authorization for appropriations to finance our annual contribution to the GATT. This will probably not seriously jeopardize future appropriations, since there is a general authorization available in the organic legislation of the Department of State. But it is obviously a vote of no confidence in the only international organization that offers any

hope of maintaining and strengthening a fair world trading system.

The committee struck the provision on the ground that it would give "statutory recognition of the GATT, which has never been submitted to the Congress for approval." The fact is that the GATT is a valid executive agreement, concluded pursuant to the authority of section 350 of the Tariff Act of 1930. As a statutory executive agreement, it need not, of course, be submitted to Congress for approval. This question dealt with extensively in a 1956 memorandum of the Legal Adviser of the State Department to the then chairman of the Ways and Means Committee (see H. Rept. 2007, 84th Cong., second sess., 113-131 (1956)).

J. American selling price

The committee struck the provision in the House version that would have provided for the elimination of the American selling price (ASP) system of customs valuation as it relates to benzenoid chemicals. This system has been found to be without justification by both the Johnson and Nixon administrations, and the United States is pledged to seeking its abolition in one of the agreements concluded in the Kennedy Round. If this system is not to be abolished, there is little, if any, hope of making further progress for some years to come in the field of nontariff barriers. Once again, the blind approach is at work: Let other countries remove their nontariff barriers, while we stand pat.

K. Failure to take positive action

Beyond the positive and enormous harm done by the bill, it also fails to seize critical opportunities to move ahead:

(1) *Tariff-Reducing Authority.*—The House bill by clear legislative history and the committee's bill by express statutory language would give the President new tariff reducing authority only for the purpose of granting compensatory tariff concessions when we increase import restrictions under the escape clause or by some other means. In other words, this is an authority that at best permits us to stand in the same place, but envisages no further net reduction in tariffs.

The Kennedy Round was concluded in 1967 and the last tariff reductions agreed to will take place on January 1, 1972. Isn't it time to give the President the authority to start moving again in lowering trade barriers? How can the momentum of trade liberalization be maintained if the past leader of that effort is powerless? And especially in the trade field, the absence of progress only invites retrogression.

(2) *Non-Tariff Barriers.*—Even with the provision authorizing the elimination of ASP, the House bill failed to provide for negotiations on nontariff barriers, though everyone agrees that this is the single most serious problem in the trade field. As it stands now, the President must act at his peril if he acts at all. On the one hand, he can negotiate on nontariff barriers without any prior congressional approval and simply hope that the Congress will provide the necessary implementing legislation after the fact. The handling of ASP, of course, affords little encouragement. On the other hand, the President can request specific authority before beginning any particular negotiations on non-tariff barriers. The Congress may then so circumscribe his authority as to render it valueless or give him none at all, since it has not yet seen what reciprocal advantages it might afford the United States.

The only way I can see out of this dilemma is to have the Congress give the President, perhaps in the form of a resolution, the "license" to negotiate, while reserving all of its authority to pass upon any necessary implementing legislation. This would at least give the President the encouragement he does not now have to tackle nontariff barriers and attempt to commence an international negotiation on the subject.

L. Conclusion

The total effect of the trade bill is, in my judgment, antagonistic to constructive ways of dealing with the current problems in international trade. It assumes that the United States can take unjustified and indeed illegal actions and somehow get away with them, without provoking retaliation or undermining the world trading system. This seems to me to be a hopelessly naive and false assumption. It is my opinion that if the Senate will seriously consider how harmful the present trade bill is and how great is the need for a constructive trade bill, then we may still have the time to avert the appalling consequences of a return to protectionism both in this country and throughout the world.

I re-emphasize that I am concerned about the allegations of serious injury resulting from imports being voiced by the textile and other industries. Present law provides for remedies in such cases. Full use of present provisions should be employed where need is indicated. Adjustment assistance should be used to ease the conversion of industries and jobs in cases requiring such relief. Diplomatic negotiotions should be pressed. Lastly, the Congress should carefully and deliberately consider additional thoughtful trade legislation, which is in keeping with our past policies of free trade and which does not violate international agreements which we have previously made.

I attempted twice in the committee to have the trade bill stricken from the social security bill. I will renew this effort on the floor of the Senate. Should this motion fail, I intend to offer a series of amendments to improve the Trade Act.

Final conclusion

All of the legislative proposals included in H.R. 17550 are in need of thoughtful legislative consideration. My opposition to specific proposals in the bill by no means indicated a lack of concern for responsible action on the problems raised thereby. But, it is too late in this post-election Congress to hope for any fruitful action on so many diverse issues placed under the same umbrella.

Therefore it is imperative, as I have set forth in these separate views, that the Senate in the remaining days devote its time to improving our social security and related programs and to meaningful reform of our failing welfare system. The other matters can and should be set aside for consideration by the next Congress.

Mr. HARRIS. Mr. President, I ask unanimous consent that certain amendments I intend to propose to H.R. 17550 be printed and lie on the table, and that certain amendments I intend to propose to the welfare reform amendment to be offered by the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Utah (Mr. BENNETT) be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

Mr. MILLER. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. MILLER. Mr. President, I merely want to state that I fully support the proposal of the Senator from Oklahoma that we try to make the portion of this bill relating to welfare reform original text so that any amendments offered to it will be subject to amendment in the second degree. I hope that procedure can be worked out. I think most of us would like that approach rather than an approach that has no possibility of it being amended. I hope this arrangement will be worked out.

Mr. LONG. I thank the Senator.

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, under the agreement of yesterday, Calendar No. 1443, H.R. 17550, be laid before the Senate and be made the pending business.

The PRESIDING OFFICER (Mr. JORDAN of Idaho). Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate resumed the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and material and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The PRESIDING OFFICER. Pursuant to the previous order, the Senator from Delaware is recognized.

PRIVILEGE OF THE FLOOR

Mr. WILLIAMS of Delaware. Mr. President, during the further consideration of H.R. 17550 I ask unanimous consent that two members of my staff, Miss Eleanor Lenhart and Mr. Robert Davenport be permitted on the floor of the Senate.

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

Mr. WILLIAMS of Delaware. Mr. President, the pending amendment, the next committee amendment, is on page 4, beginning with line 7.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Beginning on page 4, after line 7, strike out the table on pages 4, 5 and 6 and insert tables on pages 7 and 8.

The language sought to be stricken is as follows:

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
.....	$16.20	$64.00	.....	$76	$67.20	$100.80
$16.21	16.84	65.00	$77	78	68.30	102.50
16.85	17.60	66.40	79	80	69.80	104.70
17.61	18.40	67.70	81	81	71.10	106.70
18.41	19.24	68.90	82	83	72.40	108.60
19.25	20.00	70.30	84	85	73.90	110.90
20.01	20.64	71.60	86	87	75.20	112.80
20.65	21.28	72.80	88	89	76.50	114.80
21.29	21.88	74.20	90	90	78.00	117.00
21.89	22.28	75.50	91	92	79.30	119.00
22.29	22.68	76.80	93	94	80.70	121.10
22.69	23.08	78.00	95	96	81.90	122.90
23.09	23.44	79.40	97	97	83.40	125.10
23.45	23.76	80.80	98	99	84.90	127.40
23.77	24.20	82.30	100	101	86.50	129.80
24.21	24.60	83.50	102	102	87.70	131.60
24.61	25.00	84.90	103	104	89.20	133.80
25.01	25.48	86.40	105	106	90.80	136.20
25.49	25.92	87.80	107	107	92.20	138.30
25.93	26.40	89.20	108	109	93.70	140.60

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
26.41	$26.94	$90.60	$110	$113	$95.20	$142.80
26.95	27.46	91.90	114	118	96.50	144.80
27.47	28.00	93.30	119	122	98.00	147.00
28.01	28.68	94.70	123	127	99.50	149.30
28.69	29.25	96.20	128	132	101.10	151.70
29.26	29.68	97.50	133	136	102.40	153.60
29.69	30.36	98.80	137	141	103.80	155.70
30.37	30.92	100.30	142	146	105.40	158.10
30.93	31.36	101.70	147	150	106.80	160.20
31.37	32.00	103.00	151	155	108.20	162.30
32.01	32.60	104.50	156	160	109.80	164.70
32.61	33.20	105.80	161	164	111.10	166.70
33.21	33.88	107.20	165	169	112.60	168.90
33.89	34.50	108.60	170	174	114.10	171.20
34.51	35.00	110.00	175	178	115.50	173.30
35.01	35.80	111.40	179	183	117.00	175.50
35.81	36.40	112.70	184	188	118.40	177.60
36.41	37.08	114.20	189	193	120.00	180.00
37.09	37.60	115.60	194	197	121.40	182.10
37.61	38.20	116.90	198	202	122.80	184.20

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 1967 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—		
$36.21	$39.12	$118.40	$203	$207	$124.40	$186.60
39.13	39.68	119.80	208	211	125.80	188.70
39.69	40.33	121.00	212	216	127.10	190.70
40.34	41.12	122.50	217	221	128.70	193.10
41.13	41.76	123.90	222	226	130.10	195.20
41.77	42.44	125.30	226	230	131.60	197.40
42.45	43.20	126.70	231	235	133.10	199.70
43.21	43.76	128.20	236	239	134.70	202.10
43.77	44.44	129.50	240	244	136.00	204.00
44.45	44.88	130.80	245	249	137.40	206.10
44.89	45.60	132.30	250	253	139.00	208.50
		133.70	254	258	140.40	210.60
		134.90	259	263	141.70	212.60
		136.40	264	267	143.30	215.00
		137.80	268	272	144.70	217.60
		139.20	273	277	146.20	221.60
		140.60	278	281	147.70	224.80
		142.00	282	286	149.10	228.80
		143.50	287	291	150.70	232.80
		144.70	292	295	152.00	236.00
		146.20	296	300	153.60	240.00
		147.60	301	305	155.00	244.00
		148.90	306	309	156.40	247.20
		150.40	310	314	158.00	251.20
		151.70	315	319	159.30	255.20
		153.00	320	323	160.70	258.40
		154.50	324	328	162.30	262.40
		155.90	329	333	163.70	266.40
		157.40	334	337	165.30	269.60
		158.60	338	342	166.60	273.60
		160.00	343	347	168.00	277.60
		161.50	348	351	169.60	280.80
		162.80	352	356	171.00	284.80
		164.30	357	361	172.60	288.80
		165.60	362	365	173.90	292.00
		166.90	366	370	175.30	296.00
		168.40	371	375	176.90	300.00
		169.80	376	379	178.30	303.20
		171.30	380	384	179.90	307.20
		172.50	385	389	181.20	311.20
		173.90	390	393	182.60	314.40
		175.40	394	398	184.20	318.40
		176.70	399	403	185.60	322.40
		178.20	404	407	187.20	325.60
		179.40	408	412	188.40	329.60
		180.70	413	417	189.80	333.60
		182.00	418	421	191.10	336.80
		183.40	422	426	192.60	340.80
		184.60	427	431	193.90	344.80
		185.90	432	436	195.20	348.80
		187.30	437	440	196.70	350.40
		188.50	441	445	198.00	352.40
		189.80	446	450	199.30	354.40
		191.20	451	454	200.80	356.00
		192.40	455	459	202.10	358.00
		193.70	460	464	203.40	360.00
		195.00	465	468	204.80	361.60
		196.40	469	473	206.30	363.60
		197.60	474	478	207.50	365.60
		198.90	479	482	208.90	367.20
		200.30	483	487	210.40	369.20
		201.50	488	492	211.60	371.20
		202.80	493	496	213.00	372.80
		204.20	497	501	214.50	374.80
		205.40	502	506	215.70	376.80
		206.70	507	510	217.10	378.40
		208.00	511	515	218.40	380.40
		209.30	516	520	219.80	382.40
		210.60	521	524	221.20	384.00
		211.90	525	529	222.50	386.00
		213.30	530	534	224.00	388.00
		214.50	535	538	225.30	389.60
		215.80	539	543	226.60	391.60
		217.20	544	548	228.10	393.60
		218.40	549	553	229.40	395.60
		219.70	554	556	230.70	396.80
		220.80	557	560	231.90	398.40
		222.00	561	563	233.10	399.60
		223.10	564	567	234.30	401.20
		224.30	568	570	235.60	402.40
		225.40	571	574	236.70	404.00
		226.60	575	577	238.00	405.20
		227.70	578	581	239.10	406.80
		228.90	582	584	240.40	408.00
		230.00	585	588	241.50	409.60
		231.20	589	591	242.80	410.80
		232.30	592	595	244.00	412.40
		233.50	596	598	245.20	413.60
		234.60	599	602	246.40	415.20
		235.80	603	605	247.60	416.40
		236.90	606	609	248.80	418.00
		238.10	610	612	250.10	419.20
		239.20	613	616	251.20	420.80
		240.40	617	620	252.50	422.40
		241.50	621	623	253.60	423.60
		242.70	624	627	254.90	425.20
		243.80	628	630	256.00	426.40
		245.00	631	634	257.30	428.00
		246.10	635	637	258.50	429.20
		247.30	638	641	259.70	430.80
		248.40	642	644	260.90	432.00
		249.60	645	648	262.10	433.60
		250.70	649	650	263.30	434.40
			651	655	264.00	436.40
			656	660	265.00	438.40
			661	665	266.00	440.40
			666	670	267.00	442.40
			671	675	268.00	444.40
			676	680	269.00	446.40
			681	685	270.00	448.40
			686	690	271.00	450.40
			691	695	373.00	452.40
			696	700	273.00	454.40
			701	705	274.00	456.40
			706	710	275.00	458.40
			711	715	276.00	460.40
			716	720	277.00	462.40
			721	725	278.00	464.40
			726	730	279.00	466.40
			731	735	280.00	468.40
			736	740	281.00	470.40
			741	745	282.00	472.40
			746	750	283.00	474.40

The language to be substituted is as follows:

TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
.....	$26.94	$90.60 or less	.....	$113	$100.00	$150.00
$26.95	27.46	91.90	$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.56	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	253	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.10	231.50
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.00
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.60	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		175.90	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		197.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	385.50

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$188.50	$441	$445	$207.40	$387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20
		201.50	488	492	221.70	408.40
		202.80	493	496	223.10	410.10
		204.20	497	501	224.70	412.30
		205.40	502	506	226.00	414.50
		206.70	507	510	227.40	416.30
		208.00	511	515	228.80	418.50
		209.30	516	520	230.30	420.70
		210.60	521	524	231.70	422.40
		211.90	525	529	233.10	424.60
		213.30	530	534	234.70	426.80
		214.50	535	538	236.00	428.60
		215.80	539	543	237.40	430.80
		217.20	544	548	239.00	433.00
		218.40	549	553	240.30	435.20
		219.70	554	556	241.70	436.50
		220.80	557	560	242.90	438.30
		222.00	561	563	244.20	439.60
		223.10	564	567	245.50	441.40
		224.30	568	570	246.80	442.70
		225.40	571	574	248.00	444.40
		226.60	575	577	249.30	445.80
		227.70	478	581	250.50	447.50
		228.90	582	584	251.80	448.80
		230.00	585	588	253.00	450.60
		231.20	589	591	254.40	451.90
		232.30	592	595	255.60	453.70
		233.50	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	603	605	259.40	458.10
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	613	616	263.20	462.90
		240.40	617	620	264.50	464.70
		241.50	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	631	634	269.50	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.20
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		250.70	649	650	275.80	482.70
			651	655	276.80	484.40
			656	660	277.80	486.20
			661	665	278.80	487.90
			666	670	279.80	489.70
			671	675	280.80	491.40
			676	680	281.80	493.20
			681	685	282.80	494.90
			686	690	283.80	496.70
			691	695	284.80	498.40
			696	700	285.80	500.20
			701	705	286.80	501.90
			706	710	287.80	503.70
			711	715	288.80	505.40
			716	720	289.80	507.20
			721	725	290.80	508.90
			726	730	291.80	510.70
			731	735	292.80	512.40
			736	740	293.80	514.20
			741	745	294.80	515.90
			746	750	295.80	517.70

Mr. WILLIAMS of Delaware. Mr. President, the pending amendment deals with the proposed changes in the increase for social security benefits. Under the bill as passed by the House these benefits were increased by 5 percent, which would have cost in 1971 $1.7 billion.

The Finance Committee by a majority vote increased these benefits. Instead of leaving the benefits at 5 percent, they increased them to 10 percent. They raised the minimum social security payment of $100.

The two amendments appear combined in this amendment, and when merged the result of the action of the Finance Committee is a cost of $5 billion over existing law, or $3.3 billion more than that which was provided in the House bill.

That will be the question before the Senate when this particular amendment is voted upon. As indicated yesterday, I tried to get a unanimous consent agreement in order to move along on a consideration of the various features of the bill, some of which I support and some of which I do not. However, I did feel that the Senate had a right to work its will and that after reasonable debate we should be able to proceed to a vote.

That effort is a matter of record and history now.

We were unable to get such a consent agreement. I do not criticize those who felt they could not consent. I am sure they had good and valid reasons.

I am going to make another effort here to get some semblance of reasonable order in consideration of this massive piece of legislation. The bill itself covers 546 pages.

The Finance Committee has worked on this bill for many months.

I have never seen that committee, in the period of my 20 years in which I have been a Member, devote more time to a study and analysis of a bill than it has to the various sections of this bill and all of its ramifications.

The bill is now before the Senate. It has been pointed out that we have a situation here dealing with some very highly controversial measures. We have the question in the bill involving the catastophic insurance. We have the question of the trade act, which is title 3 of the bill. This is something about which Members of the Senate on both sides of the question have very strong feelings. Others have very strong feelings about the family assistance plan.

We are in this situation parliamentary-wise. Any of the amendments—the trade amendment, the family assistance amendment, or any other amendment—could be offered to one of the committee amendments.

The problem is, however, that if they are offered to any committee amendment, that would be an amendment in the second degree. Therefore, it would not be subject to any modification or verification even though in the discussion it may be pointed out to the membership and even the sponsors of the amendment that there should be changes in the amendment.

In the discussion last night with both the chairman of the committee and the Senator from Oklahoma, who had some amendments that he wished to offer to the Bennett-Ribicoff amendment, it was pointed out that he would be precluded from offering them under such a parliamentary situation.

I, too, would have some amendments to offer. I would also be precluded. I think it would be most unfortunate for the Senate to get itself into such a parliamentary situation.

Mr. President, in order to show the Senate what kind of a parliamentary snarl we can get into, and almost got into at this time, I know of at least two proposals that Senators were considering offering as amendments to the first committee amendment on pages 1, 2, 3, and 4. The Committee amendments have no substance. They merely change the section number.

It has been suggested that at the end of that amendment the Trade Act could be offered and would be in order, or the family assistance plan could be offered and would be in order. Neither would be subject to an amendment. They would be voted on on the merits.

Some might say that is simple enough to get a vote. However, after the yeas and nays have been ordered on an amendment to an amendment all any one Senator would have to do would be to stand up and ask for a division. We would then have had exactly 68 votes before we could vote on the amendment. Those committee amendments after the division would require a vote on each line, because they are separable. Each one is to strike out a different line.

True, it does not mean anything, but it would have required a rollcall vote and would have put the Senate in a more silly posture than it is now, if that is possible.

For that reason, last night I made a unanimous-consent request that approved this amendment and prevented the Senate from getting into that ridiculous situation.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG. Mr. President, if I correctly understand the situation, if a Senator wanted to amend the first committee amendment, which would simply strike the table of contents in the bill, he could have insisted on a motion to separate. That would have required the Senate to have a separate vote to strike on every single item in the table of contents. That alone would have required 68 rollcall votes, if it had been insisted on.

Mr. WILLIAMS of Delaware. The Senator is correct. And after that they would be subject to a quorum call between each one and a motion to table on that. We would have two rollcall votes. So there would be 136 rollcall votes and 136 quorum calls.

I point that out to show how we could get into such a ridiculous picture.

Mr. LONG. Mr. President, if a Senator wanted to offer an amendment to the simple committee amendment to strike the table of contents, any Senator who did not want that amendment to come to a vote could insist on 136 rollcall votes and 136 quorum calls before we ever got to a vote on the amendment.

Mr. WILLIAMS of Delaware. He could. But it is even simpler than that because whoever offered that amendment to the amendment, whether it be on the trade section or family assistance, would want a rollcall vote and that would be applicable to the entire package; and all they would have to do would be to request a division, and we would have 68 rollcall votes. I hope that will not happen and that we can proceed in an orderly manner. If such an amendment, whether it be for family assistance or an amendment dealing with any other subject, is offered to any committee amendment that is in the second degree it is not subject to any amendment or any variation. This is not good legislative practice.

Last night the chairman mentioned, and it had been mentioned in committee, the possibility of getting unanimous consent to have amendments considered en bloc. In that case any Senator who got recognition could offer his amendment and have it voted on up or down; his amendment then would be subject to amendment in the second degree—the family assistance plan or whatever it might be, would be, in effect, to the original text because that is the way we would be considering it. That would give an opportunity to the Senator from Oklahoma or anyone else who wanted to offer amendments to amendments; they could offer them to the committee bill as we have done many times before.

There are proposals in this measure that I do not like and that I hope will not be agreed to. I shall discuss those in due course. It is in recognition of this fact that I have worked over night and talked with several members, and I think we have somewhat of a concensus of opinion. I have not talked to everyone, but I believe we have somewhat of a concensus of opinion that it would be better for all concerned to have the unanimous consent granted that the committee amendments be considered and agreed to en bloc and as agreed to be considered as original text for the purpose of amendment.

I have asked the Parliamentarian to write out this request so it would be in the usual form. In that manner anyone who has the floor could have his amendment offered.

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

Mr. WILLIAMS of Delaware. I yield without losing my right to the floor.

Mr. RIBICOFF. The Senator from Utah (Mr. BENNETT) and I are very anxious to have a definitive vote on the family assistance plan. We recognize the parliamentary situation that if these amendments are not adopted en bloc and made original text that the amendment we would offer would not be subject to amendment. The family assistance plan is so complex and has so many facets that I do not have a feeling of self-righteousness that we should deprive other Senators from offering their own concepts and ideas. I know the Senator from Oklahoma has many thoughts of his own. The Senator from Idaho has many thoughts of his own, and other Senators have thoughts on how this amendment should be reported.

Consequently, in all fairness to the Senate and to this measure, we would hope that the proposal of the Senator from Delaware would be agreed to without objection. If this were the case, then the amendment I would offer—and I would hope to receive recognition from the Chair at the earliest possible moment—would be an amendment in the first degree, giving each Senator an opportunity to offer his amendment and in this way we could have a complete discussion of a most complex subject.

I believe this is the fairest way to handle the proposal and to that end we could go forward to a vote on the family assistance program before we adjourn sine die on January 3.

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

Mr. WILLIAMS of Delaware. I will yield in a moment but I do want to point out that I am not doing this necessarily to expedite that particular proposal. As the Senator knows I would just as soon see that proposal defeated. However, I am perfectly willing to take my chances on why I think that proposal would not be good. I am perfectly willing to do that and let the Senate vote.

But in the meantime, if it is going to be adopted it would be better to have it improved if we find improvements can be made. It is better to be in a posture where we can make a change in it, and under the other situation we would be almost locked in.

Mr. RIBICOFF. The Senator is correct.

Mr. WILLIAMS of Delaware. I appreciate what the Senator has just said. As I said, every Member of the Senate would be on equal footing so he could get recognition and offer whatever amendment he wanted to offer.

Mr. President, I yield to the Senator from Oklahoma, and I would like to ask to yield to anyone else who wants to comment on this without my losing my right to the floor.

I yield to the Senator from Oklahoma.

Mr. HARRIS. I thank the distinguished Senator. The Senator, has, indeed, talked with a number of Senators, including me, and he has indicated his intention to make this request today to adopt the committee amendments en bloc and make them original text. I think that is the orderly way to proceed.

I hope we can pass the social security related matters in the bill and that we can pass welfare reform—real welfare reform—this year, and get the amendment of the Senator from Connecticut and the Senator from Utah in amendable form. What the Senator is asking for is a way to do that in an orderly manner; and then, those of us who want to amend various sections of the bill, and strike the trade provision, as I do, would have that opportunity to do so.

I join in the request of the Senator from Delaware and I hope it can be agreed to as the orderly way to proceed.

Mr. WILLIAMS of Delaware. I thank the Senator. Some Senators, and to be frank, I, personally, was reluctant to enter into this, as the chairman knows during discussions in committee, because there are a few sections on which I wanted direct rollcall votes.

There is this difference which we all recognize. It takes one more vote to strike something from a bill than to put it in. Then, if it is going to rise or fall on one vote I do not know that it is important. The main thing is to get it to a vote.

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

Mr. WILLIAMS of Delaware. Mr. President, I yield to the Senator from New York on the same conditions.

Mr. JAVITS. I would like to advise the Senator that I shall object to his request and if he will allow me, I would like to state the reasons. Will the Senator yield for that purpose?

Mr. WILLIAMS of Delaware. Yes, I yield without losing my right to the floor.

Mr. JAVITS. I understand.

In the first place, let me state that I was not informed of this unanimous-consent proposal, and that I heard of it because one hears about everything in this Chamber. I hope very much that in the course of the debate on this bill, when there will be lots of things asked for by me and other Senators, that we should really, in all fairness, start the practice of advising Members who other Members know are deeply interested in whatever is going to be proposed.

We were told yesterday by the majority leader there need to be no worry on that score. This is hardly an auspicious beginning.

Second, I did not concoct the plan to include social security, medicare, medicaid, a massive and historic trade bill, and family assistance all in one bill. Nor did I develop the idea of not filing a clean bill, which the committee could have done, but filing a bill which is full of amendments so that you block the Senator from Oklahoma (Mr. HARRIS), me, and any other Member who may have an amendment because as the Senator from Connecticut (Mr. RIBICOFF) mentioned it is all done in the third degree.

So the doctrine of original sin does not make me feel guilty at all. This is the way the Senate Finance Committee wanted it. If the view of the Senate is going to be expressed in a fair way it is going to be fair to both sides. The Senate Finance Committee wanted it this way, this is the way the Committee on Finance reported the bill to the floor. The members of the committee must now be prepared to live with their decision. You asked for every one of these amendments to be voted on. You did; I did not. Therefore, if I require you to adhere to your original intention what is wrong with that? The Members of this Chamber know full well I want the family assistance plan considered as well as social security. But I will not be and I do not think anybody else should be "over weaned"—to use a kind word, because the trade bill is very bad legislation and we are being denied the opportunity to acquaint the country with this fact and being denied the opportunity to consider trade legislation in the way that it should be considered.

With all respect to the Senator, who is trying to make the best of a bad situation, I am compelled to object.

Mr. WILLIAMS of Delaware. If I may reply, I reply to the Senator from New York, my colleague and friend, with mixed emotions. What he is saying he wants done is exactly what I would like to accomplish, but I do not want to take the responsibility for underwriting a filibuster to defeat the bill. When the trade bill was offered on this bill I voted against it. I thought it was wrong to take a bill which came from the House and add it to the social security bill. I voted that way and will be voting that way on the Senate floor. There is no question about that.

On the other hand, I also voted against attaching the family assistance plan, which was rejected by our committee on three occasions, one time being rejected by a vote of 14 to 1, another time by a vote of 10 to 6, and I forget the rollcall vote the third time, but the majority of the committee refused to approve that bill.

The Senator from New York, much as I respect him, is trying to add the family assistance plan to this bill, which plan was defeated by our committee, but he is not willing to abide by the majority will of the committee which put the other one in. I am willing to abide by the will of the majority of the committee and the Senate in both cases.

I personally know no easier way to defeat the bill—in fact, there is no easier way—than to have a vote on every separate amendment. There are 280-odd amendments in this measure. The Senator can sit down and count them himself.

If the Senator from New York insists I know it will be carried out, because I respect him highly. If that is his wish then I will carry out his instructions, and when we get through we will have had 280 rollcall votes which will be reconsidered, and the number of rollcall votes will double to 560. I hope, if the Senator from New York wants to filibuster the bill he will do it differently than by rollcall votes.

I am only pleading with him to go along. I will support a motion to strike this trade section, and I do not see why he would object. I have been here only 24 years, and I do not claim to know as much about the parliamentary situation as the Senator from New York, but I just might hazard a guess that he might defeat his purpose by insisting on objecting to this request.

I would hate to see us get into such a snarl, and I plead with him to reconsider his position.

Before I yield to the Senator from Louisiana (Mr. LONG) let me add that certainly the leadership of the Senate is not necessarily on my side in these matters. The Presiding Officer will be the one to recognize Senators. I shall not control that. I do not have as much control over who is recognized as he will have. I am going to make my brief remarks here today, and I am trying to restore some semblance of order.

I call attention to the fact that yesterday we almost got into the situation where we would have had to have 135 rollcall votes before we got to the measure, just because of what could have happened. I do not want to see the Senate get in a posture which, as I said earlier, would make us appear more silly than that posture in which we are now appearing with five filibusters running at the same time. I would say we are going to have to get hats for the filibusters. We are going to have to get five different hats with different colors, and we are going to have to number the filibusters because we are getting to a situation where we do not know which side we are on and whether we are for them or not. I have never seen such a state of confusion as exists in the Senate today. I know that if this procedure is insisted upon we will be in an even greater state of confusion.

I have said repeatedly I am not going to filibuster this bill. I think there is logic enough in the argument I can present that it will persuade the Senate to defeat the family assistance plan, or what is better referred to as the guaranteed annual income. I am an optimist. I think I can defeat it. I will take my chances, and if I do not I shall congratulate the Senator from Connecticut. But I am perfectly willing to abide by the decision

of the Senate. I would consider it an indication of weakness on my part if I were afraid to face the Senate on a vote. I am not. I welcome the opportunity.

My position was sustained in the Finance Committee. The plan was defeated by a 14-to-1 ratio, and each time the Finance Committee overwhelmingly recognized the argument against starting on such an unsound plan as this. The committee sustained my position. I think the Senate will do likewise. If I am wrong I shall congratulate Senators and perhaps go home and, who knows, we may all live on welfare.

I say let us vote. If Senators are not afraid of their positions let us vote. I am not afraid to vote on it. I will vote against it, but I will be there. But I say let us vote, whatever the results.

I yield to the chairman of the committee.

Mr. LONG. Mr. President, just to make clear that what the committee has done is the usual way of doing business, may I remind the Senator and the Senate that last year we had a revenue bill in which we had so many amendments that the Senator from Louisiana, the chairman of the committee, asked that the whole bill be drafted as a substitute package for the House-passed bill. We did it that way last year. Some did not agree with that procedure. That is not the usual way of doing business, I must admit.

In that case Senators then proceeded to offer amendments first to the House bill. We had two tiers of amendments, amendments in the first and second degree being offered to the House bill, and then amendments in the first and second degree being offered to the committee bill, with the result that we had two tiers of amendments, each with a second tier on top of them, all of them being subject to to be called up and debated. That proved to be a much more cumbersome way of proceeding than the way that is being proposed.

With regard to revenue bills, the Committee on Finance cannot report out a clean bill because the Constitution does not permit the Senate to originate revenue bills. They must originate in the House. The Senate is limited to the power to amend. What the Senate Finance Committee can do, within the power to which the Senate is limited, is to amend such bills, be it in the nature of a committee substitute or be it through amendments. The bill is subject to amendment, and the amendment is subject to amendment in both tiers, depending on the order in which Senators want to call their amendments up.

So the fact is that on a big revenue bill, one as controversial as this one is, with so many matters to be considered the possibilities of amendments are limitless, and even though we in the committee limit ourselves, we cannot limit Senators. They have a right to offer amendments.

Mr. WILLIAMS of Delaware. That is right. I would like to point this out further, which is a parliamentary fact of life from which we cannot escape. We can proceed any way we wish—the family assistance plan can be offered at the end of some committee amendment at this time or whenever a Senator gets recognized, but there is no possible parliamentary situation that can be obtained in the Senate whereby this bill can pass without Senators standing up and voting on the trade section. There is no way it can be done except by unanimous consent to strike out that section; and we know that consent will not be obtained so there is no possible way to do it.

So if all certain Senators want is a vote on the family assistance plan with the clear understanding and knowledge that it is not going to become law, then they are doing so with tongue in cheek, voting for something they never intend to become law. I say let them stand up and acknowledge their hypocrisy publicly, because that would be the most hypocritical action that could be taken.

I repeat, there is no possible way—and I will yield to any Senator who can challenge that statement—even if the family assistance plan is added to the bill, to get a vote on final passage of the bill without first standing up and voting on the trade and other sections. It cannot be done.

There is no way it can be done. So Senators would not be yielding any rights that they have by this agreement. In my opinion, to proceed otherwise would be to acknowledge that all we want is a vote on the family assistance plan with the full knowledge and consent that it is going down the drain; and I will be a party to no such hypocrisy.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG. The Senator recognizes, does he not, that simply to agree to the committee amendments en bloc does not mean that the Senate is for the committee amendments? It just means that we will regard them as original text so as to expedite the completion of action on this bill.

Mr. WILLIAMS of Delaware. Certainly not, because some of the amendments, as the Senator knows, I would be voting against; and I shall be offering amendments to strike out some of these sections, because, as the Senator knows, I do not support some of them, and I have not changed my opinion. When an amendment to strike out the trade section is in order I expect to support it.

But that is not the issue here. We have a right to vote, whether we expect to win or lose, and I can certainly see us getting into a parliamentary snarl here. That is the reason why, as I said before, I arranged to be recognized first here today because I hope I can persuade the Senate of the logic of what I shall suggest.

Whoever the Chair recognizes in the days ahead under this procedure can move to table any amendment that is offered. A Senator can make a motion to lay it on the table immediately after it is offered, and the Chair can recognize the next man.

I shall be frank with the Senator that I do not see where he is gaining much by objecting to this request. I should like to have votes on four or five of committee amendments; and in fact, as I have stated, I shall insist on it. I shall be happy to designate those amendments which I should like to vote on and have a time limitation on the particular amendments; but I can get recorded before this bill is passed by offering an amendment to strike. That is easy, and the only thing I have lost is one vote; and I am optimistic that we have enough votes anyway.

I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, it is ironical to have a supposed enemy of this program, who desires to defeat family assistance, trying to work out a program to give us an opportunity to vote, and the distinguished Senator from New York, who is an outstanding friend and supporter of the family assistance program, putting the Senate in the position where the family assistance program will be defeated.

The Senator from Delaware, from the start, has been consistently against the family assistance program. The Senator from New York has indicated that he desires to be a cosponsor of the family assistance program. The irony of the entire situation is that it is a Republican President who has sent this proposal to Congress, and it is a Democrat on this side who is doing everythinghe can to see that the family assistance program is passed. The Senator from Delaware had been adamant from the start about having a series of votes and using the parliamentary procedure to prevent a vote on the family assistance plan.

After conversation and discussion among many of us who were interested, we tried to work out a method of procedure to give every Member of this body an opportunity to try to perfect this proposal. I know that the Senator from New York would like to see adopted many of the proposals that the Senator from Oklahoma would like to submit. That is my understanding, and if I mistake the Senator from New York I would like to be corrected. I was aware at all times that the Senator from Oklahoma had a series of amendments on which the Senator from New York saw eye to eye with him. I thought, out of fairness to every Member of this body, we had to get ourselves into a parliamentary situation to give the Senator from Oklahoma and every Member of this body an opportunity to have a vote on this amendments, up or down.

Now we are in a situation, of course, where we have come back to where we started. I shall still try to get recognition, if unanimous consent is not agreed to, to offer the Ribicoff-Bennett proposal. If it is done that way, then we can only debate the Ribicoff-Bennett proposal; it is not subject to amendment by any other Member of this body.

I have a telegram that was sent to me, signed by six former Secretaries of Health, Education, and Welfare, Republican and Democratic: Oveta Culp Hobby, Marion B. Folsom, Arthur S. Flemming, John W. Gardner, Wilbur J. Cohen, and Robert H. Finch, telling me that they approve the Ribicoff-Bennett proposal, and they believe it to be a major step toward the urgently needed reform of the current welfare system.

I cannot agree with the Senator from Delaware when he says that this is all a charade. I recognize how slim the chance will be to finally adopt the family assistance program, or any other part of this bill. The clock is indeed running out on us. But here is a program that the President of the United States has had before Congress and the country for a year and a half. It has been a controversial program. Hearings have been held in the House of Representatives and in this body, and much time has been spent.

I believe it becomes very important for the country to find out how the Senate actually feels. I would hope that this bill could be passed in sufficient time for a conference, but if it cannot be passed sufficiently in advance to permit a conference and for final approval by January 3, at least we will have indicated sufficiently to the Nation that Congress with the President of the United States, makes a commitment toward eliminating poverty which would enable us, early in the next session, in January or February, without further hearings, to take up the Social Security and Family Assistance programs.

I would sincerely hope that the distinguished Senator from New York, who does not have to yield to any man in his concern for those in poverty, those people on welfare, and the most unfortunate part of our population, would consider what is happening as a result of his objection. I would hope the Senator would reconsider his objection to permitting these amendments to be adopted en bloc, and then letting the Senate proceed in an orderly way to discuss, to debate, and to amend the family assistance program, and proceed to a final vote.

Mr. WILLIAMS of Delaware. Mr. President, I certainly hope the Senator and I can obtain that agreement. I do not see how it can possibly ever get to a vote unless there is some kind of agreement here in the Senate. As I pointed out before, surely we can get to a vote on the family assistance plan. Senators can offer amendments to anything which may come before the Senate. But we cannot get away from the fact that we cannot vote on title IV until after the vote on title III if we follow the regular procedure, or vote on title V until we have disposed of the other four.

I am just trying to get some order and get it where at least we may be able to achieve the results of a vote.

I would like not to be tied up here all of Christmas week, but I am afraid if we do not follow such a procedure that is what is going to happen. I shall yield in a moment to the Senator from Iowa. He is one Senator I have been talking with who has made the point that he did not want any agreement entered into that would preclude him from the right to offer amendments to the Bennett-Ribicoff amendment; and other Senators, if they have amendments to be offered, have a right to be heard and have them considered. I hope we can obtain this agreement.

But I yield now to the Senator from Iowa, without relinquishing my right to the floor.

Mr. MILLER. Mr. President, I thank my friend from Delaware. I commend the Senator from Delaware for what he is trying to do. However, in view of the comments from the Senator from New York, I would suggest—and I hope the Senator from New York will comment on it—that instead of going whole hog, so to speak, and asking the Senate to consider all of the committee amendments en bloc, we proceed by asking unanimous consent to consider the committee amendments en bloc by title, so that the concern of the Senator from New York about the trade title can be made manifest in due course.

In the meantime, we can make some progress by taking up the other preceding titles, giving us a chance to debate the family assistance plan and welfare reform, and if the Senator from New York will agree to that, then I think we can start moving.

Of course, if he will not agree to it, we are right back where we started from. I suggest that this may be a midground on which we could all agree.

Mr. WILLIAMS of Delaware. The difficulty with that is we cannot ask unanimous consent to consider title 4 until we hit title 3, and the Trade Act is in the middle; that cannot be changed. It is there. I can see why the Senator from New York or those who oppose the Trade Act would not want to agree to titles 1 and 2 en bloc, because if we did the Trade Act would immediately be before the Senate. I am not trying to fool anyone on this.

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

Mr. WILLIAMS of Delaware. I yield, without losing my right to the floor.

Mr. JAVITS. Mr. President, I have heard with the greatest of interest the views of my colleagues, and I am not obdurate or difficult at all.

As to the gentle irony of the Senator from Connecticut, I respect and admire him greatly, and I yield to no one in my affection for him. But it is not unusual to put the screws on a Member who has the temerity to stand up against other Members who want to do something they want to do. The Senator from Connecticut may not have the same feeling I do about the trade title, which I think could be disastrous to our country. I believe that I cost the aged nothing—indeed, I get them something; because, instead of being tied up in a whole package which is bound to have a disastrous effect, they ultimately will be extracted from it and will have their social security; and I hope very much that we will have that and the family assistance plan for the poor of the country considered, as they should be, alone and on their merits, without being used as a Judas goat for the trade bill.

I understand the feeling of every Senator, and he has an absolute right to say what he does and to make it as tough for me as possible. But every Senator has to obey his conscience as to what he considers to be the highest interests of the people in his State and of the Nation, and I think I have done so in this.

As to the statement made by my friend, the Senator from Delaware, as to the state of confusion, this is war. War is always confused. Yet, somehow or other, great captains have emerged. Somehow or other, when the confusion is over, something decisive has happened. I have deep confidence that something decisive is going to happen here, but there will be a little confusion to start with.

So, with all respect, I am not at all dismayed by these pleas and entreaties. I know that the Senators know they do not have to make them to me. It does not make any difference, anyway But I should like to explain my own position, because I think that is owed to the Senate and is important.

In the first place, I do not stand alone, and I knew nothing about this until this minute, except by rumor. Therefore, the very least—and it is always the most profitable way one could do it—would be to tell a Member such as myself: "We are going to ask for this. We think it is good for you. Call a meeting of your supporters and find out whether or not they agree with you, and come to the floor with a position which is reflective of the view of your side."

This was not done. I am caught flat-footed, as it were. I have to object or not object, or the cow is out of the barn.

Second, this is a lameduck Congress. A new Congress has been elected, which will come into office on January 3. Yet, the attempt is being made to decide massive questions of national policy within a few days, and that is all we have in a lame duck Congress, the meeting of which itself is highly questionable—certainly on such profound issues as those we face now.

It is one thing to complete our business. We have appropriation bills or other bills on which we have been working a long time, which were voted by the House and the Senate and on which the judgment has been made, and we are trying to reconcile differences, and so forth. But these are brand new things, enormous things, of greatest consequence to the future history of our country and, in the case of the trade bill, perhaps the world. Yet, we are now under great pressure. Otherwise, we would be unkind to the poor, who have to live in this world, too, unless we go right along now and vote these things out under limitation of debate of hours or by arrangements such as the Senator suggests, without even an opportunity to consult one's colleagues who are similarly minded.

I would most respectfully suggest that, instead of putting Senators such as myself on the spot, which is not fair, but I will object—I am telling the Senate now that I will object.

I think it is very unwise and unfair, and I think that Senators such as myself should have an opportunity to get together with their fellows and come in tomorrow and say whether we agree or disagree and why, in some kind of coordinated way, instead of being faced with this on the floor; and then there are entreaties and the fact that I, too, am devoted to the FAP, and so forth, on the theory that one has to yield his judgment and his conscience and say, "Yes."

I am terrible sorry, but my people did

not send me here to have that kind of brain or that kind of will.

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

Mr. WILLIAMS of Delaware. I should like to reply to the Senator from New York.

I am going to make a copy of his speech and use it later when we get into debate on the family assistance plan because he has expressed my sentiments exactly about how unsound it is to bring up proposals which have been rejected by the committee and which are not germane to the bill before the Senate. I thank him, because it is a much better speech than I shall be able to prepare, and I am going to deliver it, with his consent of course, and I will credit him later.

He has made a strong argument against approving the family assistance plan.

As to the question that confusion will result and that the cow will be out of the barn, I will say that if this objection persists I am afraid it will not be a matter of the cow out of the barn but the bulls in the china shop before we get out of here today, because I can see a mess created.

I would repeat this point. We cannot get final passage on the family assistance plan, the social security increases, or any other proposal in this bill until the Senate first calls the roll on the Trade Act. It cannot be done. There is no possible way under Senate Rules unless there is unanimous consent to strike the Trade Act out and there is unanimous consent that no one will offer any amendments dealing with the Trade Act. We know that that is not possible.

If we are going to be on notice that this is going to be filibustered regardless of whatever we do this late in the session I would most respectfully suggest to the leadership to pull this bill down unless we can get an agreement that there is going to be some orderly process here. I would dislike sitting here for the next 12 or 14 days—I will not mind it so much because I have quite a little time ahead of me in which to rest and enjoy it while the rest of the Senators are back here working. I do not see the idea of sitting here the next 12 or 14 days, spinning our wheels at Christmastime, giving the impression to 13 or 14 million elderly people, "We're going to give you a 10-percent increase in your social security benefits; we're going to raise your minimum to a hundred dollars; we're going to give you a cost of living escalation; we're going to give you the family assistance plan," when 100 Senators know that is not going to develop. Let us not kid them. This is Christmas. It is cruel to these people who have no knowledge as to what we are doing; it is cruel to mislead them. I think it is a hoax.

I hope that the Senate in the closing days of this session will have more Christmas spirit in its bones than to promise this to a lot of people who need it and to whom Senators know they will not be able to deliver it.

I say let us lay it aside if we are not going to vote on it. I am willing to vote on it.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. MANSFIELD. I think it is about time for the Senator to stop, because my heart is beginning to bleed.

All I want to say is that the leadership will not pull this bill down. We will stay with it until a decision, if possible, is reached one way or the other.

In the meantime, because of the time we are wasting and the filibustering going on, and the filibustering within the filibusters, the minutes fly by, the hours are passing, and the days are rapidly fading into the distance of the new year. We have approximately 10 days left in which to attend to this matter and other matters. We have at least six filibusters, perhaps seven now, of various sorts going on. We are looking foolish.

I find no fault in serving in a lameduck Congress, may I say, because every Member is elected to serve as a representative of the people until noon on the 3d of January next year. I do not denigrate any Member who is serving out his last months—in this instance, his last days—because he is carrying out his responsibilities; he is performing his duties as he is supposed to.

I am wholeheartedly in accord with the proposal made by the distinguished Senator from Delaware that the committee amendments be considered and approved en block. In that way, we can make some progress and stand a small chance of disposing of the proposed legislation. Without that, there is no chance.

Mr. WILLIAMS of Delaware. Mr. President, I do not know that it would serve any purpose, but I should like to try. I am going to suggest the absence of a quorum, if I may, without losing my right to the floor, in order that we may discuss this subject a little further with some Senators, in the hope that we may reach an agreement. But if we cannot, I will call off the quorum and will resume my remarks.

I ask unanimous consent that I may be permitted to suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improve-

ments in the operating effectiveness of such programs, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, without too much hope of getting it agreed to, I send to the desk a unanimous-consent request.

The PRESIDING OFFICER. The proposed unanimous-consent request will be stated.

The assistant legislative clerk read as follows:

I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and as agreed to be considered as original text for the purpose of amendment.

Mr. JAVITS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The unanimous-consent request is not agreed to.

The Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, I regret very much that we are placed in this position because I think it would have been the most orderly procedure to have offered the amendments as they came before the Senate. I was perfectly willing, as I said before, to debate the family assistance plan when it was before us. Other Senators could have gotten recognition as far as I am concerned immediately after I release the floor, which would have been in very short order, and whoever is recognized could have been recognized. I told the Presiding Officer that the Senator from Connecticut wanted to be recognized next, and he could have presented his family assistance plan and it would have been before the Senate in an orderly manner. In that way it could have been debated, amended, or whatever the Senate saw fit to do. I respect the right of Senators to proceed as they see fit. I would take the same position if I felt as they do. But we are confronted with this situation.

It is obvious we are not going to get this bill enacted until we face the question of what we do or do not do with the trade agreement section. There is no possible parliamentary situation that could develop in the Senate where the Senate could vote on final passage of the bill without first having accepted or stricken from the bill the trade agreement section, which is title III. There is no possible way that could be done so we will have to face this issue first.

The reason I would have liked to have this agreement is that I think it is most unfortunate if the roll were called on the question of raising social security benefits by 10 percent and raising the minimum to $100, together with all the other benefits, and have that news go over the country so that the people would believe they are going to get those increases just a few days before Christmas, when every single Member knows it will not become law under those circumstances unless we can settle the trade issue in the Senate.

Therefore, since this situation has developed, we should face the issue. As I said before, I voted against placing the trade section in this bill. I would hate to see the Senate take that step. I know a majority of the committee, and a substantial majority of the committee, voted to put this section in the bill as title 3. I respect the decision of the majority of the committee. The majority of the committee by a vote of 14 to 1 rejected the family assistance plan on one occasion, by a vote of 10 to 6 on another occasion, and I forgot the vote on a third occasion but it was by a substantial margin. So we have that situation.

I am willing to face all of this but I am a great believer that if we are going to have a lot of filibuster let us have it and get it over and either settle the issue or not.

Therefore, even though I am opposed to and object to the trade section, I am going to submit an amendment to the bill that provides that at the end of the committee amendment we insert an amendment which is the Trade Agreement Act. We will settle that issue right now and then proceed with the rest of the bill in an orderly fashion, I hope.

Therefore, Mr. President, I send to the desk an amendment to be inserted at the end of the pending committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. It is just the title of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

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Mr. JAVITS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. WILLIAMS of Delaware. I yield, with the understanding that I do not lose my right to the floor.

Mr. JAVITS. Yes, with the understanding that the Senator does not lose his right to the floor.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, as I heard the amendment read, it did not make any change in the original committee amendment—that the wording is the same as title III of the bill. Therefore, I ask the Chair whether such an amendment is in order. I realize something may be added to it. The Chair has it there for examination. I did not hear that it made any change in the original committee amendment.

The PRESIDING OFFICER. There is no rule that prevents its being offered. Later, if it appeared to be redundant, a motion could be offered to withdraw it or to strike. The committee amendments are not a part of the bill until they are agreed to on the floor.

Mr. JAVITS. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. My inquiry is directed to whether a point of order would lie against this amendment because it does not actually amend any part of the committee amendment. The Chair has the amendment before him.

The PRESIDING OFFICER. The Chair is of the opinion that a point of order would not lie at this time.

Mr. JAVITS. Could the Senator from New York have the Chair's reason, according to the Parliamentarian?

Mr. WILLIAMS of Delaware. Mr. President, may I comment? It would not lie for the same reason that a point of order would not lie against the family assistance plan. I checked into both of them. I think it would have been better if we had done otherwise, but the Parliamentarian very clearly stated that the amendments are in order. The family assistance plan would be in order as the Senator from Connecticut was going to offer it.

Mr. President, this amendment is being offered on behalf of the Senator from Georgia (Mr. TALMADGE) and the Senator from Arizona (Mr. FANNIN). I am in this position. I disagree, as I told the Senators, with the trade section in this bill, but I do think that if we are going to have to face it before anything is done, I want it faced head on and I do not want to disillusion a lot of these people. I am reserving the right to vote against this amendment.

I would be willing to withdraw this amendment—and the Senator knows I have bent over backward to get an agreement. This is not a threat; I am not offering it in that way—if we could have unanimous consent to let this go over until tomorrow, when Senators could have time to think this over, and maybe we could get together. I would withdraw this amendment and would be the first to renew my request if we could have that unanimous-consent agreement. I hope it can be done. I think this would be the better way to proceed.

I am caught in the situation. I have no choice, because the minute I release the floor I know the family assistance plan will be offered, which is another unrelated bill, not subject to a point of order again, as the Senator points out.

If we are going to face this decision later let us just face it now.

If we can get unanimous consent to lay this bill aside until tomorrow at the 3 o'clock session with the understanding that I resume my right to the floor so there will be the same parliamentary situation I shall withdraw that amendment and express the hope that with Senators who agree to this trade section we would reach an agreement on the amendments.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. JAVITS. I did not ask my question with a view to challenging the Senator. I wanted to get the parliamentary situation for other amendments which I or other Senators may offer.

I might say, as I said earlier, Providence may be leading us by the hand. The trade amendment is the sticking point in the bill, and the Senator has properly tabbed it, and let us have it out. Let the administration face it and let us face it. Let us try to find our way out of this maze. It may be the best thing to do.

I ask nothing from the Senator at all. He has offered an amendment.

Mr. GRIFFIN. Mr. President, will the Senator from Delaware yield without losing the floor?

Mr. WILLIAMS of Delaware. I yield.

Mr. GRIFFIN. The Senator from Delaware has offered an amendment to the pending committee amendment. I ask this as a parliamentary inquiry. For the information of the Senate, is the Senator from Michigan correct that no further amendment may be offered to the trade amendment which the Senator now has before the Senate?

The PRESIDING OFFICER. The Chair is of the opinion that this is an amendment in the second degree and is therefore not open to further amendment.

Mr. GRIFFIN. So if we proceed to a vote on this amendment, we will have to vote it up or down?

The PRESIDING OFFICER. That is correct.

Mr. WILLIAMS of Delaware. I agree with that ruling. That is as I understand it. It is most unfortunate, but that is the situation.

I am only offering this trade amendment to point up the situation we would be in with the family assistance plan. The same thing would be true.

I hope the Senate will not get into this posture on either of these bills. I want them voted up or down.

If the Senator made a motion to strike out this trade section and it were in order I would expect to support it. Any Senator can offer such a motion. It may be amended in a form that both the Senator and I would be supporting. Perhaps we would not.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. SCOTT. I am aware of what the distinguished Senator has in mind, and I would be hopeful, under the complexities of the situation, that he would proceed as he is doing. I do not think the leadership on either side is making any suggestion that we go over until 3 o'clock tomorrow.

Mr. MANSFIELD. No. I think we ought to stay on the pending measure. I am sorry that in my absence—not because of my absence—but in my absence the request of the distinguished Senator from Delaware, which would have brought about the acceptance of all committee amendments and would have in effect presented us with a clean bill, was not agreed to. I think that what he suggested was proper and was the appropriate and efficient way to proceed. This way we are getting the cart before the horse.

Frankly, I do not know what position we are getting into, but we ought to get accustomed to being confused. I think we ought to take advantage of whatever hours are left and do what we can to act on the President's program.

Mr. SCOTT. My purpose is to get those measures in the President's program which can be enacted, if at all possible, written into law. I do not see anything to be gained by going over until 3 o'clock on this or any other amendment.

Mr. CURTIS. Mr. President, will the Senator from Delaware yield for an observation, with the understanding that he does not lose the floor and that his speech will not be counted as a second speech?

Mr. WILLIAMS of Delaware. I yield with that understanding.

Mr. CURTIS. I would like to point out that there are many things in this voluminous bill. There are many improvements in many of our social programs. There are improvements in the medicaid program. There are improvements in the medicare program.

If we labor for days and perfect this bill, and then in the end see it all come to naught because of extended debate

on the trade portion of the bill, then the whole Senate has wasted its time. It has labored for nothing. It was held out to the country that certain acts would be taken and certain things would be corrected and certain problems would be solved, but then we would come to the end of the line and there would be no legislation because of the filibuster on the trade bill.

So since that is the only one feature where it appears there might be a filibuster, I think the thing to do is to face up to it now rather than labor here for days, improving or rejecting or approving family assistance and all the other provisions in the bill only to have the entire bill come to naught.

Suppose we got a social security, medicare, and welfare bill that met with the approval of the majority of the Senate, after long hours and days of work; then, face a filibuster over trade, it is better that we face that threat right now. I thank the distinguished Senator for yielding. I believe that it is the interests of the time of all the Senators that we face this issue of the trade portion of this bill. I did not support all of the trade portion. I am inclined to support that which is within or near the purview of that recommended by the administration.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. WILLIAMS of Delaware. Yes.

The PRESIDING OFFICER. The Senator yields without losing his right to the floor.

Mr. JAVITS. Mr. President, I should like to point out to those who have made comments that the President of the United States, in a letter to the Senator from Pennsylvania (Mr. SCOTT) dated December 10, 1970, stated that he says he is strongly against this measure.

The President wrote:

> The well-being of the United States requires this trade legislation. I must urge, therefore, that the Senate examine these matters with great care, in an endeavor to put this legislation into acceptable form. I would hope that such legislation could be passed at this session of Congress.

So the President himself, Mr. President, has invited very careful consideration of the matter. He has flagged its critical importance, and, as I said a minute ago, it may very well be that Providence is leading us by the hand in respect to what the exigencies have compelled the Senator from Delaware to do.

I should like to make, in conclusion, just one further parliamentary inquiry, Mr. President, if I may have the attention of the Presiding Officer and the Parliamentarian.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. If this amendment, Mr. President, is rejected either by tabling or by rejection on a vote, does that displace in any way title III of this bill, the so-called trade title?

The PRESIDING OFFICER. It does not.

Mr. JAVITS. So title III would still remain to be voted up or down, no matter what we did about this amendment?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. I thank my colleague. Now may I say to the Senator from Delaware that though I think, as I say, that Providence may have led us all by the hand in the right direction, I shall nevertheless take the occasion, when, as, and if we adjourn tonight, to gather my colleagues together and, still without any assurance that it may or may not be done, give the Senate our best judgment as to how we think the Senate and its work may be facilitated and our consciences and our principles sustained in respect to this matter. I thank the Senator very much for his kindness in yielding.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

Mr. WILLIAMS of Delaware. I yield to the Senator from Nebraska for a parliamentary inquiry.

Mr. CURTIS. Under unanimous consent that he not lose the floor or any of his rights.

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

Mr. CURTIS. Suppose the amendment now offered by the distinguished Senator from Delaware is agreed to by the Senate, and thereafter, when the committee amendment dealing with trade is presented, it is voted down; does the Williams amendment still remain in the bill?

The PRESIDING OFFICER (Mr. SAXBE). It would remain if thereafter the bill was passed, with the Williams amendment, as agreed to, as a part of the original bill.

Mr. WILLIAMS of Delaware. Mr. President, I have checked this point, and I agree with the ruling of the Chair. It would be redundant because to a certain extent it would be repetitious, and since there was nothing in the bill itself when it went to conference, one of the sections could be dropped.

Mr. President, as I said, I regret the parliamentary situation in which we find ourselves, but I think we should face this issue. I say again that if, tomorrow when we reconvene, this matter has not been disposed of, and we can get an agreement on these amendments en bloc, I shall be the first to support a withdrawal of this amendment, so that we can proceed in an orderly fashion, because I think it would be much better.

However, since we cannot, I feel that we have no choice here, because I think we had just as well face up to the issue.

To make sure that we do, I ask for the yeas and nays on my amendment. I yield the floor.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, is this to vote on the pending amendment?

Mr. WILLIAMS of Delaware. Yes.

Mr. MANSFIELD. Will the Senator try to get a time limitation, so we can get on with the bill?

Mr. WILLIAMS of Delaware. Mr. President, we do not need a time limitation, because I, too, think we should get on with the bill. I ask that the clerk call the roll.

Several Senators addressed the Chair.

Mr. JAVITS. I did not hear that. What was the the unanimous-consent request?

Mr. WILLIAMS of Delaware. I am just trying to expedite the work of the Senate. I said, "Let's call the roll."

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I yield the floor.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

AMENDMENT NO. 1147

Mr. KENNEDY. Mr. President, on behalf of myself, Senator YARBOROUGH, Senator SAXBE, Senator MATHIAS, Senator HART, Senator HUGHES, Senator MCGOVERN, and Senator MONDALE, I send to the desk an amendment to the catastrophic health insurance provisions of H.R. 17550, and I ask that the amendment may be ordered to lie on the table and be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. KENNEDY. The purpose of the amendment is to launch a new Federal "seed" program to improve the Nation's existing health care system, and to help prepare the system to meet the extraordinary new demands that will be made upon it by the catastrophic health insurance program.

The measure to provide Federal insurance against the cost of catastrophic illness is one of the most significant provisions added by the Senate Finance Committee to the social security bill. I share the committee's concern over the critical problem of catastrophic illness. Indeed, I believe that one of the most serious aspects of our national health crisis for millions of our citizens is the very real fear of financial ruin because of serious illness.

At the same time, however, such a program, if enacted by itself, runs the risk of substantially increasing the existing imbalances in our health system. I believe that if a program of insurance against catastrophic illness is to be enacted at this time, it should also include provisions dealing with the equally serious problems of the organization and delivery of health care in the Nation. In other words, I feel that any new major health insurance program cannot be simply a financing mechanism. It cannot be permitted simply to increase the effective demand for health care, without at the same time taking the essential steps that are necessary to insure that the new demand can be met, and that high quality health services will actually be available.

The amendment I have proposed would establish a "Health Resources Development Account" in the Catastrophic Health Insurance Trust Fund, to help solve the critical problems of manpower, facilities, and other resources in the Nation's health care system.

The Health Resources Development Account would be financed by earmarking 10 percent—approximately $220 to $250 million a year, based on present estimates—of the funds in the Catastrophic Health Insurance Trust Fund for the purposes of the account. The funds in the account would be used as "front end" money to supplement other Government health development efforts. They would pay for establishing new group practices, for manpower training and education, for creating and developing new categories and skills in the health field, for strengthening health planning activities in States and localities, and for a wide variety of other innovative programs.

Funds from the account would not replace the regular appropriations for support of ongoing health services, such as aid to medical schools and hospitals. Rather, the funds will be applied as a catalyst for innovation in all parts of the health system. In making this commitment, Congress will recognize its responsibility to the American people to assure the availability of health services, not merely to provide a payment mechanism for such services.

The approach adopted in this amendment has been specifically endorsed by many experts in the health field, including the report last June of the administration's Task Force on Medicaid.

In addition, a similar "resources development fund" approach is contained in part F of S. 4297, the bill that Senator YARBOROUGH, Senator SAXBE, 14 other Senators, and I have introduced in this Congress to establish a program of comprehensive national health insurance for the United States.

At this time, however, I would like to emphasize as strongly as I can that the amendment we are offering today is in no sense tailored to any particular version of Federal health insurance. Rather, it offers a program designed to develop the health resources needed to meet the new demand that will be made on the health systems by any extension of existing Federal health insurance programs, whether it be the catastrophic illness insurance program in the committee bill or any other program.

Mr. President, today's Washington Star carries a perceptive article by Judith Randall emphasizing the importance of including resources development provisions in health insurance legislation. Otherwise, as she states, the reach of such legislation will surely exceed its grasp.

Mr. President, I hope that this amendment will be accepted by Congress as part of the pending legislation. I ask unanimous consent that the amendment may be printed at this point in the RECORD, together with the article by Miss Randall.

There being no objection, the amendment and article were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1147

On page 402, line 11, delete the quotation mark.

On page 402, insert after line 11 the following:

"HEALTH RESOURCES DEVELOPMENT ACCOUNT

"SEC. 2011. (a) There is hereby created in the Federal Catastrophic Health Insurance Trust Fund a Health Resources Development Account.

"(b) (1) For each fiscal year there shall be transferred from the Federal Catastrophic Health Insurance Trust Fund to the Health Resources Development Account 10 per centum of the amount available in such Trust Fund for obligation during that year.

"(2) In addition to the funds made available under paragraph (1) of this subsection, there are hereby appropriated to the Health Resources Development Account in the Federal Catastrophic Health Insurance Trust Fund the amount of $100,000,000 from the Federal Hospital Insurance Trust Fund.

"(3) Funds in the Health Resources Development Account shall be used exclusively for the purpose of this section, and shall remain available for such use until expended.

"(c) The purposes of this section are (1) to inaugurate an innovative program to strengthen the nation's resources of health personnel and facilities and its system of organization and delivery of health services, in order to meet the rising demand for health care, (2) to expand and intensify the health planning process throughout the United States, with primary emphasis on preparation of the health delivery system to meet such demand, (3) to provide financial and other assistance in alleviating shortages and maldistributions of health personnel and facilities, in order to increase the supply of services, and (4) to improve the organization of health services in order to increase their accessibility and effective delivery and restrain their increasing cost.

"(d) The Secretary is authorized to carry out the purposes of this section by a program of grants, contracts, loans, or other arrangements, as may be prescribed in regulations. In carrying out such purposes, the Secretary shall give priority to—

"(1) the development and support of a continuous process of health service planning, in coordination with State and local planning agencies, for the purpose of improving the supply and distribution of health personnel and facilities and the organization of health services, including identification of acute shortages and maldistributions of health personnel and facilities and serious deficiencies in the organization or delivery of health services;

"(2) improving and expanding the available resources for, and assuring the accessibility of, health services to ambulatory patients which are furnished as part of coordinated systems of comprehensive health care;

"(3) a program for the recruiting and training of professional, subprofessional, and non-professional health personnel, with emphasis on (A) the development of new kinds of health personnel, (B) the encouragement of persons disadvantaged by poverty, inadequate education, or membership in ethnic minorities to enter the health professions, and (C) the development of health personnel for urban and rural poverty areas.

"(e) Expenditures made to carry out the purposes of this section shall not be used to replace other Federal financial assistance, or to supplement the appropriations for such other assistance except to meet specific needs of programs developed under this section.

[From the Washington Star, Dec. 17, 1970]

NIXON'S TARDY HEALTH PROGRAM

(By Judith Randal)

Why—when no one at last week's televised news conference asked him specifically about the issue—did President Nixon single out health as "one of the highest priority programs" he will submit to Congress next year?

The answer is that, while the White House has ignored the matter for 18 months (ever since the President said in July 1969 that he foresaw a "massive crisis"), the legislators whom it would now bend to its will have not. Accordingly, the administration is in the uncomfortable position of being a late added starter in an already crowded race eager to make up for lost time.

It is apparent, for example, that an insurance proposal for the coverage of the expense of catastrophic illness sponsored by Sen. Russell B. Long, D-La., is the same in principle, if not in detail, as a plan the administration is mulling over. Long's bill has little chance of passage before the 91st Congress ends this month, but it will likely be reintroduced by Long in the 92nd Congress, thus casting the President in a "me-too" role.

There is, furthermore, a fundamental difficulty with both proposals which their Republican and Democratic advocates alike will be hard put to explain after their initial political popularity begins to wear off: The measures provide for federal payment of medical bills with no thought whatever of how to control costs, insure quality care or meet the additional demand for services they would create—three matters that already have evoked the nation's concern.

It might seem that this lesson had been learned from medicare, but apparently it has not, for there is nothing in either the $2.5 billion Long bill or anything the administration has said that would indicate more than lip-service interest in measures to augment the supply of health manpower or tend to make the health care system more efficient.

Indeed, to cite just one example, the number of medical students receiving federal loans has dropped by more than 8,000 since the President took office, which hardly bodes well for the easing of the doctor shortage.

The irony of all this is that the administration, after dragging its feet for nearly two years in the health care field, has resisted proposals—like that of Sen. Edward M. Kennedy, D-Mass.—for comprehensive national health insurance, arguing that personnel and facilities for such a system are lacking.

As a matter of fact, the Kennedy proposal, which has bipartisan support, makes provisions for the expanded plant, equipment and personnel which national health insurance would require.

A "toolingup" period of three years before the plan went into operation would be devoted to creating—at a total cost of about $800 million—some 2,000 fully staffed and equipped group medical practices and other facilities to care for 60 million people now without adequate medical attention.

After the preparatory period, a portion of the system's revenue would be set aside each year to enable the nation to keep pace with the inevitable growth of its case load. Nothing in either Long's bill or anything the administration is considering is anywhere near so thoroughly thought out from the viewpoint of either resources or costs.

The administration has opposed the measure on the ground, among others, that it is not in the American tradition. It would seem, however, that what Kennedy proposes could easily be justified as "research and development" which, if the space program and atomic energy are any indications, are as American as apple pie.

Even if Congress chooses to ignore the rest of the Kennedy proposal and enacts a catastrophic-illness measure that provides a subsidy only for large medical bills, it should certainly contain something very like the "toolingup period." Without it, the reach of any health care legislation, present or future, will almost surely exceed its grasp.

Meanwhile, the President is going to have to acknowledge, to himself at least, that he has an enormous credibility gap to close when he seeks to play the statesman in the health care field.

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

Mr. KENNEDY. I yield to the Senator from Ohio.

Mr. SAXBE. I am glad to be associated on this amendment with the Senator from Massachusetts, for the reason that I feel that if we go into an extensive insurance program, however well-intentioned, we will simply add to the already difficult situation of expenses that cannot be avoided today with high-priced hospital beds, and not trying to keep people out of the hospital by preventive medicine, by having preventive facilities, and by having trained personnel who can be available to persons who otherwise would wind up in the hospital.

I feel very strongly that our health distribution method in this country at the present time is sadly in need of review, and that to dump good money after bad on this catastrophic system, without putting money into the training of personnel and the providing of preventive facilities, will not solve any problem; it will simply raise the cost and increase the crowding and the load upon our physicians.

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. KENNEDY. Mr. President, I thank the distinguished Senator from Ohio. Together with Senator YARBOROUGH, he was one of the initial sponsors of our national health insurance program. He realizes that to obtain quality health care, what really to do is to improve the organization and delivery of health care, as well as the financing. If we are going to provide quality health care, we must approach the problem in this multifaceted manner.

I commend the amendment that was offered in the Finance Committee with respect to catastrophic illness insurance, because it does meet one of the extremely critical needs of our health system. Many citizens who have built up savings over the course of their lives are threatened with the loss of their entire savings because of catastrophic illness. We must begin now to attack this problem, but we must also begin to come to grips with the problem of the shortage of health manpower in this country and all the other inadequacies of our health delivery system.

The whole thrust and purpose of this amendment is to take a small but important step forward to try to alleviate that shortage. I think it is a responsible approach. I think it is extremely reasonable in terms of resources. It will not take additional commitments of resources. It will utilize the existing resources that will be raised under the amendment of the Finance Committee with respect to catastrophic illness.

It is not an amendment that will require additional funding for this program. That should be understood at this time. But it is something that will help provide additional manpower and other health resources. As a result, hopefully, we will begin to reduce the inflationary trend that has been rampant in the en-

tire health service area in recent years. Inflation in the health area is between 2 and 3 times as much as it is generally in our economy. I think that one of the principal reasons for this excessive inflation is that in programs like medicare and medicaid, the Federal Government has increased the demand for health care, without providing any means to increase the supply of health services. It is for this reason that the Senator from Ohio and I and other Senators have offered this amendment.

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SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1443, H.R. 17550, under the agreement.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

H.R. 17550, to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Without objection, the Senate resumed the consideration of the bill.

The PRESIDING OFFICER. Under the previous order, the distinguished Senator from Louisiana (Mr. LONG) is now recognized.

Mr. LONG. Mr. President——

Mr. PASTORE. Mr. President, may we have order in the Senate.

The PRESIDING OFFICER. The Senate will please come to order.

Mr. LONG. Mr. President, I have not informed the Senator from Delaware what I am about to say, but I had informed the Senator from Georgia and I had mentioned the matter to the Senator from Rhode Island; namely, that I intend to move to table the pending amendment to the committee amendment when the bill is laid before the Senate.

Having made that explanation, Mr. President, I now move that the pending amendment——

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield only for a question.

Mr. JAVITS. I ask the Senator this question. In view of the fact that Members have not been notified, and I know of at least one Member who is on his way here, having heard the rumor. Does not the Senator feel some little time, say, 30 minutes, or a small amount of time, should be granted Members who are within reach but cannot get here——

Mr. LONG. I would be willing, if I could obtain unanimous consent to do so, without prejudice to myself or losing my right to the floor, to suggest the absence of a quorum in order that——

Mr. WILLIAMS of Delaware. Mr. President, we have debated this long enough. Let us face the issue. I would regret if it were tabled. As I said earlier, I did not support putting this provision in, but the Senate should stand up and vote on this trade proposal and I would hope they would not table it now. We could call the roll immediately and vote on it now.

On a direct vote I will vote against the measure.

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

Mr. WILLIAMS of Delaware. After that, they can offer the family assistance plan which I object to, as Senators know, and we can go to a rollcall on that in a short time. Let us do our business and go home. But if we are going to have to vote on this, let us not hide behind a tabling motion—and I say that with all due respect to the opinions of all. Let us face up to it like men. This

is a committee amendment. Let us vote for it on its merits, up or down. I would be willing to call the roll right now to save time.

Mr. MONDALE. Mr. President, will the Senator from Delaware yield?

Mr. LONG. If Senators want to have some additional time, that is all right, but the motion is going to be made, and I will ask it in a moment.

I ask unanimous consent that I might suggest the absence of a quorum without prejudicing the rights of the Senator from Louisiana to the floor, I do not want to lose the floor as it might deny me my right to make my motion.

Mr. PASTORE. Mr. President, reserving the right to object——

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

The PRESIDING OFFICER (Mr. FANNIN). The Senator from Louisiana could make his motion to table and still call for a quorum.

Mr. MONDALE. Mr. President——

Mr. LONG. Does the Senator wish me to yield to him for a question or a statement?

Mr. MONDALE. I would like to ask the Senator a question prior to making the motion.

Mr. LONG. I yield for a question.

Mr. MONDALE. My question is this: The Senator is aware, I assume, that the amendment which he seeks to table was only offered yesterday afternoon, and that at this point those who oppose the legislation have not had 1 minute to discuss the merits of this revolutionary change in trade legislation. Does not the Senator from Louisiana think, in light of the fact that one side of this major issue has not been heard, that it might make the making of this motion somewhat premature?

Mr. LONG. What the Senator says, of course, has great logic. When I first came to the Senate, I liked to think, on matters of this sort, that an eloquent speech could change the vote. But this measure has been voted on a number of times, so I do not believe the most eloquent speech ever made in the history of this body would change a single vote. Thus, this Senator feels that this matter should be voted on, and if we could have unanimous consent to vote at some particular moment, I would be willing to consider a unanimous-consent request, but we cannot even get consent to accept the committee amendments en bloc, which is customary. So we must proceed the best way we can.

Mr. PASTORE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield for a question.

Mr. PASTORE. Would the Senator from Louisiana consider a half hour on agreed time, to take a vote at the termination of the half hour on the merits of this particular amendment as suggested by the Senator from Delaware? We could have a unanimous-consent agreement for one-half hour, with 15 minutes to a side, to discuss this matter just as a recapitulation, because it has been talked to death, and then we would have a vote on the merits. What is wrong with that?

Mr. LONG. Well, Mr. President, if I——

Mr. PASTORE. Then the American people would know—if I may conclude my question please—exactly how the Senate feels about the textile industry.

Mr. LONG. Mr. President, I ask unanimous consent that I might make a unanimous-consent request, without prejudice to my rights to the floor.

The PRESIDING OFFICER. Is there objection?

UNANIMOUS-CONSENT REQUEST

Mr. LONG. Mr. President, I ask unanimous consent that there be 1 hour, to be equally divided between the proponents of the Williams amendment and the opponents of the Williams amendment, the time to be controlled by the Senator from Georgia or the Senator from Delaware if he desires——

Mr. WILLIAMS of Delaware. The Senator from Georgia can do that.

Mr. LONG. In favor of the amendment, and the time in opposition to be controlled by the Senator from New York; and at the conclusion of that 1 hour we will vote on the amendment.

Mr. SCOTT. Mr. President, I will support the motion to table the amendment of the senior Senator from Delaware because I believe it discriminates against other American industries facing similar economic hardships as a result of import policies and increased competition from abroad.

The textile and shoe industries are being seriously hurt by imports, and while I am in sympathy with the amendment offered by the Senator from Delaware, we must remember there are other American industries and American working men and women suffering financial hardships. I, therefore, believe we should act on their behalf also.

I urge the rejection of the amendment and the adoption of such trade legislation as will fairly protect all industries which are being injured by foreign competition.

Mr. LONG. Mr. President, I now move that the pending amendment be laid on the table.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. LONG. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the motion to table——

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Louisiana asked for the yeas and nays. Is there a sufficient second?

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana (Mr. LONG) to table the amendment.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

CALL OF THE ROLL

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll; and the following Senators answered to their names:

[No. 436 Leg.]

Aiken	Gore	Murphy
Allen	Gravel	Muskie
Allott	Griffin	Nelson
Baker	Gurney	Packwood
Bayh	Hansen	Pastore
Bellmon	Harris	Pearson
Bennett	Hart	Pell
Bible	Hartke	Percy
Boggs	Holland	Prouty
Brooke	Hollings	Proxmire
Burdick	Hruska	Randolph
Byrd, Va.	Hughes	Ribicoff
Byrd, W. Va.	Inouye	Saxbe
Cannon	Jackson	Schweiker
Case	Javits	Scott
Church	Jordan, N.C.	Smith
Cook	Jordan, Idaho	Sparkman
Cooper	Kennedy	Spong
Cotton	Long	Stennis
Cranston	Magnuson	Stevens
Curtis	Mansfield	Stevenson
Dole	McCarthy	Symington
Eagleton	McClellan	Talmadge
Eastland	McGovern	Thurmond
Ellender	McIntyre	Tower
Ervin	Metcalf	Williams, N.J.
Fannin	Miller	Williams, Del.
Fong	Mondale	Yarborough
Fulbright	Montoya	Young, N. Dak.
Goldwater	Moss	Young, Ohio

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Connecticut (Mr. DODD), the Senator from Wyoming (Mr. MCGEE), and the Senator from Georgia (Mr. RUSSELL) are necessarily absent.

I further announce that the Senator from Maryland (Mr. TYDINGS) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. GOODELL), and the Senator from Oregon (Mr. HATFIELD) are absent on official business.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Maryland (Mr. MATHIAS) is detained on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendment of the Senator from Delaware (Mr. WILLIAMS). On this question the yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MURPHY (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Oregon (Mr. HATFIELD). If he were present and voting he would vote "aye." If I were at liberty to vote I would note "nay." I without my vote.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Connecticut (Mr. DODD), the Senator from Wyoming (Mr. MCGEE), and the Senator from Georgia (Mr. RUSSELL) are necessarily absent.

I further announce that the Senator from Maryland (Mr. TYDINGS) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. GOODELL), and the Senator from Oregon (Mr. HATFIELD) are absent on official business.

The Senator from Colorado (Mr. DOMINICK), and the Senator from South

Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Maryland (Mr. MATHIAS) is detained on official business.

If present and voting, the Senator from New York (Mr. GOODELL) would vote "yea."

The pair of the Senator from Oregon (Mr. HATFIELD) has been previously announced.

On this vote, the Senator from Maryland (Mr. MATHIAS) is paired with the Senator from Colorado (Mr. DOMINICK). If present and voting, the Senator from Maryland would vote "yea" and the Senator from Colorado would vote "nay."

The result was announced—yeas 31, nays 58, as follows:

[No. 437 Leg.]

YEAS—31

Aiken	Hart	Packwood
Bellmon	Hughes	Percy
Bennett	Inouye	Ribicoff
Burdick	Jackson	Saxbe
Cooper	Javits	Scott
Cranston	Kennedy	Stevens
Fong	Long	Stevenson
Fulbright	Mansfield	Yarborough
Gravel	McGovern	Young, Ohio
Griffin	Miller	
Harris	Mondale	

NAYS—58

Allen	Church	Gore
Allott	Cook	Gurney
Baker	Cotton	Hansen
Bayh	Curtis	Hartke
Bible	Dole	Holland
Boggs	Eagleton	Hollings
Brooke	Eastland	Hruska
Byrd, Va.	Ellender	Jordan, N.C.
Byrd, W. Va.	Ervin	Jordan, Idaho
Cannon	Fannin	Magnuson
Case	Goldwater	McCarthy
McClellan	Pell	Symington
McIntyre	Prouty	Talmadge
Metcalf	Proxmire	Thurmond
Montoya	Randolph	Tower
Moss	Schweiker	Williams, N.J.
Muskie	Smith	Williams, Del.
Nelson	Sparkman	Young, N. Dak.
Pastore	Spong	
Pearson	Stennis	

PRESENT AND GIVING A LIVE PAIR AS PREVIOUSLY RECORDED—1

Murphy, against.

NOT VOTING—10

Anderson	Hatfield	Russell
Dodd	Mathias	Tydings
Dominick	McGee	
Goodell	Mundt	

Mr. LONG's motion to lay on the table the amendment (No. 1158) of Mr. WILLIAMS of Delaware was rejected.

Mr. SCOTT and Mr. LONG addressed the Chair.

The PRESIDING OFFICER (Mr. COOK). The Chair recognizes the Senator from Pennsylvania.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. SCOTT. Mr. President, I yield to the distinguished majority leader.

Might I yield first to the Senator from Rhode Island (Mr. PASTORE) without losing my right to the floor?

Mr. PASTORE. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. TALMADGE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SCOTT. Mr. President, I yield to the distinguished majority leader, if I may do so without losing my right to the floor.

Mr. MANSFIELD. Mr. President, the Chamber is getting a little crowded, and I would hope that there would be a little clearing out of the Chamber so that Senators can find their way around. I do not like the idea of attachés sitting on the floor in this Chamber. I would suggest that the Sergeant at Arms be instructed to make sure that those who have no business here go; the rest can stay.

The PRESIDING OFFICER. Without objection, the Sergeant at Arms is instructed to follow the order of the Senate.

Mr. SCOTT. Mr. President, I send an amendment to the desk and ask that the clerk read it.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read the amendment, as follows:

At the bottom of page 6, insert the following: "at the end of the table proposed to be stricken out."

At the bottom of page 6, insert the following:

"There shall be added to the primary insurance amount of each individual and the maximum amount of benefits payable on the basis of his wages and self-employment income, computed as provided above, amounts equal to those necessary to increase such primary insurance amount and maximum amount, respectively, to the amounts which would result from use of the following table instead of the preceding table:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
----------	$26.94	$90.60 or less	----------	$113	$100.00	$150.00
$26.95	27.46	91.90	$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.58	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.36	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	253	145.60	222.70
		133.70	$254	$258	$147.10	$227.10
		134.90	259	263	148.40	231.50
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.00
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.90	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70

"I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shal be—
At least—	But not more than—		At least—	But not more than—		
		$178.20	$404	$407	$196.10	$358.20
		197.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	306.10	385.50
		188.50	441	445	207.40	387.70

"I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$189.80	$446	$450	$208.80	$389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
f an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
----------	$26.94	$90.60 or less	----------	$113	$100.00	$150.00
$26.95	27.46	91.90	$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105 90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.96	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	42.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.80	45.60	132.30	250	253	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.50
		136.40	204	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60

"I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		he 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—		
		$146.20	$296	$300	$160.90	$264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.00
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.00	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		177.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.80	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	385.50
		188.50	441	445	207.40	387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20

Mr. SCOTT. Mr. President, this is a perfecting amendment to the House language proposed to be stricken, and I propose to put into effect a minor change upward to the effected changes by the Senate committee in the social security charts.

Mr. RIBICOFF. Mr. President, I send to the desk an amendment to the amendment offered by the Senator from Pennsylvania (Mr. SCOTT) and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. The Senator from Connecticut (Mr. RIBICOFF) proposes an amendment to the amendment of the Senator from Pennsylvania, to add new language at the end thereof——

Mr. RIBICOFF. Mr. President, I ask

unanimous consent that further reading of the amendment be dispensed with. The amendment at the desk is the family assistance plan which has been at the desk since December 9, with renumbering of sections.

Mr. MILLER. Mr. President, reserving the right to object, may I ask the Senator from Connecticut a question? Will the Senator yield for a question?

Mr. RIBICOFF. I yield for a question.

Mr. MILLER. Do I understand that the way the amendment is now before the Senate, it is an amendment in the second degree and therefore no amendments to it are possible?

Mr. RIBICOFF. That is correct.

Mr. MILLER. I object to the unanimous-consent request.

The PRESIDING OFFICER. The clerk will read the amendment.

Mr. MANSFIELD. Mr. President, will the Senator withhold that for a while?

Mr. HANSEN. Mr. President, may we have order so we can hear every word of the amendment being read?

Mr. SCOTT. Mr. President, will the Senator yield for a request? The amendment is at the desk and it is about to be read and it is the pending business. Would the Senator consent to yielding for a moment, and I will ask unanimous consent for a colloquy with the distinguished majority leader on a matter of the highest importance?

Mr. RIBICOFF. Provided that I do not lose the floor.

Mr. SCOTT. I would like to ask the distinguished majority leader, because this is a matter of the very greatest interest to all Senators here——

Mr. LONG. Mr. President, I object to the request. The Senator cannot hold the floor and farm it out. It is all right with me to give consent, but I do not think any Senator can hold the floor while it goes on.

Mr. HANSEN. Mr. President, a parliamentary inquiry. Is it in order for the reading of the amendment to be interrupted?

The PRESIDING OFFICER. The clerk had not started to read the amendment yet.

Mr. SCOTT. Mr. President, I can only repeat, this is a matter of the greatest importance, which all Senators will want to hear.

Mr. HANSEN. I am sure they will.

The PRESIDING OFFICER. It is the ruling of the Chair that the request for dispensing with the reading of the amendment was made by the Senator from Connecticut and was objected to by the Senator from Iowa. The clerk will read the amendment.

Mr. LONG. Mr. President, I ask unanimous consent that the majority leader be recognized for 2 minutes prior to the reading of the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ERVIN. Mr. President, from the last objection, I understood that the Senator would not consent to dispense with the reading of the amendment.

Mr. LONG. No, I am only asking unanimous consent that prior to the reading of the amendment the majority leader be recognized for 2 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Will Senators take seats, or at least walk in silence?

Mr. MANSFIELD. Mr. President, the distinguished minority leader and I have had several meetings over the last few days discussing the situation in which the Senate finds itself in the declining days of this Congress.

We are disturbed at the image which this body is showing to the American people, but we are more disturbed at the image we are showing to ourselves. We are facing a most difficult period in the history of the Senate and the Nation—and the two are synonymous—and we think that it is vital that we have a meeting to discuss this impasse, and it is the intention of the distinguished minority leader and me to ask for an executive meeting of the Senate at the conclusion of the vote on cloture tomorrow.

Mr. SCOTT. Which would take place at 11 o'clock, on the assumption that we are convening at 10 a.m. tomorrow, is that correct?

Mr. MANSFIELD. We are convening at 9. The first hour is set aside. Then the vote is to take place at 11 a.m. with the hour commencing at 10 a.m. under controlled time.

The purpose is that the leadership wants to lay the problem before the Senate and seek its advice as to what the Senate wants done to get out of the impasse in which we find ourselves. We will have a list of filibusters now in being and of filibusters proposed, and we will try to lay out to our colleagues just what the consequences will be if we do not get together and do what has to be done collectively. Alone, the leaders have no power—only that grace which Senators give them.

We want your advice and counsel. We are not disturbed about the image outside, but we are very disturbed about the image of the Senate to the Senate itself; and we would hope, on the basis of your considering this matter tonight, that when the meeting is called tomorrow, we will be able to get together and work ourselves, in some fashion, out of the impasse in which this body—and this body alone—finds itself at the present time. I think that the Senate owes the country no less.

Mr. SCOTT. Mr. President, would the distinguished majority leader permit me to make an observation? I simply want to say that I agree. Tomorrow we can meet with the filibusterers and those who would be the busters of the filibusters, and see whether or not it is possible for the Senate to begin to make sense this late in the day

Several Senators addressed the Chair.

The PRESIDING OFFICER. The time of the Senator from Montana has expired.

Mr. MANSFIELD. May we have 1 more minute?

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. I yield to the Senator from Rhode Island.

Mr. PASTORE. Does not the majority leader think it would be more expeditious that we hold such an executive meeting tonight, before the cloture vote is taken? I am afraid the cloture vote is going to stiffen a situation that is already too stiff: If we could have it before that cloture vote, maybe we could resolve some differences.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the hour of 7 o'clock this evening, the Senate go into a closed executive session.

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, I wish to announce that at the hour of 7 o'clock tonight, I will make a motion that the Senate go into closed session.

Mr. MILLER. Mr. President, I ask unanimous consent that I may ask the Senator from Connecticut a question.

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. May I have the attention of the Senator from Connecticut?

Mr. MANSFIELD. Any time is all right with me, if we will just face up to our responsibilities and get away from this charade we have been going through. The Senator from Rhode Island wants it tonight.

Several voices. Five o'clock.

Mr. MANSFIELD. The Senator from Iowa wants it some other time.

Mr. MILLER. No. I want to ask the Senator from Connecticut a question.

Several voices. Right now.

Mr. STENNIS. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The regular order has been called for, and the clerk will read the amendment.

Mr. STENNIS. The regular order is that the Senator from Montana has the floor.

Mr. MILLER. Mr. President, did not the Chair rule that unanimous consent had been granted for the Senator from Iowa to ask the Senator from Connecticut a question?

Mr. MANSFIELD. Mr. President, I believe I have the floor on the sufferance of the Senator from Connecticut and the Senate, and I wish to announce that at the hour of 5 o'clock there will be an executive session.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What is the status of the Williams amendment?

The PRESIDING OFFICER. The Williams amendment is a pending amendment. It is a pending amendment, but the amendment by the Senator from Pennsylvania and the one by the Senator from Connecticut take precedence over that amendment at the present time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield me 2 minutes?

Mr. MILLER. Mr. President, do I have unanimous consent to ask the Senator from Connecticut a question?

The PRESIDING OFFICER. Is there objection?

Mr. MILLER. Mr. President, I would like to ask the Senator from Connecticut whether he would consider making a unanimous-consent request that his pending amendment be open to amendments, and preferably with a time limitation.

Mr. RIBICOFF. Mr. President, let me explain to the Senator from Iowa why this cannot be done.

As the Senator realizes, yesterday when the Senator from Delaware made his unanimous-consent request, I was quick to accede to it, after discussions with the Senator from Delaware. I was most anxious to give every Member of this body an opportunity to file amendments and vote on the amendments to the family assistance program.

The unanimous-consent request to the Senator from Delaware was objected to. Then we found ourselves with the trade amendment. Now, if I make this unanimous-consent request, the family assistance program would then be open to any other kind of amendment, so we would be back in the same impasse where we were before.

I was reluctant to be in a position to offer family assistance on a take it-or-leave-it basis, but the attitude of many Members of this body was such that we had no alternative. I have had frequent discussions with my cosponsor, the Senator from Utah (Mr. BENNETT); and I have had frequent discussions with the leadership, and with the Senator from Delaware and the Senator from Oklahoma (Mr. HARRIS); and we thought we had worked out a procedure, keeping in mind the interests of the Senator from Iowa and the Senator from Oklahoma (Mr. HARRIS); but unfortunately what we tried to do we were frustrated in, and we now find that under the parliamentary procedures and the rules, we have no alternative but to follow the procedure that we have followed, in order to try to bring the family assistance program to a vote, and that is why I regret that I am unable to accede to the Senator's request at this time.

Mr. MILLER. Mr. President, may I ask unanimous consent that I may ask a further question?

The PRESIDING OFFICER (Mr. COOK). The Senator's question has been asked and answered, and the clerk will proceed with the reading of the amendment.

Mr. MILLER. Mr. President, a point of order. Is it not in order for the Chair to entertain a unanimous-consent request concerning the pending amendment?

The PRESIDING OFFICER. The Chair rules that the clerk had started to read the amendment. Hee should not have been interrupted, and the amendment will be read.

Mr. MILLER. Mr. President, a point of order. I thought I heard the Chair state that the clerk had not begun reading the amendment.

The PRESIDING OFFICER. The Chair never had that opportunity, I might say to the Senator from Iowa.

Mr. MILLER. Mr. President, may we have the reporter read back the RECORD on that point?

The PRESIDING OFFICER. The Official Reporter may do so.

Mr. LONG. Regular order, Mr. President.

The PRESIDING OFFICER. The regular order having been requested, the regular order is that the clerk shall read the amendment. So the clerk may proceed to read the amendment.

The legislative clerk read as follows:

Strike out title V of the bill and insert in lieu thereof the following:

SHORT TITLE

(1) The following paragraphs of this subsection with the following table of contents may be cited as the "Family Assistance Act of 1970".

TABLE OF CONTENTS

(11) Establishment of family assistance plan.

"PART D—FAMILY ASSISTANCE PLAN

"Sec. 441. Appropriations"

Mr. ERVIN. Mr. President, may we have order?

The PRESIDING OFFICER. It was the request of the Senate that the amendment be read. I would hope the Members of the Senate meant what they said and that they would do the clerk the courtesy of listening to the amendment.

Mr. WILLIAMS of Delaware. Mr. President, may we have the clerk start over again?

The PRESIDING OFFICER. I think the clerk should be allowed to continue to read where he left off.

The legislative clerk read as follows:

"Sec. 442. Eligibility for and amount of family assistance benefits.
"(a) Elgibility.
"(b) Amount.
"(c) Period for determination of benefits.
"(d) Special limits on gross income.
"(e) Puerto Rico, the Virgin Islands, and Guam.
"Sec. 443. Income.
"(a) Meaning of income.
"(b) Exclusions from income.
"Sec. 444. Resources.
"(a) Exclusions from resources.
"(b) Disposition of resources.
"Sec. 445. Meaning of family and child.
"(a) Composition of family.
"(b) Definition of child.
"(c) Income and resources of noncontributing individual.
"(d) Recipients of aid to the aged, blind, and disabled ineligible.
"Sec. 446. Payments and procedures.
"(a) Payments of benefits.
"(b) Overpayments and underpayments.
"(c) Hearings and review.
"(d) Procedures; prohibition of assignments.
"(e) Applications and furnishings of information by families.
"(f) Furnishing of information by other agencies.
"(g) Application for other benefits or payments".

Mr. HANSEN. Mr. President, may we have order?

The PRESIDING OFFICER. The clerk will suspend.

The Members of the Senate will please take their seats. Conversations should take place outside the Chamber.

The Clerk will proceed.

The legislative cleark read as follows:

"Sec. 447. Registration and referral of family members for manpower or rehabilitation services, training, and employment.
"Sec. 448. Denial of benefits in case of refusal of manpower or rehabilitation services, training, or employment.
"Sec. 449. Transfer of funds for on-the-job training programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"Sec. 451. Payments under titles IV, V, XVI, and XIX conditioned on supplementation.
"Sec. 452. Eligibility for and amount of supplementary payments.
"Sec. 453. Payments to States.
"Sec. 454. Failure by State to comply with agreement.
"Sec. 455. Definitions.

"PART F—ADMINISTRATION

"Sec. 461. Agreements with States.
"Sec. 462. Penalties for fraud.
"Sec. 463. Report, evaluation, research and demonstrations, and training and technical assistance.
"Sec. 464. Obligation of deserting parents.
"Sec. 465. Treatment of family assistance benefits as income for food stamp purposes"

(12) Manpower services, training, employment, and child care programs.

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND CHILD CARE PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

"Sec. 430. Purpose.
"Sec. 431. Operation of manpower services, training, and employment programs.
"Sec. 432. Allowances for individuals undergoing training.
"Sec. 433. Utilization of other programs.
"Sec. 434. Rules and regulations.
"Sec. 435. Appropriations; and non-Federal share.
"Sec. 436. Child care.
"Sec. 437. Supportive services.
"Sec. 438. Advance funding.
"Sec. 439. Reports to Congress".

(13) Conforming amendments relating to assistance for needy families with children.

(14) Changes in headings.

(15) Pretesting and evaluation of family assistance.

(21) Grants to States for aid to the aged, blind, and disabled.

Mr. HANSEN. Mr. President, I am not following the clerk. It appears to me that some parts are being skipped. I think this is a very important bill. Senators are going to be called upon to vote on something about which most of them do not know. All they know is what they have read in the paper. I should like to observe that I think it is important that we follow the text.

The PRESIDING OFFICER. The Chair would inform the Senator from Wyoming that in the amendment proposed by the Senator from Connecticut certain sections have been stricken out in the amendment as proposed by the Senator, and these appear in the reading by the clerk. If they are not stricken out in the copy that the Senator from Wyoming has, he will consider them as having been stricken out if the clerk does not read them.

Mr. HANSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HANSEN. Is the section which was just read, "Grants to States for aid to the aged, blind, and disabled," numbered?

The PRESIDING OFFICER. Will the Senator from Wyoming come to the clerk's desk with the clerk and the copy

submitted by the Senator from Connecticut?

The Chair might suggest to the Members of the Senate that the Senator from Connecticut has modified his amendment in relation to the amendment that the Senators have on their desks. The clerk is reading the modification.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. When the vote comes up on the Ribicoff-Bennett amendment, will that vote be limited to voting up or down the language that the clerk has read? We are told that the amendment was to be read in full and that no amendment to the amendment would be allowed. My question is, When the vote is taken, will it be limited to the words that the clerk has read?

The PRESIDING OFFICER. The Senator's assumption is correct—that the vote will take place on the language as read by the clerk in the modified amendment as submitted by the Senator from Connecticut.

Mr. WILLIAMS of Delaware and Mr. ERVIN addressed the Chair.

Mr. CURTIS. No other language?

The PRESIDING OFFICER. That is correct. He may modify that amendment himself until the Senate takes some action on it.

Mr. RIBICOFF. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. RIBICOFF. Is the clerk reading the titles or is he reading the full text?

The PRESIDING OFFICER. He is reading the full text of the amendment as submitted by the Senator from Connecticut.

Mr. WILLIAMS of Delaware. Mr. President——

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum——

Mr. WILLIAMS of Delaware. Mr. President——

Mr. LONG. Mr. President, the clerk was reading the amendment, and I therefore insist on the regular order because the reading by the clerk is being interrupted to suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COOK). By unanimous consent it could be, otherwise the clerk will proceed to read the amendment.

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The regular order having been called for, the clerk will proceed to read the amendment.

Mr. WILLIAMS of Delaware. Mr. President——

The legislative clerk proceeded to read the amendment as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"Sec. 1601. Appropriations.

"Sec. 1602. State plans for financial assistance and services to the aged, blind, and disabled.

"Sec. 1603. Determination of need.

"Sec. 1604. Payments to States for aid to the aged, blind, and disabled.

"Sec. 1605. Alternate provision for direct Federal payments to individuals.

"Sec. 1606. Overpayments and underpayments.

"Sec. 1607. Operation of State plans.

"Sec. 1608. Payments to States for services and administration.

"Sec. 1609. Computation of payments to States.

"Sec. 1610. Definition".

(22) Repeal of titles I, X, and XIV of the Social Security Act.

(23) Transition provision relating to overpayments and underpayments.

(24) Transition provision relating to definitions of blindness and disability.

(31) Amendment to section 228(d).

(32) Amendments to title XI.

(33) Amendments to title XVIII.

(34) Amendments to title XIX.

PART D—GENERAL

(41) Effective date.

(42) Saving provision.

(43) Special provisions for Puerto Rico, the Virgin Islands, and Guam.

(44) Additional supergrades for Departments of Health, Education, and Welfare and Labor.

(45) References in other Acts.

(46) Additional remedies for State noncompliance.

(47) Amendments to title IV, part A.

(48) Meaning of Secretary and fiscal year.

DECLARATION OF GOAL

The Congress hereby establishes a national goal of assuring all citizens, through work or assistance, in this decade, an income adequate to sustain a decent level of life and to eliminate poverty among our people.

(11) Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"Eligibility

"SEC. 442. (a) Each family (as defined in section 445)—

"(1) whose income, other than income excluded pursuant to section 443(b), is at a rate of less than—

"(A) $500 per year for each of the first two members of the family, plus

"(B) $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500, shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"Amount

"(b) The family assistance benefit for a family shall be payable at the rate of—

"(1) $500 per year for each of the first two members of the family, plus

"(2) $300 per year for each additional member, reduced by the amount of income, not excluded pursuant to section 443(b), of the members of the family.

"Period for Determination of Benefits

"(c)(1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year, beginning with the quarter in which application for such benefits is made and within 30 days following the date upon which such application is initially filed. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, and such estimate shall in turn be based on income for a preceding period unless he has reason to believe that modifications in income have or are likely to occur on the basis of changes in conditions or circumstances. The Secretary shall redetermine eligibility for and amount of benefits of a family for a quarter if at any time during such quarter he has reason to believe that there have been changes affecting such eligibility or amount of benefits and such redetermination shall be effective beginning with the month following the month in which such changes occurred.

"(2) In the case of an application for family assistance benefits which is filed after the first day of a quarter, the amount determined pursuant to paragraph (1) for such quarter shall be reduced by an amount which bears the same ratio to the amount determined pursuant to such paragraph as the number of days in the quarter preceding the date on which the application was filed bears to the total number of days in such quarter.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"Special Limits on Gross Income

"(d) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits. For the purposes of this subsection, the term 'gross income' has the same meaning as when used in the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.).

"Puerto Rico, the Virgin Islands, and Guam

"(e) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 443. (a) For purposes of this part, income means both earned income and unearned income and—

"(1) earned income means only—

"(A) remuneration for services performed as an employee (as defined in section 210(j)), other than remuneration to which section 209 (b), (c), (d), (f), or (k), or section 211 would apply; and

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a)(9)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) support and alimony payments,

"(C) rents, dividends, interest, and royalties; and

"(D) regularly recurring payments excluded from earned income under clause (1)(A), which are intended to replace earned income, whether for a temporary or indefinite period of time.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary

under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2)(A) the total unearned income of all members of a family in a calendar quarter which is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter, and (B) the total earned income of all members of a family in a calendar quarter which is received too infrequently or irregularly to be included, if such income so received does not exceed $30 in such quarter;

"(3) an amount of earned income of a member of the family equal to the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment except that such amount may not exceed the cost, established for purposes of section 436(c), of child care of the same type as that provided pursuant to section 436;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of earned income (not excluded by the preceding paragraphs of this subsection) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private agency or organization exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) as an organization described in section 501(c) (3) or (4) of the Internal Revenue Code (26 U.S.C. 501(c) (3) and (4));

"(6) allowances under section 432(a) or under section 437(d);

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the reading of the amendment be temporarily suspended——

Mr. ERVIN. Mr. President, objection.

Mr. WILLIAMS of Delaware (continuing). In order that I might ask for the yeas and nays.

The PRESIDING OFFICER. Objection is heard. The clerk will resume the reading of the amendment.

Mr. ERVIN. Mr. President, is that the only purpose?

Mr. WILLIAMS of Delaware. That is the only purpose.

Mr. LONG. I object.

The PRESIDING OFFICER. Objection has been heard. The clerk will resume the reading of the amendment.

Mr. WILLIAMS of Delaware. Mr. President, I thought they wanted to vote.

The legislative clerk resumed the reading of the amendment as follows:

"(7) any portion of a 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 a member of the family utilized by the household for its own consumption; and

"(9) any amounts received for the foster care of a child who is living in the same home as the family but is not a member of the family.

"RESOURCES

"Exclusions From Resources

"SEC. 444. (a) In determining the resources of a family there shall be excluded—

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"Disposition of Resources

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for family assistance benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF FAMILY AND CHILD

"Composition of Family

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who (A) is not married to another of such individuals and (B) is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence.

"DEFINITION OF CHILD

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a coure of vocational or technical training designed to prepare him for gainful employment.

"Income and Resources of Noncontributing Individual

"(c) For purposes of determining eligibility for and the amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child (or a spouse of a parent in cases in which under applicable State law such spouse is responsible for the support of the child), which, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"Recipients of Aid to the Aged, Blind, and Disabled Ineligible

"(d) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family and his income and resources shall not be counted as income of a family under this part.

"PAYMENTS AND PROCEDURES

"Payments of Benefits

"SEC. 446. (a)(1) Family assistance benefits shall be paid not less frequently than monthly, except that such benefits may be paid quarterly in any case in which the Secretary determines that the amount of such benefits for a quarter will not exceed $30.

"(2) Payment of the family assistance benefits of any family may be made to any one or more members of the family, or, if the Secretary finds, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c) (1) and (2)) to the family member or members to whom the family assistance benefits are (or, but for this provision, would be) paid, that such member or members have such inability to manage funds that making payment to such member or members would be contrary to the welfare of the child or children in such family, he may make payment to any person, other than a member of such family, who is interesetd in or concerned with the welfare of the family. If the Secretary makes payment to a person who is not a member of the family, he shall review his finding under the preceding sentence periodically to determine whether the conditions justifying such finding still exist, and, if they do not, he shall discontinue making payments to any person who is not a mmeber of the family. If it appears to the Secretary that such conditions are likely to continue beyond a period specified by him, he shall attempt to secure the appointment of a guardian or other legal representative for the family member with respect to whom such finding is made, and take any other steps he may find appropriate to protect the welfare of the child or children in the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family or by recovery from or payment to any one or more of the individuals who are or were members thereof, unless such adjustment or recovery (in the case of an overpayment) would defeat the purposes of this part, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a fair hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received. Until a determination is made on the basis of such hearing or upon disposition of the matter through default, withdrawal of the request by the individual or revision of the initial determination by the Secretary, any amounts which are payable (or would be payable but for the matter in disagreement) to any individual who has been determined to be a member of such family shall continue to be paid; but any amounts so paid for periods

prior to such determination or disposition shall be considered overpayments to the extent they would not have been paid had such determination or disposition occurred at the same time as the Secretary's initial determination on the matter in disagreement if there would have been no matter in disagreement but for the fraudulent statements or willful misstatements of such individual or any other person who has been determined to be a member of a family. For purposes of hearings under this subsection, the Administrative Procedure Act shall not apply.

"(2) Determination on the basis of such hearing shall be made within ninety days after the individual requests the hearing as provided in paragraph (1) or within thirty days following the final day of the hearing, whichever is sooner.

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205.

"Procedures; Prohibition of Assignments

"(d) The provisions of sections 206(a) (other than the penultimate sentence thereof) and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title III.

"Applications and Furnishings of Information by Families

"(e) 1 The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of families for purposes of such eligibility and amount of benefits, the Secretary shall prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto.

"Application for Other Benefits or Payments

"(g) For purposes of determining the amount of family assistance benefits to which a family is entitled, the Secretary shall not consider as a member of the family any individual who refuses to take all steps necessary (excluding acceptance of any employment which would not be determined to be suitable for such individual under section 448(b)) to apply for and (if eligible) obtain unemployment benefits, old-age, survivors, and disability insurance, or any other payments of the type enumerated in section 443(a)(2)(A) for which the Secretary determines it is likely that such applicant or family or family member may be eligible.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER OR REHABILITATION SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds paragraph (1), (2), (3), (4), or (5) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by the Secretary of Health, Education, and Welfare, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c) (1) and (2)), to have failed to so register, he shall be regarded as a member of a family but no family assistance benefits shall be payable to such family with respect to such member. In the case of such a finding such member, or, if there are two or more such members of a family to whom such a finding is applicable at the same time, the first and second members of such family with respect to whom it is so applicable, shall be treated as, respectively, the first member and first and second members of such family for purposes of section 442(b). No part of the family assistance benefits of any such family may be paid to such individual during the period for which the second sentence of this subsection is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

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

"(3) 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 paragraph (1), (2), (4), or (5) of this subsection (unless the second sentence of subsection (a), or section 448(a) is applicable to him);

"(4) a child who is under the age of sixteen or meets the requirements of section 445(b)(2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household. An individual who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of (1) individuals registered pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment, and (2) individuals referred pursuant to subsection (d) who are, pursuant to such referral, participating in vocational rehabilitation.

"(d) In the case of any member of a family assistance benefits who is not required to register pursuant to subsection (a) because of such member's incapacity, the Secretary shall make provision for referral of such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and for a review of such member's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan as frequently as may be appropriate, as determined by the Secretary taking into consideration the nature of the individual's incapacity and the likelihood of a change in his condition. If and for so long as such member is found by the Secretary, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c)(1) and (2)), to have refused without good cause to accept rehabilitation services available to him under such plan, he shall be treated as an individual to whom subsection (a) is applicable by reason of refusal to register for manpower services, training, and employment.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER OR REHABILITATION SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. (a) For purposes of determining eligibility for and amounts of family assistance benefits under this part, an individual who has registered as required under section 447(a) shall be treated as an individual to whom section 447(a) applies by reason of refusal to register for manpower services, training, and employment, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c) (1) and (2)), to have refused without good cause to participate or continue to participate in suitable manpower services, training, or employment, or to have refused without good cause to accept suitable 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 Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment.

"(b)(1) In determining whether any employment is suitable for an individual for purposes of subsection (a) and part C, the Secretary of Labor shall consider the degree of risk to such individual's health and safety, his physical fitness for the work, his prior training and experience, his prior earnings, the length of his unemployment, his realistic prospects for obtaining work based on his potential and the availability of training opportunities, and the distance of the available work from his residence.

"(2) In no event shall any employment be considered suitable for an individual—

"(A) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(B) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality, or if the wages for the work offered are at an hourly rate of less $1.20; or

"(C) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

"(c) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is a member of such family refuses work, if such individual is the mother, or other relative of a child (which child is a member of the family) who is caring for such child, unless child care provided pursuant to section 436, or child care of the same type and reasonably equivalent cost (as determined in accordance with criteria of the Secretary), is available for such child.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which the Secretary of Health, Education, and Welfare estimates

would be paid as family assistance benefits under this part to individuals participating in public or private employer compensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training. Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENT UNDER TITLES IV, V, XVI, AND XIX, CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will (1) make supplementary payments, as provided in this part and part F, to any family residing in the State other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"ELIGIBILITY FOR AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) The amount payable under the agreement with any State under this part to any family described in section 451 shall, subject to the succeeding provisions of this section, be no less than the difference between—

"(1) the payment level in such State, and

"(2) the family assistance benefits payable under part D without regard to any reduction in such benefits required by section 447 or 448 plus any other income (earned or unearned) not excluded under section 443 (b) (except paragraph (4) thereof) or under subsection (b) of this section.

The payment level in each State for any family shall be determined by the Secretary after consultation with such State. The payment level so determined shall be so designed that as nearly as practicable, payments under the agreement (when added to benefits payable under part D) to families with no other income will be equal to the maximum payment (exclusive of amounts designed to meet shelter needs) which families of the same size (and which were eligible for no additional payments to meet extraordinary needs, determined in accordance with criteria prescribed by the Secretary) would have received for November 1970 under the plan of such State: (i) which is in effect for such month (or in effect for January 1971 if the State has adopted prior to November 1, 1970, a change in the amount of such payments effective after November 1970) and (ii) which complies with the requirements for approval under part A as in effect for such month plus a uniform amount to meet shelter needs (adjusted as may be necessary to reflect differences in shelter costs between different areas of the State); except that this section shall not be construed to require a State to make payments with respect to that amount by which its payment level exceeds the poverty level (as defined in section 543(c)) applicable to such family.

"(b) For purposes of an agreement under this part—

"(1) the provisions of, and the rules and regulations under, sections 442(a)(2), and (d), 443(a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448 shall be applied,

"(2) in the case of earned income to which paragraph (4) of section 443(b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus one-third of the remainder, and,

"(3) in the case of any State the plan of which, as in effect in December 1970, complies with the standards for approval under part A as then in effect and provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, there shall be disregarded, with respect to any family, an additional amount of income (whether earned or unearned) equal to the amount which (A) is in excess of the income which would have been disregarded pursuant to section 402(a)(8) as then in effect and (B) could have been received by a family of the same size whose needs were being met in such month under such plan without a resultant reduction in the assistance payment under such plan.

For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers;

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

"(6) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title;

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals;

"(8) provide that no lien will be imposed against the property of any member of a family or his estate on account of payments made under the agreement (except pursuant to the judgment of a court on account of payments incorrectly made to such family), and that there will be no adjustment or any recovery of payments correctly made under the agreement; and

"(9) provide—

"(A) (i) for the development and implementation of a program under which the State will attempt—

"(I) in the case of a child born out of wedlock who is receiving assistance to needy families with children, or payments under the agreement, to establish the paternity of such child and secure support for him,

"(II) in the case of any child receiving such assistance or payments 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 reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

"(III) in the case of any parent (of a child referred to in clause (II)) receiving such assistance or payments who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (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

"(ii) for the establishment of a single organizational unit in the State agency or local agency carrying out the agreement in each political subdivision which will be responsible for the administration of the program referred to in clause (i);

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

"(C) that the State 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—

"(i) the name, and social security account number, if unknown, of each parent of a child referred to in clause (A)(i)—

"(I) against whom an order for the support and maintenance of such child 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,

"(ii) 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

"(iii) such other information as the Secretary may specify to assist in carrying out the provisions of section 407;

"(D) that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State carrying out an agreement under this part—

"(i) 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 his child receiving assistance to needy families with children or payments under the agreement of such other State, and

"(ii) 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 such child;

"(10) provide for arrangements to assure that there will be made a non-Federal contribution to meet the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost; and

"(11) provide, in the case of any individuals who are members of a family receiving supplementary payments and who refuse—

"(A) to register as required under section 447(a),

"(B) to accept vocational rehabilitation services as required under section 447(d), or

"(C) without good cause, to participate or continue to participate in manpower services, training, or employment, as required under section 448(a), or to accept suitable employment as described in such section,

that such supplementary payments will be reduced by an amount which bear the same ratio to such payments as the number of such individuals bears to the total number of members in the family.

"PAYMENTS TO STATES

"SEC. 453. (a)(1) The Secretary shall pay to any State which has in effect an agreement under this part, for each fiscal year, an amount equal to 30 per centum of the total amount expended during such year pursuant to its agreement as supplementary payments to families not counting so much of the supplementary payment made to any family as exceeds the amount by which (with respect to the period involved)—

"(A) the family assistance benefit payable to such family under part D, plus any income of such family (earned or unearned) not disregarded in determining the amount of such supplementary payment, is less than

"(B) the applicable poverty level as promulgated and in effect under subsection (c).

"(2) The Secretary shall also pay to each such State an amount equal to—

"(A) the cost of carrying out the requirements of section 452(c)(9), plus

"(B) 50 per centum of its other administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c)(1) For purposes of this part, the 'poverty level' for a family group of any given size shall be the amount shown for a family group of such size in the following table, adjusted as provided in paragraph (2):

"Family size:	*Basic amount*
One	$1,920
Two	2,520
Three	3,120
Four	3,720
Five	4,270
Six	4,820
Seven	5,320
Eight	5,820
Nine	6,270
Ten	6,720
Eleven or more	7,170

"(2) As soon after enactment of the Family Assistance Act as may be feasible, and thereafter between July 1 and September 30 of each year, the Secretary (A) shall adjust the amount shown for each size of family group in the table in paragraph (1) by increasing such amount by the percentage by which the average level of the price index for the months in the most recent preceding calendar year exceeds the average level of the price index for months in calendar year 1969, and (B) shall thereupon promulgate the amounts so adjusted as the poverty level for family groups of various sizes which shall be conclusive for purposes of this part for the fiscal year beginning July 1 next succeeding such promulgation.

"(3) As used in this subsection, the term 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith or with any requirement imposed by or pursuant to this part, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under this part or Part A or B of this title or under title V, XVI, or XIX, but the amounts so withheld from payments under such part A or B or under title V, XVI, or XIX, shall be deemed to have been paid to the State under such part of title. Such withholding shall be affected at such time or times and in such installments as the Secretary may deem appropriate.

"SEC. 455. As used in this part, the term 'needy families with children' means families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under this part, or (2) would be eligible to receive, under a State plan (approved under part A) as in effect prior to the enactment of part D, aid to families with dependent children as defined in section 406 as it was in effect prior to such enactment, if the State plan had continued in effect; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.

"PART F—ADMINISTRATION

"Agreements With States

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for under part E, or will perform such other functions of the State in connection with such payments as may be agreed upon, or both. In any such case, the agreement shall also (1) provide for payment by the State to the Secretary of an amount equal to the supplementary payments made by the Secretary under such agreement, less any payments which would otherwise be made to the State under section 453(a), (2) at the request of the State, provide for joint audit of payments under the agreement, and (3) in the case of an agreement which will become effective at a future date, but not later than two years after the date as of which part D becomes effective for such State, provide for payments of the State's administrative costs found necessary by the Secretary for making supplementary payments pursuant to part E during the period after the execution of the agreement under this section and before its effective date, except that if the State takes any action which prevents such agreement from becoming effective at the end of such two years, the Secretary shall recover (by adjustment of any other amounts due the State under this Act, or otherwise) an amount equal to one-half the administrative costs paid pursuant to this clause (3).

"(b) The Secretary may enter into an agreement with a State under which the Secretary will determine eligibility for medical assistance under such State's plan approved under title XIX, or for surplus food commodities under such State's program conducted pursuant to section 416 of the Act of October 31, 1949 (7 U.S.C. 1431) or administer all or part of such State's food stamp program conducted pursuant to the Food Stamp Act of 1964 (7 U.S.C. 2011, et seq.), with respect to (1) individuals eligible under such State's plan approved under title XVI for aid to the aged, blind, and disabled (and individuals who would be eligible for such aid but for the income and resources requirements of title XVI), but only if the State has entered into an agreement with the Secretary pursuant to section 1605, and (2) all individuals other than those described in clause (1), but only if, in the case of any State required to make supplementary payments pursuant to section 452, the Secretary is carrying out an agreement with such State pursuant to subsection (a) of this section. In any such case, the agreement shall also provide for payment by the State to the Secretary of an amount equal to one-half of the cost of determining eligibility for medical assistance plus the cost of detremining eligibility for surplus food commodities and of administering the food stamp programs, but in computing such costs the Secretary shall include only those costs which are additional to the costs incurred in carrying out part D or in carrying out an agreement under subsection (a) or section 1605.

"(c) In the case of any State which has an agreement with the Secretary under subsection (a) (if the State is required to make supplementary payments pursuant to section 452), under subsection (b) with respect to medical assistance, and under section 1605, the Secretary may further agree to administer all or any part of any other program of such State under which cash benefits are provided on the basis of need, but only to the extent that he determines, with respect to any such program or part thereof which the State seeks to include in the agreement, that administration by him is feasible and will not result in undue administrative burden. In any such case the agreement shall provide for payment by the State to the Secretary of an amount equal to the cash benefits paid by the Secretary, plus the costs of administering any such program or part thereof included in the agreement, but in computing such administrative costs the limitations applicable to computation of administrative costs under subsection (b) shall apply.

"(d) In the case of an agreement, plan, or program, or any portion thereof, which the Secretary administers on behalf of a State under an agreement pursuant to subsection (a) or (b) of this section or pursuant to section 1605, the Secretary may waive any procedural requirements or methods of administration imposed by or pursuant to this or any other Federal statute and substitute the requirements or methods applicable to the administration of part D which serve the same purpose or relate to the same or comparable matters.

"(e) In the case of any State which has entered into—

"(1) an agreement under subsection (a) for the administration by the Secretary of supplementary payments under the State's agreement pursuant to part E, or

"(2) an agreement under section 1605 for payment of aid to the aged, blind, and disabled,

the State must maintain such agreement in effect in order to remain eligible for payments under part E of this title or title XVI, respectively, with respect to expenditures for any quarter beginning on or after the date such agreement under subsection (a) or section 1605 becomes effective.

"(f) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon, or both, except that (1) the Secretary may not enter into any agreement under this subsection which would remain in effect for any period after January 1, 1974, under which any State would determine the eligibility of or make family assistance benefits payments to any family other than a family in which one parent of the child or children is dead, continuously absent from the home, or incapacited, and (2) the Secretary may not enter into an agreement under this subsection with any State if, under the State plan of such State, approved under part A and as in effect for January 1970, the total of the payments for such month as aid under such plan with respect to three dependent children and one relative with whom they

were living, all of whom have no other income, would be less than $133.34. The cost of carrying out any such agreement shall be paid to the State by the Secretary in advance or by way of reimbursement and in such installments as may be agreed upon.

"(g)(1) Whenever, in accordance with this Act, the Secretary has agreed to make the supplementary payments provided for under part E to pay aid to the aged, blind, and disabled under the State's plan approved under title XVI, or to perform any other functions, on behalf of a State, it shall be a condition of such agreement that, notwithstanding any other provision of law, except provisions pertaining to retirement, insurance, health benefits, and length of workweek, arrangements are made, which are found by the Civil Service Commission to be fair and equitable, to provide or continue to provide employment to employees of the State or its political subdivisions whose employment is affected. The terms and conditions of such employment arrangements shall be specified in the agreement.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. RIBICOFF. Mr. President, I send to the desk a modification of my amendment.

The PRESIDING OFFICER (Mr. HUGHES). The Senator has a right to modify his amendment.

The modification is as follows:

On page 101, line 2, strike out the period and insert in lieu thereof "; and" and between lines 2 and 3 insert the following paragraph:

"(3) with respect to aid furnished under the plan for any month—

"(A) the total of the amounts used to determine the needs of an applicant for or recipient of aid shall be at least $10 higher than the total thereof which would have been used to determine his needs under the State plan as in effect for March 1971, or

"(B) in the case of two or more such individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, the sum of such totals used for the month for which the determination is being made shall exceed the sum of such totals for March 1971 by $10 plus $5 for such individual in excess of one,

except that, in the case of any State the plan of which provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, such plan shall provide such methods as the Secretary may by regulation prescribe for achieving as nearly as possible the results provided for under the preceding provisions of this paragraph.

For purposes of paragraph (3), the 'State plan as in effect for March 1971' means the State plan (approved under this title) as in effect for March 1971 or, if there was no such plan in effect for such State for such month—

"(i) the State plan which was in effect for such month and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect for such month and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect for such month and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable with respect to an individual, it shall be the State plan under which the total is the higher (or highest), and except that if none of such clauses is applicable to an individual, it shall be the one of the State plans approved under titles I, X, and XIV which were in effect for such month, under which the total which would have been applicable to him is the higher (or highest)."

Mr. RIBICOFF. Mr. President, welfare reform is the most urgent domestic legislation——

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. RIBICOFF. For a question?

Mr. WILLIAMS of Delaware. No; to get the yeas and nays on the modification.

Mr. RIBICOFF. No, I will not yield to have the yeas and nays on the modification ordered, because it was discussed

here during the meeting that there may be other Senators here——

Mr. WILLIAMS of Delaware. If not on that amendment can we get the yeas and nays on the amendment of the Senator from Pennsylvania?

Mr. RIBICOFF. No; I would object to that. I have the floor.

Several Senators addressed the Chair.

Mr. KENNEDY. Mr. President, regular order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIBICOFF. Mr. President, welfare reform is the most urgent domestic legislation now before Congress.

Men of all persuasions agree that our welfare programs have become a national tragedy. Uncontrollable costs, weak or nonexistent incentives to work and maintain the family structure, and categories which exclude up to one half of our poor, all contribute to the disastrous system now in operation.

The hour is late and it is imperative that the Senate consider this proposal on its merits before adjournment. We will fail our public trust if we allow the present system to be perpetuated any longer.

Therefore, Senator BENNETT and I today are proposing an amendment to the existing welfare system. Our proposal includes the major provisions of the administration's family assistance plan, first proposed 16 months ago and under careful consideration by Congress for almost a year.

Many believe this legislation goes too far; others argue that it does not go far enough. In my own mind, this amendment does not contain everything I believe is ultimately required in our welfare program. But, if this is not a perfect program, it is a necessary program.

Passage of the amendment Senator BENNETT and I propose would be the most important step in three decades toward developing a more workable, more efficient, and more humane public assistance system in the United States.

Under this proposal, fourteen and a half million Americans will be eligible for more assistance than under present law. Two million people will be helped out of poverty. For the first time, every family with a child will be assured a minimum income. Uniform national standards and eligibility criteria will simplify administration and equalize opportunity throughout the country.

Let us be clear about the nature of this amendment. It will not reduce Federal costs or the number of eligible recipients. Family assistance will cost an additional $4.3 billion in the first year of operation. These costs include $600 million for increased day care centers and work training programs, as well as almost $1 billion for the aged, blind, and disabled.

The needs of the poor, the disabled, the blind, and the elderly will not permit us to do less. This country must realize that we cannot save money by wasting lives.

THE PRESENT WELFARE SYSTEM

Welfare in the United States today is a failure.

Assistance payments are insufficient to meet minimal needs. Family and work incentives are lacking. Eligibility is based on arbitrary categories rather than need. While Congress has established a legal right to assistance, it has provided a system which frustrates the exercise of these rights and demeans those who do exercise them.

Under present law, fully half of all poor people, including two out of every three poor children, do not receive any aid.

The aid to families with dependent children program—the largest assistance program—is in reality 54 different programs in 54 different jurisdictions throughout the United States.

No national standards exist for either benefits or eligibility. Payments vary from an average of $46 per month for a family of four in Mississippi to $265 for such a family in New Jersey. This disparity is further aggravated by complicated State variations in criteria for eligibility and methods of administration. Each State has developed its own prescription for need standards, assets tests, incapacity tests, and requirements for school attendance and the age of children who can receive benefits. In addition, the administration of the program has varied widely from State to State and locality to locality in terms of equity and responsiveness to the needs of recipients.

Mr. GRIFFIN. Mr. President, will the distinguished Senator from Connecticut yield at an appropriate time?

Mr. RIBICOFF. I am pleased to yield now to the Senator from Michigan, without relinquishing my right to the floor.

Mr. GRIFFIN. I wonder if there is a possibility of getting the yeas and nays on the Senator's amendment, when he has modified it to the extent that he desires, because if that is possible, then we can tell a lot of Senators they can go home. Otherwise, I have been served with notice that there may be a live quorum later in the evening, and I do not know whether to warn Senators or not.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield——

Mr. RIBICOFF. Mr. President, I have the floor. I will answer the question of the assistant minority leader, and then I shall be pleased to yield to the distinguished Senator from Delaware.

Mr. WILLIAMS of Delaware. I would like to have the yeas and nays ordered on both the Scott amendment and the Ribicoff amendment. Then Senators will know that this matter cannot go through on a voice vote but that there will be a rollcall vote.

The Senator has a chance to modify his amendment, and I did not object to that. He has another modification at the desk, and I have no objection to that. But since he has modified it I would like to ask for the yeas and nays on the two amendments tonight.

The PRESIDING OFFICER (Mr. HUGHES). The Chair will instruct the Senator that he cannot request the yeas and nays on the Scott amendment without unanimous consent.

Mr. WILLIAMS of Delaware. I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Delaware so that he may request unanimous consent that it be in order to ask for the yeas and nays on the Scott amendment?

Mr. RIBICOFF. I personally have no objection. I just want to make my position clear while the majority leader is here. I personally am satisfied with the Ribicoff-Bennett amendment as it stands. The majority and minority leaders asked us to try to work out as many as possible of the controversies. One of the controversies, of course, is that there are certain Senators who would like to amend the Ribicoff-Bennett amendment, and under the parliamentary situation this cannot be done. I happen to think it is a good, acceptable amendment as it is, and the only reason that I objected to it was out of consideration for other Senators.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield? I appreciate the Senator's position, but under the position that we are put in from a parliamentary standpoint and under the rules of the Senate it is not subject to an amendment.

That could mean that 99 Members of the Senate agreeing on an amendment could not get the amendment adopted unless the Senator from Connecticut approved. He is the only man out of the 100 who would have the right to amend this pending amendment. He could listen to the debate and amend it to his own satisfaction, but not the satisfaction of all others.

Mr. President, I do not wish to proceed with that power in the hands of any one Senator or in any one place. I tried hard to get this situation to where we could have the right to amend; but having failed I just want us to vote it up or down, and then we can offer amendments. Therefore, I would ask the Senator's permission to ask for the yeas and nays.

Mr. GOODELL. Mr. President, I object.

The PRESIDING OFFICER. The Senator from Connecticut has the floor. The Senate will be in order. Objection is heard to the request of the Senator from Delaware, and the Senator from Connecticut has the floor.

Mr. WILLIAMS of Delaware. It does not require unanimous consent, Mr. President.

Mr. MANSFIELD. Mr. President, will the Senator from New York withhold his objection briefly?

Mr. GOODELL. I withhold my objection.

Several Senators addressed the Chair.

Mr. SCOTT. Mr. President, will the Senator from Connecticut yield without yielding his right to the floor, so that I may explain my position?

Mr. RIBICOFF. Yes.

Mr. SCOTT. My position is that I have no objection, personally, to the yeas and nays on the Scott amendment, because, having introduced it in the form it is, I have not been advised of the desire to modify it. Some Senators may be for it and some against it, but no one has asked to modify it, and under those circumstances, if it will expedite the proceedings, I have no objection to the yeas and nays.

Mr. SAXBE. Mr. President, I object to the Senator yielding for that purpose.

The PRESIDING OFFICER. Objection is heard.

Mr. WILLIAMS of Delaware. That request will be made again later tonight.

Mr. RIBICOFF. The administrative inefficiencies and redtape associated with welfare programs are notorious. Individual States and localities must develop budgets of need with required close investigation of the economic status of each family. However, these standards are often unrelated to actual State payments and complicated formula, using ratable reductions and maximum payments, are necessary to calculate the final benefits payable to each eligible family. Tiny, but complex adjustments are made to reflect changes in the composition of the family, the ages of its members, its changing economic status, or as special emergencies occur. The resulting paperwork overwhelms the administrative structure. The organization is fraught with error and is largely incomprehensible to recipients and the public alike.

The major defect of AFDC however, which makes it impossible to reform by simply adding national standards or greater administrative efficiencies, is its categorical restriction of eligibility. AFDC does not provide assistance to those families headed by a full-time working man.

The assumption on which AFDC rests—that the income of full-time workers is by definition adequate—is simply not valid for large numbers of families. In 1968, 39 percent of the poor families with children in this country were headed by full-time workers. Their poverty is seldom the result of a defect of character or a failure to try. It is rather the result of the inescapable fact that large numbers of jobs, for a variety of economic reasons, just do not pay an adequate wage—especially for persons with large families.

As a result of this inadequate and inefficient system, welfare has become a costly shambles. Costs and caseloads under AFDC increased by almost 30 percent from June 1969 to June 1970.

The lack of incentives to work and maintain the family structure have meant that the number of children in families with female heads only under AFDC have more than doubled in 10 years.

The facts are very clear. Welfare in the United States has already become a national disgrace.

THE FINANCE COMMITTEE AMENDMENTS

It is regrettable that in the face of such chaos a majority of the Finance Committee has chosen not to come to grips with meaningful welfare reform legislation.

I share the view of the committee that far reaching and innovative social legislation should be tested thoroughly before implementation on a nationwide basis.

But, testing alone in a time of urgent need is not enough.

In August, 1969, the President outlined reform legislation which, while not perfect, would take several significant and constructive steps toward a strong welfare system.

The House of Representatives passed legislation embodying the basic principles of the President's proposal—the family assistance plan.

After many weeks of hearings, however, the Senate Finance Committee regrettably refused to consider this plan in detail and substituted an amendment calling merely for 2 years of tests.

Clearly, passage of a 2-year test program requiring more legislation at the end of that test period means no welfare reform until 1974 or beyond. Reform is much more urgent than that.

The proposal Senator BENNETT and I intend to make provides for extensive testing in the period between enactment and the effective date of welfare reform. The most innovative proposal, to assist the working poor, would be tested in several areas for more than a year.

Extensive pretesting of this nature would provide more than adequate time to iron out the problems in organization and administration of family assistance. Furthermore, information gained from careful evaluation of existing working poor programs in six States would be readily available.

THE PRINCIPLES OF REFORM

Welfare is not a subject of interest only to the poor and the welfare worker. The measure of a whole society is taken from the adequacy, equity, and efficiency of its programs for the needy. Their progress is our progress.

The principles of adequate welfare are simple and paramount:

First, assurance to all members of society of an income adequate to meet their basic needs;

Second, incentives and opportunity for the employment of all citizens;

Third, encouragement and support of the basic family structure;

Fourth, a uniform system of national standards supported and financed by the Federal Government; and

Fifth, simple and efficient administration dedicated to assisting rather than demeaning the poor.

We are a wealthy people. As the perquisites of citizenship have increased, so too have our responsibilities to our society and our fellow man. As a nation, we can no longer tolerate a system of public assistance which fails to meet the most basic principles of humanity.

THE FAMILY ASSISTANCE PLAN

The basic principles of family assistance are designed to meet the problems now plaguing welfare. By assuring a minimum payment to all families in need, it is designed to provide uniform national standards and simplified administration.

Most impotrant, the program extends eligibility to those families who have been arbitrarily and unwisely excluded from assistance.

Family assistance will replace the 54 different State and territorial AFDC programs with a single program for families. It would also substitute a single integrated adult welfare system for the more than 150 different programs of aid to the aged, the blind and the disabled.

Americans are becomirg more mobile. Poverty and welfare are national problems requiring national solutions. Foremost in any such national solution must be an effort to assure that citizens who live in differeint States do not receive grossly different treatemnt at the hands of their governments. Family assistance establishes minimum support levels: $1,600 per year—plus about $860 in food stamps—for a family of four, for citizens in all States.

Family assistance insures the provision of a minimum benefit by full Federal financing of that portion of the payment. In addition, the States, assisted by 30-percent Federal matching up to the poverty line, can then assure more adequate total benefits by supplementing the minimum payment.

Nationwide uniform eligibility rules will make possible another vital reform: simplification and streamlining of the notorious welfare paperwork and administrative morass. Family assistance terminates the present practice of basing benefits on minute investigations and computations of family budgets. Eligibility for aid would be determined on a simplified basis, which would include cross-checks of earnings data and a sampling of recipients' reports as protection for the system.

INCLUSION OF THE WORKING POOR

The most important advance proposed by this amendment is the extension of public assistance eligibility to the working poor. This innovative step is supported by several powerful arguments.

First, coverage of the working poor eliminates one of the major inequities in present laws. If we are to require recipients to work, we cannot then make them worse off financially than if they did not work.

Second, aid to the working poor promotes a consistent set of work incentives for the entire program. Recipients will always be better off by working more.

Third, coverage of the working poor is an effective means of combating poverty. Four out of ten poor Americans live in families headed by a full-time worker. Family assistance will move 2 million Americans over the poverty line.

WORK REQUIREMENT AND INCENTIVES

The Ribicoff-Bennett amendment takes a major step to increase work incentives for welfare recipients. To make these incentives increasingly effective there is included a major manpower training and child care program with over $600 million in additional funding; $150 million is required to be spent on a strong program of public service employment.

Recipients under family assistance will be required to register for and accept jobs or work training in order to receive FAP benefits. Benefit levels will be decreased by $500 per famly for a failure to register.

THE REVISED FAMILY ASSISTANCE PLAN

The latest administration revision of family assistance was submitted in October to the Senate Finance Committee. While this was a strong program—there were a number of changes which I felt were necessary to improve the legislation before it was presented to the full Senate. I made these suggestions both in a formal

letter to the Secretary of Health, Education, and Welfare and in informal conversations. Most of these improvements are contained in the Ribicoff-Bennett amendment.

A NATIONAL GOAL

Today, one in every eight Americans is poor. In the wealthiest nation in history, our poor outnumber the total population of Canada. More than a third of our poor are children. Many of the rest are ill, disabled or elderly.

These people are tragic evidence of our neglect, and lack of commitment to end poverty.

Our growing national affluence has not been fully shared. In a future which promises greater riches, for many, but continued poverty for some, we have, in the words of the President's Commission on Income Maintenance Programs, "the potential for social division unparalleled in our country."

Our failure has been a failure of commitment rather than resources. We have the means to end poverty. Let us resolve to do so.

As a beginning step, Congress must establish a national goal to end poverty in this decade.

UNEMPLOYED PARENT PROGRAM

As passed by the House of Representatives, H.R. 16311 provided for mandatory State supplementation—with Federal sharing—of families headed by an unemployed father—AFDC–UP. Under present law, this is an optional program which exists in 23 States.

In the administration revisions of H.R. 16311, this mandatory AFDC–UP has been deleted.

I strongly support inclusion of this program—as provided by the House of Representatives and the original administration proposal. Restoration of this provision would benefit some 90,000 families, or more than 300,000 poor people.

RESTORATION OF THE REQUIREMENTS IN SECTION 452 OF H.R. 16311 FOR USING "STANDARD OF NEED" FOR FAMILIES WITH INCOME

In August 1969, the President, in his welfare address to the Nation, strongly supported the principle that no recipient would be worse off under his proposal than under existing law. Unfortunately, a subsequent revision of H.R. 16311 would adversely affect families with outside income in 22 States by reducing State supplements. Restoration of the standard-of-need provision in section 452 will remedy this unwise provision.

MINIMUM WAGE LEVELS FOR WELFARE RECIPIENTS TAKING EMPLOYMENT

A universally recognized objective of welfare reform, clearly stated in the President's welfare message, is the great need to move the poor from relief rolls to payrolls. Legisation toward this laudable goal, however, must not sacrifice very basic objections to providing a ready-made pool of forced labor for employers paying substandard wages.

Substandard wages perpetuate poverty. At $1 an hour, a fully employed husband and father of two children falls almost $2,000 below the barest minimum income required for his family.

Therefore, I propose that provisions be added to this reform legislation stipulating that welfare recipients required to accept work be paid a reasonable wage, preferably the basic minimum wage of $1.60 an hour. The Ribicoff-Bennett proposal takes a bajor step in this direction by guaranteeing wages of at least $1.20 an hour.

ADEQUATE SAFEGUARDS FOR STATE AND LOCAL EMPLOYEES ASSIMILATED UNDER FEDERAL PROGRAMS

There must be assurances that State and local welfare employees, who would be encompassed by the new Federal program, are treated fairly with respect to their seniority, salary, and pension rights earned under their previous employers.

FEDERAL ADMINISTRATION OF FULLY FEDERALLY FINANCED WELFARE PROGRAMS

Welfare reform must reduce the major inequities and complexities that result from over 50 different welfare systems with their varied forms, requirements, and regulations. In many States today, the system is operated by three separate levels of government: Federal, State, and local. The redtape, inequities, and sheer complexities of these arrangements must be reduced.

Therefore, I propose that reform legislation include a provision for mandatory Federal administration of all welfare programs which are 100 percent funded by Federal money. This provision will be a major step toward our goal of universally applied standards for all recipients.

PUBLIC SERVICE EMPLOYMENT

The major goal of any public assistance program should be the provision of adequate employment opportunities permitting recipients to supplement and eventually replace welfare payments by earned wages.

Regrettably, the original family assistance plan presented to Congress contained not a single job opportunity.

Senator HARRIS and I have suggested an amendment establishing a strong program of public service employment. Such an amendment would complement the training provisions already suggested above by assuring a greater number of jobs at the end of the training cycle.

Therefore, I propose a public service employment program for recipients of FAP benefits or State supplementation.

Under the amendment, the Secretary of Labor would enter into grants or contracts with public or private nonprofit agencies to create jobs in a wide variety of enumerated fields of benefit to the public.

Special provisions were designed to assure that such jobs are not dead-end jobs and that they offer opportunities for career advancement. The Secretary of Labor is required to review each employment record at least once every 6 months.

The jobs provided must meet standards with regard to health, safety, and working conditions, not jeopardize existing employment, and otherwise conform to certain protections. Wages paid must at least equal the Federal minimum wage or, if higher, any applicable State or local minimum wage or the prevailing wage for such jobs in the same labor market area.

In order to encourage movement by participating individuals into regular jobs and to insure that these jobs involve the performance of useful work, provision is made for declining Federal matching over time. Ninety percent matching is provided for the first 24 months during which such employment is provided, and 80 percent thereafter.

The Secretary of Labor is obligated to expend at least $150 million annually on such public service jobs. The funds may come from appropriations pursuant to part C of title IV of the Social Security Act or from any other funds available to the Secretary of the Department of Labor under other acts.

WORK REQUIREMENTS FOR MOTHERS OF SCHOOL-AGE CHILDREN

In 1967, the Senate recognized the inherent social difficulties of forcing mothers of school-age children to accept employment. At that time, the Senate passed an amendment which exempted mothers of school-age children from required employment during the hours children are home from school.

The most cursory examination of history shows that the victims of legislation forcing mothers to work are the children of those mothers. Our own national traditions are based on the belief that the best interests of the child are best protected by its mother. The decision whether to accept employment while the child remains at home should be left solely with the mother.

While not exempting mothers of school-age children from work, the proposal of Senator BENNETT and myself will guarantee that mothers of these children will only be required to work if adequate child care facilities are available. In actual fact, the work priorities practically assure that these mothers of school-age children will not be affected by work requirements.

ADDITIONAL SAFEGUARDS FOR THE LEGAL RIGHTS OF WELFARE RECIPIENTS

The administration's family assistance legislation provided for a marked and regressive change affecting the legal rights of welfare recipients by requiring that stepfathers assume legal responsibility for their stepchildren. Most States do not impose an obligation of support on a stepfather. Generally, our federal system has left matters of domestic relations laws to the wisdom of the States. Thus, the effect of the original FAP provision was to impose a discriminatory obligiation of the stepfathers or poor families.

STATE SAVINGS AND ADULT CATEGORIES

In addition to these provisions, two other provisions of the amendment are of utmost importance.

ADULT CATEGORIES

Senator BENNETT and I propose to assure minimum payments to the aged, blind and disabled of $130 a month for an individual and $230 a month for a couple. This provision will increase payments to approximately 1.5 million recipients. For an individual old-age recipient, the amendment would increase payment levels in 31 States; for a couple, and it would increase payments in 47 States.

In addition, our amendment retains the uniform eligibility rules for all re-

cipients under the adult categories. This provision extends the simplified administration concept proposed under the family assistance plan.

The amendment would also assure an individual aged, blind or disabled person an income equal to more than 80 percent of the poverty level. For couples the minimum income would be in excess of the poverty level.

STATE FISCAL RELIEF

Almost every State in the Union is facing a financial crisis over rising welfare costs. Under the proposal of Senator BENNETT and I, each State would have the benefit of a virtual freeze on increased welfare expenditures. The freeze would be based on 90 percent of the State expenditures incurred in calendar year 1971. For the first year of operation, our program would provide over $400 million in direct State savings. In succeeding years these savings would increase in direct proportion to the expected increase in expenditures now expected under present laws. At the present time these costs are escalating by 30 percent a year.

I ask unanimous consent that the following table showing State savings be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

STATE SAVINGS UNDER FAMILY ASSISTANCE WITH 90-PERCENT FREEZE ON STATE EXPENDITURES

[In millions of dollars]

State	State share of money payments (OAA, AB, APTD, AFDC)		
	Calendar year 1971 current law	Expenditure required by proposed 90-percent freeze [1]	State savings [1]
Total	4,040.9	3,637.3	403.6
Alabama	32.6	29.3	3.3
Alaska	9.5	8.5	1.0
Arizona	18.6	16.7	1.9
Arkansas	15.4	13.9	1.5
California	960.2	864.2	96.0
Colorado	41.8	37.6	4.2
Connecticut	53.3	48.0	5.3
Delaware	6.8	6.1	0.7
District of Columbia	34.1	30.7	3.4
Florida	98.0	88.2	9.8
Georgia	44.4	40.0	4.4
Hawaii	17.2	15.5	1.7
Idaho	6.2	5.6	0.6
Illinois	224.5	202.1	22.4
Indiana	27.0	24.3	2.7
Iowa	43.4	39.1	4.3
Kansas	28.3	25.5	2.8
Kentucky	28.2	25.4	2.8
Louisiana	50.4	45.4	5.0
Maine	14.5	13.1	1.4
Maryland	54.6	49.1	5.5
Massachusetts	191.2	172.1	19.1
Michigan	174.1	156.7	17.4
Minnesota	61.0	54.9	6.1
Mississippi	15.4	13.9	1.5
Missouri	52.4	47.2	5.2
Montana	5.1	4.6	.5
Nebraska	12.2	11.0	1.2
Nevada	3.2	2.9	.3
New Hampshire	11.8	10.6	1.2
New Jersey	181.4	163.3	18.1
New Mexico	12.3	11.1	1.2
New York	663.5	597.1	66.4
North Carolina	33.3	30.0	3.3
North Dakota	4.4	4.0	.4
Ohio	110.4	99.4	11.0
Oklahoma	46.8	42.1	4.7
Oregon	31.7	28.5	3.2
Pennsylvania	265.1	238.6	26.5
Rhode Island	20.9	18.8	2.1
South Carolina	8.3	7.5	.8
South Dakota	5.4	4.9	.5
Tennessee	34.7	31.2	3.5
Texas	85.9	77.3	8.6
Utah	9.6	8.6	1.0
Vermont	6.4	5.8	.6
Virginia	34.6	31.1	3.5
Washington	71.4	64.3	7.1
West Virginia	16.0	14.4	1.6
Wisconsin	40.4	36.4	4.0
Wyoming	2.5	2.3	.2
Guam	.6	.5	.1
Puerto Rico	19.2	17.3	1.9
Virgin Islands	.7	.6	.1

Footnotes at end of table.

[1] These amounts would constitute estimated calendar year 1972 State expenditures under the new program, except for voluntary program liberalizations by the States between the bill's enactment and the effective date. Such liberalizations would be financed by the appropriate matching formulas for title IV, pt. E, and title XVI.

ADDITIONAL COMMITTEE AMENDMENTS

Mr. RIBICOFF. Mr. President, I also want to say a word about other committee amendments to the present welfare laws.

As I have pointed out, I believe these amendments to be entirely inadequate. Furthermore, many of them are actually detrimental to the present chaotic program. I shall briefly mention four of these amendments.

USE OF FEDERAL FUNDS TO SUPPORT THE LEGAL PROCESS

The first of the committee amendments prohibits the use of Federal funds to pay directly or indirectly the salary of any individual who participates in legal actions designed to interpret or test federal legislation.

This is a particularly unwise provision in a time when it has become of paramount importance to stress the need for settling differences within rather than without our institutions.

No Federal legislation should be immune from established and recognized judicial scrutiny. In our adversary system of justice, this scrutiny is best developed by legal actions originated by the parties in interest. Powerful corporations are fully entitled, in our system, to test laws in courts and deduct the costs of legal representation. In many cases, the only advocates for the poor are community legal services personnel who, by a conscious policy decision of Congress, are often supported by Federal funds. To deny these funds is to deny the right of effective advocacy to a large segment of our society.

American justice is based on the theory that all citizens are equal before the law. By denying effective representation in cases involving laws most directly affecting the immediate lifestyle of the poor, equality of rich and poor before the law becomes a myth.

MAN IN THE HOUSE

In addition, the committee has resurrected a provision permitting States to deny AFDC benefits to children in families where a man may be occasionally present, even though he has no legal duty to support the child.

In 1968, the Supreme Court struck down a similar "man in the house" provision on the ground that an unrelated adult in the home has no legal obligation to support the child, and, therefore, the child may be eligible for AFDC.

The committee's amendment set forth a long list of criteria by which a parental-type relationship could be established and the man be held responsible financially for the child.

In addition to the unrealistic burdens this would place on welfare administration, the provision would penalize the children for the conduct of the mother.

An unrelated man who visits a child's mother, no matter how regularly, cannot be relied upon to provide a meaningful parent-child relationship. If he does make financial contributions, these are counted in determining the family's benefits now.

RESIDENCE REQUIREMENTS

In 1969, the Court declared durational residence requirements unconstitutional because they interfere with the right to travel.

The committee has sought to reestablish residence requirements, requiring that a recipient only receive payments equal to the benefit level of the State from which he moved.

Whether this provision would correct the constitutional defect cannot be predicted, but it certainly would create inequities between residents of the same State. It would penalize new arrivals who were not previously on welfare but come to require it in the State to which they move, and would restrict the mobility of the poor who wish to seek better economic opportunity in a different State.

DEFINITION OF AN UNEMPLOYED PARENT

Present law authorizes a program, at State option to support families in which the father is unemployed. This program is now operational in 22 States. In its regulations, the Department of Health, Education, and Welfare has defined "unemployed" to mean less than 30 and in some cases 35 hours of work per week.

The committee amendment defining unemployment to mean less than 10 hours a week or 80 hours a month, is far too restrictive, and, in effect, defeats the purpose of the unemployed father program—AFDC–UP. It is hard to conceive that a man working 12 hours a week is fully employed. More to the point, it is unrealistic to expect that the wages of a few hours of work a week can adequately support a family. A more reasonable definition of employment will provide greater incentives for the partially employed to continue and improve their work skills.

Mr. President, I ask unanimous consent to have printed in the RECORD an excellent article by James Welsh on the family assistance plan which appeared in the Sunday Star and an explanation of the benefits accruing to the States under this plan.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Dec. 13, 1970]

NIXON'S WELFARE REFORM PLAN IS ON LEGISLATIVE ROPES

(By James Welsh)

The Robertsons—father, mother and eight children—live in a weather beaten frame house on a farm near Rocky Mount, N.C.

By anyone's standards they are poor. They are also what the academics and the bureaucrats like to call an "intact family."

Among other things, this means that the father, James Robertson, lives at home and works to support his wife and children. It also means the family is entitled to no public assistance except for food stamps.

President Nixon's Family Assistance Plan, now facing a final showdown in the Senate, would change all that. Were the plan approved, James Robertson, beginning in 1972, would command more cash income than he has ever before seen in his life.

Robertson, a burly man in his early 40s, is a farm laborer. He lives rent free but owns none of the land on the farm where he works.

"WORKING POOR" FAMILY

During the non-growing season, from October until spring, Robertson is lucky to get three days work a week at about $8 a day wages. Then the work pace picks up, and in August and September, when the tobacco crop is ripening, Robertson is working 10-hour days, and his wife and their oldest boy, James Henry, are in the fields, too.

When the crop is sold, Robertson is due enough money to square away a year's accumulated indebtedness to his "boss man," with perhaps a few hundred dollars left over. For 1970, the family's income can be calculated at $2,688.

Under the Family Assistance Plan, the Robertsons would qualify as a "working poor" family. They would be expected to continue working but would also qualify for a large subsidy. Because of the size of the family and because of its low earnings through much of the year, that subsidy would amount to about $2,400 in cash, virtually doubling the family's income.

But the Robertsons probably will see none of that government money right now anyway. The Family Assistance Plan, alternately called the welfare-reform bill, is on the legislative ropes.

The measure has run a bizarre and tortuous course over the year, passing the House by a surprising margin only to run afoul of both conservatives and liberals in the unpredictable, stubbornly independent Senate Finance Committee.

FACES MANY OBSTACLES

After months of wrestling with it, the committee rejected the plan. It approved only a tiny test of its concepts and last week tied that test provision to a complicated bill dealing with Social Security and trade restrictions.

If the full Family Assistance Plan to pass the Senate and then a House-Senate conference committee, it must survive a parliamentary obstacle course and the temper of tired congressmen who want to go home.

Yet its champions continue to work for it. They hold to the hope that somehow it will be enacted into law this year.

It is a plan with trail-blazing promise but vast uncertainties, a proposal of such scope as to aim at new controversial ways of dealing with all of America's poor, the millions of the poor who work and growing millions who depend on welfare.

As such, it bears directly on problems as diverse as family breakup and the fiscal crisis of state and local governments. And it goes to the heart of the gut philosophical issues:

Who in our society should be required to work, and who should be exempted from work? What are the rights of the poor, and what are their responsibilities, and by how much should they share in the nation's wealth?

President Nixon has called the plan the centerpiece of his domestic strategy. On Friday he told a group of governors he may call a post-Christmas special session of Congress if it fails to pass the legislation.

The issue won't die, that's sure. If for no other reason than state and county governments, burdened by soaring welfare and medicaid costs, are screaming for the kind of fiscal relief the bill would bring, the 92nd Congress almost certainly will face the problem all over again if it isn't solved this year.

For the short term, failure of the 1970 Family Assistance Plan will bring bitter political recriminations, the White House blaming liberals, the liberals blasting the President and Congress.

TWO LARGE SEGMENTS

But if an epitaph must be written for the 1970 legislation, it might boil down to a simple, two-part proposition:

Nearly all the people who would benefit directly from the Family Assistance Plan don't know anything about it; most of the people who know all about it are scared to death of it.

To sort this out, it must be remembered that the plan deals quite differently with the two large, distinct segments of America's poverty population—those who work and now get no benefits, and those who get welfare but do no work.

Nearly all the emotionalism of the debate over the legislation centers on the welfare poor. Nearly all the tangible benefits of the plan, though, would go to the working poor.

Consider, first, the working poor, and once again James Robertson. He has heard of the Family Assistance Plan, but barely.

One day last week, waiting to purchase food stamps in the social services office of the Nash County, N.C., courthouse, he told a visitor:

"Yes, I think I did hear something on the radio about that," he said. "But I don't really know what it would do."

He had no idea it might bring him $2,400 a year. He was surprised to hear of the plan's single revolutionary premise—cash benefits going to a poor family without that family first going into a welfare category of no-work dependency.

Other people in the courthouse that afternoon, all potential recipients under the plan, were similarly ignorant or vague about the plan's provisions.

At least 5,000 low-income families live in Nash County—working intact families not now on welfare, who would average close to $1,000 apiece each year under the plan.

North Carolina is home to an estimated 119,000 working-poor families. Close to one million such families live in the South, more than half of them white. The national total is 1.8 million families, representing 10.8 million men, women and children. Under the Family Assistance Plan, these people would be eligible to share $1.3 billion in income supplements.

Seldom have so many people who stand to benefit by so much had so little awareness of it.

Mitchell Ginzberg, former welfare commissioner of New York City, now a trouble-shooter for Mayor John V. Lindsay and one of a small group that has lobbied over the months for the bill, put it this way:

"Can you imagine the kind of pressure that would build up if this kind of money were available under any other program? But the poor, especially the working poor, are not an organized constituency. Nobody speaks for the working poor."

The legislation's unprecedented provision for subsidizing the working poor finds nearly all its opposition among conservatives.

CONSERVATIVE OPPOSITION

Some are attracted by the concept but are leery of the numbers involved—those 1.8 million working-poor families and billion-dollar-plus cost. Others reject the concept outright, looking on these supplements as just more welfare. Still others aren't so much frightened at what would happen immediately as what would happen later when the pressure grows to push assistance payments ever upwards.

"For all the defects of the present system, the mind of man is always capable of devising something worse," said Sen. Russell Long in a wry moment last summer.

In the South, coolness to the plan runs deep. Politicians, farmers and business know very well the plan will affect far more than the pocketbooks of that region's poor whites and blacks.

"This program, if it were to pass," said Robert Patrocelli, deputy assistant secretary of HEW, "would be the most important civil rights advance in the last 15 years. It's the kind of civil rights that comes from money in the pocket."

Liberals might question that, but many Southern conservatives believe it. And they don't like it.

Another factor is the enormous impact the plan would have on the Southern economy.

Hundreds of millions of dollars in new purchasing power would pour in, a seemingly attractive feature for Southern businessmen. But the Southern economy, even in the parts of the region booming with new industry, is also reliant to a great extent on cheap labor.

Nash County, N.C., where James Robertson lives, is representative of the new South. In the last ten years, it has seen its industrial employment go up 50 percent, its per capita income almost double.

But plenty of farms remain, with plenty of share-croppers, tenants and laboring families. The cucumbers must be picked in the spring, the tobacco harvested and processed in the summer and fall. And there are shirts to be pressed.

"All I hear sometimes is who's going to press the shirts," said James Glover, the county's welfare director, possibly the only man in Nash County who is for the Family Assistance Plan.

Would the working poor work less hard or quit altogether if their earnings were supplemented.

Most students of poverty and the assistance plan think not. They are thinking mostly of the people who would have steady jobs and probably would go right on doing those jobs.

But for those who work at the lowest and most irregular jobs, the domestics and the farm laborers, the consequences could be unpredictable.

James Robertson said he'd go right on working at the farm. "I know I would," he added. Another farm laborer, younger, said the assistance payments might lead him to get off the farm and try a steadier job. A third, older, said he's been thinking about leaving to make more money. But he likes the farm, and cash from the government would enable him to stay.

But the third man's boss, farmer C. E. Bell, sees nothing good about family assistance.

New York's Ginzberg tells the story of going to Utah recently to speak on welfare reform to a group of western state legislators. After he described how the Family Assistance Plan would help the working poor, one legislator arose to say:

"Mr. Ginzberg, we're not interested in how many more people will get welfare. We're interested in how many we can get off welfare."

It is a feeling shared by countless Americans.

The welfare rolls are rising at a staggering rate.

At HEW, new figures now beginning to circulate show a one-month increase, August to September, of 214,000 people in the category of Aid to Families with Dependent Children (AFDC). That's exactly the increase of the month before, July to August, which was the highest in history.

At present rates, relief rolls across the country are growing at 2.5 million men, women and children a year—more than the nation's annual populaiton increase.

It is a nationwide phenomenon but with extremes to be found not in places like North Carolina but in the large urban centers.

In Los Angeles County, Calif., for instance, one person in every nine is on welfare.

Marvin Friedman, the county's assistant welfare director who was in Washington last week to urge passage of the Family Assistance Plan, talked of the impact on local finances, a $50 million boost in county spending on welfare this year, a property tax rate going up by nearly $1 for every $100 of assessed valuation.

"The reaction is fierce," he said. "The whole thing is a polarizing influence, and it's getting worse. The pressure is on our county supervisors to do something. But we're in a box."

There is evidence that great numbers of the welfare-poor also feel boxed in, their payments often inadequate to live decently and the hard-pressed states searching for ways to keep these benefits down.

It's because of such dilemmas that people use strong language to condemn the existing system. "A huge monster," President Nixon called it. "A godawful mess," was HEW Secretary Richardson's phrase.

The question is whether the Family Assistance Plan will do what the western legislator wants: get people off welfare.

If that's taken to mean putting a large portion of the welfare population to work, the answer is no.

The legislation treats people on welfare this way:

For the first time, it sets a minimum income floor to apply nationally. For a family of four with no earnings, that payment would be $1,600, paid entirely by the federal government. For every extra child, it goes up $300.

This income minimum, is also the base from which the working-poor supplements are computed. A family of four, for instance, can earn $720 a year and still get the $1,600 supplement. For every dollar it earns after that, the supplement goes down 50 cents.

SUPPLEMENTAL FUNDS

For most families on Welfare, the plan means nothing in the way of new income. The exception would come in the deep South and Puerto Rico, where welfare payment levels fall below the $1,600 line for a family of four (Mississippi now pays such a family $840 a year). In these states, about 217,000 welfare families would get a boost in income.

In the majority of states, where welfare payments are higher than the $1,600 level, the bill requires the state governments to supplement the federal payment to existing levels. Welfare families would get no more, no less than they now get, and the attraction to the states is the bill's promise that the federal government would pay all the add-on costs past 1971.

The bill also stipulates a strong work requirement.

To be eligible for payment, able-bodied adults would have to register for work or training. Mothers of pre-school children would be given the option of staying home. Where the children are old enough to go to school, the work requirement applies.

Should this last group of welfare mothers be required to work?

No, says the National Welfare Rights Organization. The requirement is punitive. Mothers should be able to stay with their children if they think that best.

Yes, says the administration. The requirement is conditional on child-care facilities being set up. Besides, 70 percent of the non-welfare women in similar circumstances—with school-age children but no husband—hold jobs.

But just how many welfare recipients can be expected to work. On this point, there also is often more heat than light.

In September, the latest month for which HEW has records, 11.9 million people were in the four federally aided welfare categories (another 900,000 are on general assistance paid entirely by the states).

Of those 11.9 million, subtract 2 million old people, 80,500 blind and 910,000 disabled. These are the non-controversial categories, their numbers showing little or no increase.

The 8.8 million people left are in the AFDC program. It accounts for nearly all the caseload growth and all the controversy.

Subtract another 6.5 million. They are the AFDC children.

Of the 2.4 million adults in the program, 413,000 are fathers. Most are judged incapacitated. But 105,000 of these fathers are able-bodied and jobless, their families made eligible for welfare in 23 states that have unemployed-father programs.

Of nearly 2 million welfare mothers, 302,000 are now working full or part-time. Many do so under relatively recent provisions of the law enabling welfare mothers to earn money and still draw benefits. Before lowering these benefits, the states disregard the first $30 a month the woman makes, plus one-third of what else she earns, plus work-related and child-care expenses.

Another 134,000 mothers are in work-training or waiting for enrollment to train under what is called the WIN program.

That leaves 1.7 million unemployed AFDC mothers. But HEW calculates that nearly 60 percent of these mothers have pre-school children, exempting them from work registration. Of the rest, because of health, education and other factors, HEW believes only about 50 percent are truly employable.

And so of 12 million welfare recipients, those who can be expected to work—the unemployed fathers and the employable mothers of school-age children—total about 500,000.

But even with these people, problems remain. Every survey shows that a large majority of welfare mothers want to work. But they face big barriers. Health is a frequent one. Child care is another. Transportation is a third.

The Nixon legislation includes, in its $4 billion price tag, $66 million for work training and child care programs. Yet as New York City's Ginzberg points out, these will not come along easily. Child care programs are particularly difficult and costly to establish.

"We should face the fact," said Ginzberg, "that not all that many people will come off welfare into jobs. What we can hope for is that the Family Assistance Plan may help keep people from going on welfare, from becoming dependent."

But no one knows to what exetent the plan will do that.

Ginzberg's reasoning and hope are based in part on a belief shared by Presidential Counsellor Daniel P. Moynihan and others that money going to working-poor families can help reduce the kind of family breakup—desertion, divorce, separation—that leads to dependency.

But men like Ginzberg and Moynihan concede there is too little information on the characteristics of the army of mothers who in the last year have entered the AFDC rolls. No one is able to say, for intsance, how many came out of the ranks of the working-poor intact families and how many were never there at all.

Much of the controversy over welfare and attempts to reform continue to turn on "workfare."

It may be significant that under the Family Assistance Plan the Labor Department would be responsible for administering the work-registration and work-requirement provisions. Heretofore, under WIN and similar programs, welfare recipients came to employment agencies only through referral by welfare case workers.

"This should help," said Los Angeles County's Friedman. "It will eliminate an awful lot of bureaucratic paper shuffling. Besides, if someone loses a job, why the hell shouldn't he apply for a job rather than welfare?"

At the Labor Department, top officials are aware that, as Assistant Secretary Jerry Rosow put it, "If this program passes, the monkey's going to be on our back, not anyone else's. We won't be able to blame the welfare workers anymore."

SEES FULL EMPLOYMENT

Rosow rejects the argument that the work requirement is inconsistent with today's tight labor market. "By 1972," he said confidently, "we'll be back up to full employment."

Asked how many welfare clients he reasonably sees going to work, Rosow replied:

"If we can get about 100,000 to 200,000 people to work in first year or two, we'll considered it a success. I refuse to set up a long-range goal."

If conservative critics of the Family Assistance Plan find these figures unimpressive, they also continue to ask why this kind of reform effort has to be accompanied by payments to the working poor.

The justifications for tying the two together are complex, just as the plan itself is complex.

"I think it comes down to this," said Mrs. Alice Rivlin, one of the plan's designers, now at the Brookings Institution. "Payments to welfare families are inadequate. But it's very difficult to justify raising those payments because so many working people are paid less than that. The more welfare payments go up the greater the disparity, and the lower the incentive to go to work."

Supporters of family assistance believe it is a breakthrough on this dilemma, at least a start. It would put an income-floor under all families and say to them: Here is an incentive to work; the more you earn, the more you keep.

It isn't all that simple, of course. The plan's designers worked under several restrictions. It was prescribed that no family on welfare would get less than it is now getting, that the states should be given fiscal relief, and that the federal price tag go up by no more than $4 billion.

Within those limits, the designers were able to knock out nearly all the present system's inequities and "disincentives," the kind that sees a man with a full-time job worse off than a man keeping only a part-time job supplemented by welfare, or the kind that makes it possible for a woman to quit a full-time job, go on welfare, go back to some kind of work and, between welfare benefits and earnings, do far better than the working-poor mother.

But they were not able to build in the kind of positive monetary work incentives the conservatives on the Senate Finance Committee wanted. Time and again, told to make it more attractive for welfare families to work, HEW officials came back to say that was impossible within the $4 billion framework of the plan. It was a mathematical taffypull that no one could win.

Meanwhile, conservative resistance hardened. Some of the liberal groups, chiefly John Gardner's Common Cause, went to work for the bill. But other liberals, fearing to get too far away from George Wiley and his welfare mothers, continued to both damn and praise. The President, for his part, turned to talk of getting the welfare bums to work.

Time ran on, and now it is nearly out.

Mr. RIBICOFF. Mr. President, I also ask unanimous consent to have printed in the RECORD the impact on the States of the revised family assistance plan.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE IMPACT ON THE STATES OF THE REVISED FAMILY ASSISTANCE PLAN—THE RIBICOFF-BENNETT AMENDMENT

1. In the first year of the program, each State would have to spend only 90 percent of what it spent in CY 1971 on welfare. This

would be a flat ceiling. Thereafter, the State's obligation would increase only by an amount equal to the increase in the Consumer Price Index between 1971 and the year in question.

This means that from now on every State would know the dollar limits of its welfare burden, and could budget and set tax policies accordingly. The effect of placing this ceiling on State welfare costs is to transfer to the Federal Government the entire cost of caseload increases, which is the biggest element in soaring welfare budgets.

Quite beyond the cost ceiling involved in this amendment, each State would actually have positive fiscal relief of 10 percent of its 1971 welfare expenditures in the first year of operation of the new program. This is money saved.

2. If any State voluntarily increased its benefit levels in the future, it would receive 30 percent Federal matching, up to the poverty line, for the family (AFDC) category, and 25 percent matching in the adult (aged blind, disabled) category.

3. States are given major new options with regard to the administration of all income assistance programs, as follows:

a. If the State wants HEW to administer its program of State supplemention and adult category assistance, it will do so with the Federal Government paying full administrative costs. This produces major further savings for the States by eliminating present administrative costs—a possible total saving of about $100 million.

b. Further, the States may transfer to the Federal Government the administration of remaining income transfer programs, including general assistance, food stamps, and Medicaid and surplus commodity eligibility determinations. In these cases, the State would pay only one-half of *extra* costs to the Federal Government of assuming these administrative functions, which costs should generally be quite small since HEW would already have most of the needed information on file for welfare purposes.

4. Major amounts of additional Federal money would go to new working poor recipients in each State, thereby stimulating economic conditions.

5. Major increases, over $750 million in the first full year, are provided for expanded job training, public service employment, and child care programs, with increases over the current Federal matching shares in both the manpower and child care efforts.

Mr. RIBICOFF. Mr. President, I also ask unanimous consent to have printed in the RECORD a letter on the White House stationery dated December 17, 1970, signed by Daniel P. Moynihan, Counsel for the President.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, December 17, 1970.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIBICOFF: In the aftermath of the President's veto yesterday of the Comprehensive Manpower Act, questions have been raised about the Administration's commitment to earmark $150 million of Department of Labor funds for public service job programs for Family Assistance recipients.

That commitment by the Administration remains fully in effect and will be honored if the amendment is enacted. If there is any imprecision in the text of your amendment as to whether this earmarking provision can stand alone, without passage of the Comprehensive Manpower Act, we would accept a clarifying change. Specifically, we would support deletion of the words "for public service employment programs or other similar activities," which appear on page 54, lines 20–21, of the Family Assistance bill (amendment no. 1097 to H.R. 17550) to make clear that the earmark applies to all Department of Labor funds, without regard to the source of their legislative authorization or the passage of the Comprehensive Manpower Act.

We are grateful for your strong and continued support on this critical legislation.

Respectfully,

DANIEL P. MOYNIHAN,
Counsellor to the President.

Mr. RIBICOFF. Mr. President, I ask unanimous consent to have printed in the RECORD a brief description of the family assistance proposal as offered in amendment to H.R. 17550.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BRIEF DESCRIPTION OF THE FAMILY ASSISTANCE PROPOSAL AS OFFERED IN AMENDMENT TO H.R. 17550

I. FAMILY ASSISTANCE BENEFITS

A. Eligibility for the new family assistance benefit

Each family with children whose includable income (for definition of excluded income see below) is less than the family benefit level—computed as $500 each for the first two members of the family and $300 for each additional member—would be eligible for a family assistance benefit. The amount of the benefit would be the difference between these amounts and the non-excludable income. For example, a family of four with no income would be eligible for a benefit of $1,600. Every low income family with children, including those now eligible under Aid for Families with Dependent Children (AFDC) and those not now eligible because an employable father is present (the working poor), would be eligible.

In determining income for the purpose of establishing eligibility for and the amount of the benefit, the following types and amounts of income would be entirely excluded:

(1) all earned income of adult members of the family at the rate of $60 per month plus ⅓ of the remainder (the so-called earnings incentive or disregard);

(2) food stamps and other public or private charity;

(3) allowances paid to those in job training;

(4) the tuition portion of scholarships and fellowships.

Subject to certain limitations prescribed by the Secretary of HEW, the following types and amounts of income would also be excludable:

(5) all earnings of a child under age 21 and attending school;

(6) infrequently earned or small amounts of income;

(7) earnings needed to pay for necessary child care.

Remaining earned income and all unearned income (not otherwise excluded above) would be counted and would therefore result in a dollar-for-dollar reduction in family assistance payments. Such non-excludable income includes social security, civil service, and railroad retirement benefits; veterans compensation and pensions; farm price support payments and soil bank payments; alimony and child support payments; and interest, rent, dividends and so on.

A family with more than $1,500 in resources, other than the home, household goods, personal effects, and property essential to the family's means of self-support, would not be eligible for family assistance benefits.

B. Definitions of family and child

An eligible family must consist of two or more people related by blood, marriage or adoption and living together in the United States, at least one of whom is a dependent child (under age 18 or under 21 if attending school). The Secretary would apply State law in determining family relationships.

C. Registration with public employment service

Each member of a family found to be eligible for family assistance benefits would be required to register with a public employment office unless he or she is:

(1) unable to work because of illness, incapacity, or advanced age;

(2) a mother caring for a child under 6;

(3) the mother, if the father is already required to register;

(4) a person who is required to care for an ill member of the household; or

(5) a child who is either under the age of 16 or a student.

Any person who falls into one of the above exempt categories can still voluntarily register at the employment office.

If an individual required to register refused to do so or refused a suitable training or job opportunity without good cause, he would lose his eligibility for family assistance and State supplementary (see below) benefits. The family would continue to receive a reduced benefit, however.

A suitable job is defined in the bill as one taking into account an individual's health, safety, prior training and experience, distance to work, and other relevant factors. It must pay at least the Federal or State minimum wage if applicable, or the prevailing wage for jobs not covered by minimum wage legislation (a job would not be considered suitable if the prevailing wage is less than $1.20 per hour).

The Secretary of Health, Education, and Welfare is required to make sure that any necessary child care services are provided where an individual is registered and participating in training or employment.

II. STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFIT

Each State which has an AFDC payment level in November 1970 higher than the family assistance benefit must agree to supplement the family assistance benefit up to that previous payment level (or up to the poverty level, if lower). State supplemental payments would be required for families where at least one parent is absent, incapacitated, or unemployed—the current AFDC and AFDC–UF groups—but not for the working poor.

The family assistance eligibility rules—e.g., the $1,500 resources limitation, the definition of family and child, the excludable income provisions (other than those related to the earnings incentive)—would be made applicable to the State supplementary programs, thereby resulting for the first time in national welfare eligibility standards. The States would have to exclude the first $720 a year of earned income plus ⅓ of the earnings in excess of $720 as an earnings incentive.

The Federal government would provide 30 percent matching for the cost of making these required supplementary payments, but there would be no matching for supplementary payments which exceed the poverty line.

III. ADMINISTRATION

The bill provides for Federal administration of payments to those ineligible for State supplementation (the working poor), and of payments to all families in States where the November 1970 AFDC payment to a family of four with no other income is less than the family assistance payment. In other States, the State may opt for program administration of payments to families eligible for State supplements. However, if a State agrees

to Federal administration of its supplemental program, the Federal share of the administrative costs would be increased from 50 percent to 100 percent. This would mean additional fiscal relief to the States choosing this option.

IV. WORK AND TRAINING PROGRAM

A. New program established

The existing Work Incentive Program would be repealed and a new program would be established to take its place. The Secretary of Labor would assure the development of an employability plan for each individual registered with the employment office under the family assistance program according to a system of priority categories.

The individuals would then receive the services and training called for under the plan. The Secretary of Labor is directed to earmark $150 million for public service jobs, to provide employment opportunities for recipients. Appropriations (no dollar amount specified) are authorized to meet 90% of the cost of the program. A total of $750 million in new training and day care funds would be made available for members of families eligible for FAP benefits.

B. Training allowances

Each person participating in the training program would receive an allowance of $30 a month, or the amount of the Manpower Development and Training Act allowance if higher for those enrolled in such programs, in addition to FAP and State payments. The Secretary would also provide allowances to cover the transportation and other costs associated with the training.

C. Child care and supportive services

The Secretary of Health, Education, and Welfare is authorized to make payments for up to 100 percent of the cost of projects for child care needed by parents participating in the work, training, or rehabilitation programs. States would be required to provide other supportive social services—such as vocational rehabilitation, health and counseling—needed to enable recipients to enter training and jobs, and the Federal government would pay 90 percent of the cost of such efforts.

V. AID TO THE AGED, BLIND, AND DISABLED

A. Federal standards and requirements

The present separate titles for programs for aid to the needy, aged, blind, and disabled are repealed and a new combined Federal-State program is established to cover essentially the same people. Under the new program, the States could not have any duration of residence or length of citizenship requirement, or have relative responsibility provisions.

The States would be required to (1) provide a payment sufficient to bring each single recipient's total income up to at least $130 a month ($230 for a couple), of, if higher, the standard now in effect, (2) follow the Secretary's definition of blindness and severe disability, and (3) use the Federal definition of allowable resources applicable to the family assistance program ($1,500 plus home, personal effects and income-producing property essential to the person's support). The establishment of the high minimum income standards for the aged, blind, and disabled is accompanied by the elimination of food stamp benefits for these recipients.

The earnings incentives for the disabled and aged have been increased, requiring the States to exclude the first $85 per month of earnings plus ½ of the rest for the severely disabled (the same provision which now exists for the blind), and the first $60 per month of earnings plus ½ of the rest for the aged (the same as the family assistance earnings disregard).

B. Federal matching provisions

The Federal government would pay 90 percent of the first $65 average payments made to eligible persons, and 25 percent of the remainder up to a limit to be set by the Secretary. The Federal government would also pay 50 percent of the administrative costs.

C. Administration

As under the family assistance plan, the Secretary could enter into an agreement with a State under which the Federal government would perform all or some of the functions involved in administering the program for the aged, blind, and disabled. If the State chooses to contract with the Secretary to have him assume these functions, the Federal government would pay for 100 percent of the administrative costs.

VI. OTHER PROVISIONS

A. State savings provision

Each State must spend 90%, but no more than 90%, of its actual calendar year 1971 expenditures for maintenance payments in carrying out the bill's provisions. (The CY 1971 base amount would be adjusted annually for cost of living increases.) Thus, required State spending in the new program's first full year would be 10% less than the prior year's expenditures.

B. Special provisions for Puerto Rico, Guam, and the Virgin Islands

Both the new family assistance and adult category programs apply in these jurisdictions, but all of the dollar figures in both programs (except the initial earnings disregard—i.e., the first $60 per month in family assistance) are to be modified (but only downward) by the same proportion that the per capita income of each bears to that in the State with the lowest per capital income. This will not reduce the amounts for Guam and the Virgin Islands, but will result in about a 40 percent reduction for Puerto Rico.

C. Pretests

The bill authorizes tests of the Family Assistance proposal to begin as soon as possible after January 1, 1971. The Secretary of Health, Education, and Welfare is directed to report on these tests to the President and to the Congress by March 1, 1972. Tests of a wage subsidy approach to welfare reform are also authorized by the bill.

D. Cost of living differentials in benefit levels

The Secretary is directed to study the cost of living differentials which prevail among different sections of the nation and develop a plan for varying Family Assistance benefits based on these differentials. He is required to report on his plan to the Congress by January 1, 1972.

E. Effective dates

The provisions of the bill would be effective on January 1, 1972, except for the working poor program, which would begin on July 1, 1972, and the child care provisions, which are effective immediately upon enactment.

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is the Senator asking for the yeas and nays on his amendment?

Mr. RIBICOFF. That is correct.

The yeas and nays were not ordered.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. RIBICOFF. And, Mr. President, I ask unanimous consent that I retain the floor.

Mr. HANSEN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HANSEN. Mr. President, I withdraw my objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut? The Senator retains his right to the floor and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. 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. RIBICOFF. Mr. President, I ask for the yeas and nays on the Ribicoff-Bennett amendment to the Scott amendment and the yeas and nays on the Scott amendment.

Mr. BYRD of West Virginia. Mr. President, I ask that it be in order to order the yeas and nays on both amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

The yeas and nays were not ordered.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that I retain the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MONTOYA). Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I ask uanimous consent that the yeas and nays be ordered on both amendments.

Mr. BYRD of West Virginia. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Delaware?

Mr. RIBICOFF. Mr. President, I am pleased to yield to the Senator from Delaware and ask unanimous consent that I retain the floor.

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

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that the yeas and nays be ordered on both amendments.

Mr. BYRD of West Virginia. I object.

The PRESIDING OFFICER. Objection is heard. The Senator from Connecticut has the floor.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. 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 Senator from Connecticut has the floor.

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

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays on the Ribicoff-

Bennett amendment to the Scott amendment and the yeas and nays on the Scott amendment.

Mr. LONG. Mr. President, I ask unanimous consent that he may ask that.

The PRESIDING OFFICER. The Senate has already granted unanimous consent that it be in order to order the yeas and nays on both amendments.

Mr. LONG. Objection was heard.

The PRESIDIN GOFFICER. Is there a sufficient second?

Mr. RIBICOFF. Mr. President, I think there is a misunderstanding. The request was made for the yeas and nays on the Ribicoff-Bennett amendment and then the yeas and nays on the Scott amendment as amended by the Ribicoff amendment. That is proper procedure.

Mr. LONG. Mr. President, I ask——

The PRESIDING OFFICER. The Chair informs the Senate that earlier unanimous consent was requested that it be in order to order the yeas and nays on both amendments at the same time. That request was granted, there being no objection. A request was made on one amendment later, and there was objection.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on both amendments.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The Chair states that it requires 18 for a proper second.

Mr. GORE. Regular order.

The PRESIDING OFFICER. Regular order is requested. The Senator from Connecticut has the floor under regular order.

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

Mr. RIBICOFF. Mr. President, I yield to the Senator from Louisiana without losing my right to the floor.

Mr. LONG. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the two amendments.

The PRESIDING OFFICER. Is there objection?

Mr. GORE. I object. The Senate ought not to operate without some reasonable proximity of a quorum.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum and ask unanimous consent that I not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. LONG. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. LONG. Mr. President, I ask unanimous consent that further proceedings under the quorum call be terminated.

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

Mr. LONG. Mr. President, I ask for the yeas and nays.

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

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays on the Ribicoff-Bennett amendment and the Scott amendment.

The PRESIDING OFFICER. Under the previous unanimous-consent order the yeas and nays can be ordered together.

Is there a sufficient second? There is a sufficient second. The yeas and nays are ordered on both amendments.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the opearting effectiveness of such programs, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, I do not wish to delay the Senate, and I am not making any points of order tonight or discussing it, but I will mention this point: I merely invite attention to the fact that the Scott amendment which was offered to H.R. 17550 earlier, the amendment reported by the clerk, was different from the amendment appearing in the Journal. I am sure that the Senator from Pennsylvania may want to make a point of order himself on this and may ask for the amendment to be withdrawn. It appears that he sent it to the desk and the clerk reported the wrong amendment.

I detected this earlier and had a photostat copy made of the amendment as it was reported and that is what is officially before the Senate.

I have a photostated copy of both copies. I have seen a copy of the amendment as now before the Senate.

There has been a lot of confusion in the Senate in the past few days but this is evidence that the confusion has spread.

I merely call this to the attention of the Senate now to say that at an appropriate time I shall point out the effects of the amendment.

Mr. President, in connection with the Soctt amendment, at first glance it appeared that the Scott amendment had lifted the committee amendment pages 7 and 8 out of the bill and transposed it for parliamentary reasons in order to get an earlier vote on the family assistance plan. I can understand that.

I noticed the amendment at the desk, and I wondered if it was exactly right. I asked Mr. Brownrigg to get it from the clerk and to photostat the amendment as reported so that I would have a copy, and I have a photostat of the amendment as it was read and presented at the desk.

The amendment that was transferred to the journal clerk was a different amendment, but the amendment now before the Senate is the one that would be reported by the clerk that is officially before the Senate.

I have checked this with the staff, and the mathematical effect of the amendment before the Senate, and I think the Senator from Pennsylvania and others will want to know this, is that it does one of two things. It either raises everybody to a $221 minimum and repeals 90 percent of the Social Security Act. It reads that no benefits would be paid to anybody with wages of more than $488 monthly, and since virtually no one on the rolls would have wages that high the staff estimates that the effect would be that 90 percent of the people on social security would have their benefits reduced to zero under the Scott amendment as it is proposed by the Ribicoff-Bennett amendment.

That is the situation we have, and that is the amendment we have pending. I shall be glad to have the Senator from Pennsylvania review this matter. He can decide tomorrow how far he wants to pursue his amendment. I know that was not the intent, but that is the amendment at the desk, and it is not subject to modification or amendment.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. RIBICOFF. Mr. President, I have asked the Senator to yield because the distinguished minority leader was not here when this discussion began.

It becomes apparent that at the desk either the bill clerk, or the reporter, or someone who transcribed caused a little confusion, because what the senior Senator from Delaware showed me on one set of photostats has two page 8's.

Mr. WILLIAMS of Delaware. That is correct.

Mr. RIBICOFF. In the other photostat, the journal clerk has only page 7, so it becomes apparent a page 7 and a page 8 were at the front desk. Who caused the confusion I do not know. But there was confusion as evidenced by the fact that the Senator from Delaware has two sets of photostats, one with two page 8's and one with page 7. Someone assumed they were the same and left one out.

Mr. WILLIAMS of Delaware. Apparently they were stapled together. The reading clerk could have made a mistake and so could anyone else. But in all fairness to the clerk, two pages numbered 8 were stapled together as the reading clerk read them. I do not want to put the reading clerk in the position of having made the mistake because all he could do was report the amendment that went to the desk, and I have a copy here.

It even has the name of the Senator from Connecticut on it first; that is crossed out, and it shows that Senator SCOTT offered it. At the end of page 6 it states "insert the following," and then there are some words stricken out, then two pages 8.

The effect of the amendment if adopted is to repeal the Social Security Act so far as page 7 is concerned. We shall have plenty of time in the next couple of days to straighten this matter out. The proposal is intended to include a family assistance plan now before us. We may need the family assistance plan and a greater welfare plan because if the whole package is adopted it would strike out 90 percent of the Social Security Act and place all those people on welfare.

Mr. RIBICOFF. Mr. President, I wish to point out at this time that I cast no aspersions on the reading clerk or the Journal clerk, but it becomes apparent that somebody in transmitting this amendment, some part of the inner workings of the Senate, made an error somewhere. If an error was not made I fail to understand how the Journal clerk can have page 7 and the reading clerk two copies of page 8. So someone caused confusion, because if the distinguished Senator had put in two page 8's, how could the Journal clerk get a page 7?

Mr. WILLIAMS of Delaware. No one knows exactly how it happened, but one could easily see how it could happen. One set was stapled together, and rather than putting in that set one page 7 and one page 8, they put two page 7's in one bill, and the reading clerk got the two page 8's and the Journal clerk got the two page 7's. The page 8's are officially before the Senate.

Mr. SCOTT. If the Senator will yield, I do not want to leave the record stand without saying I submitted the amendment, and no matter what the amendment shows, if there were flaws and errors in it, they were probably there when I submitted it, so I do not want to blame anyone else.

That may have been the case, but overriding that is the fact that nobody really knows what the case was, and overriding that is the fact that there are very important substantive changes offered by the amendment. As the Senator from Delaware says, it certainly is not the amendment that came out of the committee, and, therefore, it ought to have its right to be heard and debated and voted upon. We can discuss the point of order later, but it certainly seems to me that when one looks at page 6, and then looks at the bottom and sees nothing but a blank space, and then the amendment I offered contains some important and substantive changes between 6 and 7, if there is a chart or table left out, normally, if this were not near the end of the session, I am quite sure all Senators would agree that we could correct this kind of unfortunate error and get on to the merits of the substance.

But we are in a situation where we are not talking merit, we are not talking substance; we are talking page 7 and page 8, and I think we will have to have a point or order. The issue is whether this is a substantive change in the amendment.

Mr. WILLIAMS of Delaware. If the Senator will yield, I examined the amendment first with the thought that possibly a point of order would lie. I now say that a point of order would not be sustained. I agree with the Parliamentarian. This is a change. When 80 or 90 percent of the social security law is repealed that is different from what the committee did, and I will debate anyone who tries to raise a point of order. The Scott amendment is definitely in order. It is the biggest change in social security laws that has ever been proposed in this Congress. My first impression was that if this were the committee amendment—and I know the Senator from Pennsylvania intends to take pages 7 and 8—I was going to consider a point of order, but when I saw two page 8's only were offered, I had them photostated; I knew that all I needed was to have the yeas and nays ordered on this amendment, and we would discuss it in a clear atmosphere later. I am confident that neither the Senator from Connecticut nor the Senator from Pennsylvania would want

to pursue an amendment which, if enacted, would repeal 80 or 90 percent of the Social Security Act. It is not subject to a point of order. I want to make that clear.

Mr. SCOTT. I must say the Senator from Delaware could have told me what he had in mind with regard to the request for the yeas and nays. I knew the Senator had something, because he always has something, but we did not know what it was. Now that we know what it is, perhaps we will appreciate it at a later date. But the Senator is in error if he thinks I am going to withdraw this amendment at this time.

Mr. WILLIAMS of Delaware. I am sure the Senator is not going to withdraw it. We are in agreement on that. I am going to be frank and say that I wanted the yeas and nays ordered to prevent the amendment from being withdrawn. I do not approve of amendments being offered in the Senate where only the manager of the amendment can change it. I doubt that the White House or the Senator from Pennsylvania will want a proposal acted on which would repeal 80 percent of the Social Security Act. I hope that tomorrow we can reach agreement. I am sure no point of order could prevail. I will defend the Parliamentarian on that. When the Senator from Pennsylvania proposed to repeal 90 percent of the Social Security Act it is a change, and I put that in capital letters.

Mr. RIBICOFF. Mr. President, if the Senator will yield, while there may be some error, no change was intended, and no change affecting any social security beneficiary will ever become law. This is a mighty big bill, with a lot of pages, and there will be plenty of opportunity as we go along perfecting various amendments and putting in amendments to make sure that in some subsequent amendment and in some subsequent procedure the complete charts are put in, so the Senate will arrive at a point where it can vote on a 10-percent social security increase and a $100 minimum. I am sure that between the Senator from Delaware, myself, and other Senators, there will not be difficulty achieving any result of that kind.

Mr. WILLIAMS of Delaware. I am sure of that, because I cannot conceive of the Senator from Pennsylvania wanting to repeal 90 percent of the Social Security Act. I cannot conceive of that, and that was what struck me when I saw the amendment at the desk. That is the reason why I wanted to get this outlined on the RECORD tonight; Senators should be on notice as to the situation before the Senate.

Mr. SCOTT. I do not think there is any question of good faith on the part of the Senator from Pennsylvania and on the part of the Senator from Connecticut in their desire to achieve what the committee has so well and carefully wrought; namely, an increase in certain social security benefits. I am not aware how the Senator from Delaware voted on those increases, but I will say now, and as often as I have the opportunity, I will vote for them. I am for the social security benefits. I am for these charts.

If the Senator from Delaware had advised us that we were offering a chart which would repeal part of the Social Security Act, we could have corrected the matter on the floor in less than 30 seconds, and we will always be willing to correct the matter on the floor in less than 30 seconds if the Senator will permit us.

Mr. WILLIAMS of Delaware. If the Senator from Pennsylvania had sought my advice I would have been delighted to have given it to him.

Mr. SCOTT. I assure the Senator I will. I always do.

Mr. WILLIAMS of Delaware. I was not asked my advice when the proposal was presented, so I took it at face value that he knew what he was doing. I have such respect for the Senator from Pennsylvania that it never dawned on me that he did not know what he was doing.

Mr. SCOTT. I was going to say that no Senator knows what he is doing when the Senator from Delaware gets through with him, because he has expertise which is so superior to the rest of us. I agree with that. That is why we are going to miss him. But the Senator from Pennsylvania knew what he was doing, all right. The Senator from Pennsylvania is not aware to this minute whether or not a chart had been changed or had not been changed. The Senator only knows the chart had been changed when it was in his hands, and another copy went to the desk, and that is where the mystery lies.

The Senator from Pennsylvania takes that responsibility in having concurred in sending up the second chart. The Senator from Pennsylvania's intention is good. His purpose is good. His desire to achieve a social security benefit increase is good. He will gladly consult the Senator from Delaware to see how, in the exercise of his infinite wisdom and mercy, we will achieve the desired result.

Mr. WILLIAMS of Delaware. Whenever the Senator seeks my advice I assure him that he will get it.

Mr. SCOTT. I will be glad to accept the advice up to the cliff, and there I will take a good look over it to see where we are going.

Mr. WILLIAMS of Delaware. I assure the Senator from Pennsylvania he will be well advised to be guided by any advice I give him.

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Now, Mr. President, under the agreement which has been operating and which expires at the conclusion of business on Tuesday next, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1443, H.R. 17550, and that it be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. Calendar No. 1443, H.R. 17550, a bill to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The PRESIDING OFFICER. Without objection the Senate will proceed to its consideration.

Mr. LONG. Mr. President, since our meetings on yesterday, we have held some discussions.

Mr. COTTON. Mr. President, we cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. LONG. Mr. President, since our meetings yesterday, there have been some discussions about the most expeditious way to move ahead with the social security bill. We have not been able to reach any sort of agreement.

My impression is that the administration is very hopeful of obtaining a vote on the family assistance plan or, if not that, then, in the alternative, a test vote to give some indication of how the Senate feels about the measure.

I have inquired of the possibility of obtaining a limitation to assure a time certain to vote on this measure. That cannot be obtained at this time.

Mr. President, I am convinced that the Senate is not going to pass this measure and that, for whatever political advantage it might give one group or the other or any particular individual, it will be time wasted which could have been used in passing some of these bills that it is possible to pass in this session.

Accordingly I will make a motion to table the pending amendment. I believe the Senator from Delaware wanted me to yield to him before I made that motion.

I ask unanimous consent that I might yield to the Senator from Delaware without losing my right to the floor.

Mr. HARRIS. Mr. President, I object.

Mr. WILLIAMS of Delaware. Mr. President, do I understand that the Senator will be making a motion to table the measure even before some of us can get a chance to present our case against the bill?

Mr. LONG. That is my intention. But prior to doing that, I would like to yield——

Mr. HARRIS. Mr. President, reserving the right to object, I think we ought to have an up and down vote on the family assistance plan.

I would vote against the motion to table, hoping that we could get a vote on it.

I wonder if the Senator might not put some kind of request to the Senate for a limitation of time on the merits. Perhaps we could arrive at some kind of an agreement at some day certain, even if it is after we come back from Christmas.

We should try to get a vote on the merits. Could the Senator put that question?

Mr. LONG. If the Senator wants that done, I ask unanimous consent that we vote on the pending amendment, which is the family assistance plan, at 5 o'clock on Tuesday next.

Mr. WILLIAMS of Delaware. Mr. President, what is the request?

Mr. LONG. Mr. President, I ask unanimous consent that the Senate vote on the family assistance plan at 5 o'clock next Tuesday.

Mr. WILLIAMS of Delaware. Mr. President, I presented a unanimous-consent proposal for the Senate to vote on all amendments as well as final passage of the bill as amended. Many of those Senators now standing up and speaking on this matter apparently were not in favor of that agreement.

If we can get consent to vote on the entire bill I would go along with the request. I offered such a unanimous-consent agreement before.

However, I will not be a party to political hypocrisy to get a vote on the family assistance plan when in the back of the Chamber it is being said it will die anyway. That is the greatest act of political hypocrisy I have heard. I have so expressed myself downtown to those proposing that this farcical procedure be followed.

If we are to vote on social security and a family assistance plan let us vote on them in good faith with the intention that it will become law and not so that Members can go home and brag about having done something in order to get votes. We are dealing with people who should not be kidded by either political party.

I am ashamed that some Senators from our side would seem to cooperate in that hypocritical suggestion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. DOLE. I object.

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

Mr. LONG. I yield.

Mr. MANSFIELD. Mr. President, before the pending measure was called up I promised to call up S. 3835.

Mr. LONG. Mr. President, I yield to the distinguished majority leader for that purpose.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. LONG. Mr. President, I have no doubt that this motion should be tabled. The parliamentary situation in which we find ourselves at this moment is that we have several hundred committee amendments.

Mr. TALMADGE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Louisiana may proceed.

Mr. LONG. Mr. President, we have agreed to one amendment, which is an amendment to strike the table of contents of the House bill. Assuming we plan to pass the Senate bill, that table of contents does not belong there.

Now, we are on the next committee amendment, and we have been on it for some time. This is an amendment to strike and insert. We have an amendment pending on the insert part, the tail end of the amendment, which we cannot dispose of because a motion to table failed on that by a vote of about 1 to 2.

Now we are confronted with another amendment, one that would be on the front end of the committee amendment, on the strike part. That is an amendment that we will be debating for a long time before it comes to a vote—if indeed it does come to a vote, which I doubt.

In addition, Mr. President, the amendment is offered in such a way that it cannot be amended and there are at least 100 different provisions that are extremely controversial in the amendment. It is offered as an amendment to an amendment.

I understand that due to the imperfections in it, which cannot be corrected without unanimous consent—and I am under the impression unanimous consent will not be given—it would repeal most benefits under the social security program, an unintended defect. But this is the situation, and obviously this is no way to legislate.

This matter should be brushed aside; it cannot become law anyway. All we are doing is wasting time. But in the hope that it might give some indication of how the Senate feels about the amendment, I move that the amendment be laid on the table.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator withhold that?

Mr. LONG. I withhold the motion for 2 minutes.

Mr. WILLIAMS of Delaware. Mr. President, I have opposed the guaranteed annual income proposal for reasons I think are valid. During the discussion of this bill as yet I have never been able to obtain the floor in my own right due to the arrangement from the White House offtimes and the minority leadership of the Senate that recognition would go to those in favor of the plan. The result has been that none of us who have reasons to oppose the plan have had a chance to speak to point out what is wrong with the Ribicoff-Bennett amendment.

Our committee worked on this proposal for months. I would certainly hope—and I say this as one who opposes the amendment—that the Senate defeats the motion to table which has been made. I plead with my colleagues to defeat this motion in the hope that we may have a chance to debate this matter on its merits.

I think we should. I suggested a procedure to get it before the Senate. I respect the Senator from Louisiana. I understand he is making this motion at the request of the White House representative. I do not know what they will accomplish by it. I am sure it will not be agreed to. I hope it is not, and I appeal to all Senators who have said they are for the family assistance plan and those who are against it to vote against the motion to table so that we may discuss it on the merits. Surely the proponents of this measure are not afraid to debate and vote on its merits.

I thank the Senator for yielding. I am ready to vote.

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

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, I appreciate what the distinguished chairman is trying to do. He is trying to be very realistic to find out what the sentiment of the Senate is. I respect the position of my distinguished friend, the Senator from Delaware, with whom I am opposite on this proposal. I hope the Senator from Delaware would have an opportunity to state how he feels with respect to this matter. I know he feels strongly against the proposal and his views are entitled to be heard. I hope he has time to explain his views.

But personally, I shall vote against the motion to table because if it is presented it could very well be the only test by which the Senate can possibly be heard as to whether Senators are for or against family assistance. It would be my hope that the Senate would be for the family assistance program and could so indicate by voting against the motion to table.

Mr. WILLIAMS of Delaware. Mr. President, this will not be a test of how the Senate feels or would vote on the plan because I for one am going to vote against the motion to table. I know that I am going to vote that way and many other Senators are going to vote that way even though they are opposed to the bill. If a vote is what the Senate wants we can go ahead and vote, but it is only a waste of time and proves nothing except that there are those who are afraid to debate this fantastic proposal on its merits. Apparently they have very little confidence of their ability to defend the bill.

Mr. LONG. Mr. President, under those circumstances I do not believe we would

have a test of how the Senate feels about the amendment so I am not going to make the motion.

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

Mr. LONG. I yield.

Mr. COTTON. Mr. President, what the Senator has said makes what I was going to say completely nongermane. But it seems to me I find myself at this time in disagreement with my friend from Delaware, as much as I like him and respect him.

It seems to me we have reached a point in this session—and we discussed this point very frankly when we were by ourselves—where much of what we are doing is utterly useless and serves no good purpose, and I do not care what the executive branch says. As a matter of fact, it might do them some good, and it would not do them any harm, to send some of their boy scouts to sit in the galleries for a few hours. They might learn something. Some of them have never even sat in galleries of State legislatures and they do not seem to be well versed in legislative procedures.

But whatever the executive branch said, and whatever the distinguished minority leader feels compelled to say—and I respect him and try to follow him at least part of the time—the issue is whether we are going to spend more time discussing the merits and demerits of the so-called family assistance plan which has come out of the committee in one form, and is before the Senate in the form of an amendment by the Senator from Connecticut, the Senator from Utah, and others. It has all kinds of phases. We are just wasting our time, and for what? I was hoping that the Senator from Louisiana would make the motion.

I was hoping, whatever our feelings are on the family assistance plan, that we would vote on the question of whether it is sensible and whether it is going to accomplish anything for the people of the United States and for the prestige of the Congress to continue this way. It is a matter of just plain commonsense, which has been conspicuously lacking for the last few weeks.

I do not like the idea of voting against a motion to table so as to conceal from somebody how I feel. I feel very strongly that whatever may be the merits of the family assistance plan in a different form—and I do not find too many merits in it right now—it is useless to take time on it now, and if the opportunity comes to vote on the motion to table, I am going to vote for commonsense procedure in the Senate to gain some respect from the people and from the executive branch.

Mr. LONG. The Senator encourages me to make the motion. Frankly, what we are doing is wasting time. This welfare proposal is not going to become law as part of this bill. It will have to come off this bill one way or the other. All we are doing is wasting time until we come to a decision. It does not require the Senator from Delaware to persuade me that it should not be in the bill. I am convinced that it should not become law.

I move that the amendment be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the Ribicoff amendment, No. 1169.

Mr. LONG and Mr. HOLLAND requested 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 the amendment on the table. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Connecticut (Mr. DODD), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Utah (Mr. Moss), the Senator from Wisconsin (Mr. NELSON), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting the Senator from Rhode Island (Mr. PASTORE), and the Senator from New Jersey (Mr. WILLIAMS) would each vote "nay".

Mr. GRIFFIN. I announce that the Senator from Nebraska (Mr. CURTIS) is necessarily absent.

The Senator from Oregon (Mr. HATFIELD) is absent on official business.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

Also necessarily absent is the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from California (Mr. MURPHY), and the Senator from Texas (Mr. TOWER), would each vote "nay".

If present and voting, the Senator from Nebraska (Mr. CURTIS), the Senator from Colorado (Mr. DOMINICK), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), the Senator from California (Mr. MURPHY) and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 15, nays 65, as follows:

[No. 440 Leg.]

YEAS—15

Allen	Eastland	Jordan, N.C.
Bellmon	Ellender	Long
Bible	Ervin	Sparkman
Cannon	Gore	Stennis
Cotton	Holland	Young, N. Dak.

NAYS—65

Aiken	Eagleton	Jackson
Allott	Fannin	Jordan, Idaho
Baker	Fong	Kennedy
Bayh	Fulbright	Magnuson
Bennett	Goodell	Mansfield
Boggs	Gravel	Mathias
Brooke	Griffin	McClellan
Byrd, Va.	Gurney	McGee
Byrd, W. Va.	Hansen	McGovern
Case	Harris	McIntyre
Church	Hart	Metcalf
Cook	Hartke	Miller
Cooper	Hruska	Mondale
Cranston	Hughes	Montoya
Dole	Inouye	Muskie
Packwood	Ribicoff	Stevenson
Pearson	Saxbe	Symington
Pell	Schweiker	Talmadge
Percy	Scott	Thurmond
Prouty	Smith	Williams, Del.
Proxmire	Spong	Yarborough
Randolph	Stevens	

NOT VOTING—20

Anderson	Hollings	Pastore
Burdick	Javits	Russell
Curtis	McCarthy	Tower
Dodd	Moss	Tydings
Dominick	Mundt	Williams, N.J.
Goldwater	Murphy	Young, Ohio
Hatfield	Nelson	

So the motion to lay on the table was rejected.

Mr. WILLIAMS of Delaware. Mr. President, first I want to thank my colleagues for rejecting the tabling motion regardless of what their position may be on this bill. This at least gives those of us who have worked on it for a period of months an opportunity to explain some of the bad provisions in the bill and to point out why some of us feel that it is in the best interests of our country that it not be enacted.

First, there is much being said in this country about the need for reform. The administration's family assistance or guaranteed annual income plan has been sold to the American people under the slogan of "Workfare versus Welfare."

The present welfare system has been recognized by all concerned as a program full of inequities. Secretary Richardson, in his testimony before the Committee on Finance, described the present program as a gigantic failure, and the administration's new family assistance plan was described as a major reform.

Mr. TALMADGE. Mr. President, may we have order. We cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

Mr. WILLIAMS of Delaware. When the term "reform" is used in connection with legislative proposals it means one of two things. Either it is proposed to take away from someone something which he is now receiving but to which he is not entitled, or it is proposed to give to someone something which he is not getting but to which he is entitled.

While there is general agreement on the part of all concerned that our existing welfare program is in need of major reform, it should be emphasized that the administration bill as it is now pending before the Senate as reported by the Committee on Finance, does not embrace reform of the existing law. In fact, the Secretary of HEW admitted to the Finance Committee that under the particular proposal now before us—and the authors will confirm this—not one welfare recipient in America, in any State in the Union, will receive a dime less than that which he is now getting under existing law. We therefore proceed on the premise that there is no reform in this bill, assuming there are abuses now. Quite to the contrary, all the inequities in existing law will be frozen into the new program plus some more being added.

I should like to mention at this point just a few of the things that can happen under this bill if enacted.

One of the problems of the existing welfare system we hear much about is

the promotion and encouragement of illegitimacy and of families with generation after generation on welfare.

I should like to point out what the bill before us would do. This bill actually provides a $1,300 cash bonus from the Federal Government to a mother to have an illegitimate baby, over and above what would be paid if the baby were born in wedlock.

Mr. LONG. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. WILLIAMS of Delaware. I cite this example which was called to the attention of the committee. Use, for example, two welfare families.

Mr. TALMADGE. Mr. President, a point of order. The Senate is not in order. I ask that the Chair bring the Senate to order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. WILLIAMS of Delaware. We asked the department to check how this bill would work in actual practice in four States. We picked two large States and two small States. The large States we picked were Illinois and New York, and we picked Arizona and Delaware for the small States. I said we wanted to pick mine as well as someone else's.

Suppose, for example, there are two welfare families under the provisions of this bill, if it passes.

Family A has a boy 17, a girl 12, and a girl 6. Family B has a girl 16, a boy 11, and a girl 8. Each family will get welfare payments based upon the size of the family. This means that for this boy or or girl below the age of 18 as dependents they will collect, first, $300 from the Federal Government; they will collect a larger mandatory supplement from the State; they will benefit from medicaid if they need medical attention; they will get additional rent allowance, housing allowance, and so forth; they will get additional food stamps as a result of the larger dependency in each family.

If this boy and this girl get married each family loses one dependent, and their welfare payments are automatically reduced proportionately. When this boy and girl are married they do not get anything under this bill, even though they have no jobs or anything else for support. They can starve, so far as this bill is concerned, until they have been married long enough to have the first baby. Then they become a new welfare family, eligible for payments under the AFD program. No provision would help them, no matter how destitute they may be the first year; they have this handicap until they can produce the first child.

On the other hand, suppose the boy and girl want to get married but realize they cannot do so financially, and the girl becomes pregnant. He does not marry her until the baby is born. Then they can move off and start collecting welfare as a family of their own, under the aid to dependent children. I repeat, if this bill is enacted, by postponing the marriage until the baby is born they can collect a cash payment in the first year of $1,300 more than he can if he marries the girl before the baby is born.

What kind of social bill is this where the Federal Government underwrites a proposal of paying a $1,300 bonus to bring that first child into this world as an illegitimate baby? What chance has that child in late life? Is that what Senators want to approve.

This situation was called to the attention of the committee, and we called it to the attention of the Department. All the Department said was, "We'll correct it next year." I say correct it before you pass this bill. I will not support any bill that will pay a cash benefit on the part of the Federal Government, a premium of $1,300, to have an illegitimate baby, more than they would if it is born in holy wedlock.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the table furnished by the committee and the staff, approved by the Department, relating to the problem of illegitimacy.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SELECTED CASES: FEDERALLY SHARED WELFARE BENEFITS UNDER ADMINISTRATION REVISION

	Phoenix, Ariz.	Wilmington, Del.	Chicago, Ill.	New York, N.Y.
Il persons unemployed, no income other than welfare:				
1. Welfare benefits to 2 families, each headed by a woman:				
Family A—boy 17, girl 12, and girl 6	2,208	[1] 2,172	[1] 3,252	[1] 4,032
Family B—girl 16, boy 11, and girl 8	2,208	[1] 2,172	[1] 3,252	[1] 4,032
Total	4,416	4,344	6,504	8,064
2. Welfare benefits to same families if boy 17 marries girl 16 and establishes separate household:				
Family A	1,836	[1] 2,004	[1] 2,964	[1] 3,408
Family B	1,836	[1] 2,004	[1] 2,964	[1] 3,408
Family C—boy 17 and girl 16	[2]	[2]	[2]	[2]
Total	3,672	4,008	5,928	6,816
3. Welfare benefits to same families if boy 17 marries girl 16 after she has had a baby:				
Family A	1,836	[1] 2,004	[1] 2,964	[1] 3,408
Family B	1,836	[1] 2,004	[1] 2,964	[1] 3,408
Family C (with baby)	1,300	[1] 1,300	[1] 1,300	[1] 1,300
Total	4,972	5,308	7,228	8,116
Increase over case 2	1,300	1,300	1,300	1,300

[1] Eligible for medicaid, surplus food, and housing.
[2] Eligible for food stamps.

Mr. WILLIAMS of Delaware. It is clearly evident that the bill has been improperly labeled as a reform package. For example, this bill does not correct the problems of existing law whereby family breakups are encouraged.

Under this bill, suppose a family is living together—an unemployed father and mother and four children. If the father and mother will separate, either because of problems or by mutual agreement—perhaps only moving across the corridor in separate apartments—they then become two families eligible for welfare, instead of one.

This is the bonus in welfare which they as a group collect as the result of split families.

In Phoenix, Ariz., under the administration's plan they will get $936 more by living as a split family than if they live together. They can visit across the corridor, and if an additional child is born it can go on the welfare rolls. Everything is taken care of. But they collect more welfare if they live in separate apartments.

In Wilmington, Del., they will collect an extra $1,104 in assistance under this bill by splitting the family. They can collect $1,104 in benefits more than they can if the family stays together.

In Chicago, Ill., as a split family they will collect $2,064 more in assistance. Think of it—$2,064 more benefits under the bill of the administration if the husband will desert, take two children, and leave the wife two children.

Is this the kind of reform that the Congress wants?

In New York a welfare family will collect a higher premium on family splitting; they collect $2,508 more as two families than if they live as one family. They can collect that every year under this bill if they will just separate—the husband taking part of the children and the wife taking the other children. Again, it is claimed that that is reforming the existing law. I challenge anyone to say that that is reform. I say that this is making a farce of the situation and think what this does to these children.

As to the unemployed father, they claim to have corrected that under this Ribicoff-Bennett plan, but I am not sure. I understand that the Ribicoff-Bennett amendment is intended to correct that point, and I will withhold comment until I have had it fully analyzed; I will pass over that point for the moment.

The pending bill cannot be labeled under the guise of reform in any way, shape, or form.

This bill should not pass until corrections have been made.

I think that these problems are why a majority of us have opposed this bill a committee. We have had three different votes in the committee. Once the bill was unanimously sent back to the Department for revision. They brought back practically the same package. The House-passed bill was rejected by a vote of 14 to 1 on a rollcall vote in the Finance Committee. They had another vote in

the committee, in which the bill as revised was rejected by 10 to 6. But each time the Department comes back and wants another vote. All they want is a vote. Is it not time someone thought about a reform of our welfare system instead of about the votes involved?

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

Mr. WILLIAMS of Delaware. I yield.

Mr. TALMADGE. Does the Senator recall what particular revision of this plan it is, from HEW? Is it six or seven? How many different versions of this plan has the Department submitted?

Mr. WILLIAMS of Delaware. It is at least six. I have lost count and I understand the present bill was revised again yesterday at the suggestion of the administration just a few minutes before the Senate convened.

Mr. TALMADGE. I have lost count, also. It has been six or seven.

The Senator will recall the time just prior to adjournment, when we had a recess for the elections, when the Under Secretary of Health, Education, and Welfare came in with a stack of amendments, about 12 inches high, that no member of the Finance Committee had ever seen, and no member of the Finance Committee knew what was contained in there. He insisted on the Finance Committee voting at that particular time on a stack of amendments they had never seen. Does the Senator recall that?

Mr. WILLIAMS of Delaware. That is correct. The bill as proposed consisted of approximately 400 or 500 pages and was only delivered to the offices of Senators about 5:30 the night before.

Mr. TALMADGE. I never got mine.

Mr. WILLIAMS of Delaware. I did not, either, until about 20 minutes before the committee met.

We walked in, and the Department said, "All we want is a vote." The committee gave them a vote and rejected it by a margin of 10 to 6.

Now we are told the Department wants another vote in the Senate even though they accept the fact that it cannot get cleared in a conference before adjournment.

Mr. TALMADGE. The Senator has been in the Senate 24 years. Has he ever seen such irresponsibility as that during that period of time?

Mr. WILLIAMS of Delaware. Never. And I hope it will be 24 years before it is repeated.

Mr. TALMADGE. So do I.

Mr. WILLIAMS of Delaware. As the Senator knows, that vote was on the eve of the adjournment, just before the recess for the election. As I recall, it was just a few days before. The committee soundly rejected that proposal. The committee did not have any idea what it was, and by unanimous vote, as I recall it, we instructed the staff to analyze the bill which the Department had sent down to us that morning. We had never seen it before. We instructed the staff to send each member of the Finance Committee to our homes during the recess an analysis and a copy of the bill—to get it printed and send each a copy and an analysis—in order that we could study it, so that when we came back into session in November our Committee would be ready to proceed in an orderly manner and to vote intelligently for or against it.

I have here a letter sent by Mr. Vail of the staff of the commitee, which I will put in the RECORD, that he sent to me and the other members of the committee on October 26. This was after the recess. I read the letter dated October 26, 1970:

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C., October 26, 1970.

Hon. JOHN J. WILLIAMS,
Millsboro, Del.

DEAR SENATOR WILLIAMS: You will recall that during executive session of the Finance Committee on Tuesday, October 13, Mr. Veneman, Under Secretary of the Department of Health, Education and Welfare, submitted to the Committee a revised version of the Family Assistance Plan and urged that the Committee vote on it before the recess.

The revised plan, described as a "core" bill, covers more than 150 pages. The Committee felt that a major amendment of such proportions should be carefully studied before a vote was taken. Therefore, it directed the staff to publish the "core" bill, related amendments, and supporting tables, documents, and charts to be prepared by the Department and submitted to the Committee. It was the Committee's instruction that this material together with an analysis prepared by the staff of the Committee be forwarded to each member of the Committee at his home during the recess. In this way all of the members would have an opportunity to study the Administration's most recent welfare proposal before the Committee reconvenes in November.

I had hoped that the printing job and the staff analysis could have been completed before now. The staff analysis of the October 13 version has been completed. Unfortunately, the Department apparently is making further revisions in the material submitted on October 13. Although the version presented to the Committee has been set in type, the Department has not completed its proofreading task—apparently because of the addtiional drafting and rewriting they are undertaking. It would seem to serve no useful purpose to send you the staff analysis if the "core" bill we have analyzed is still being changed by the Department.

I wanted to let you know why we have not yet complied with the Committee's instruction to promptly forward the printed material to the members at their homes.

Sincerely,

TOM VAIL.

Mr. Vail apologizes for the fact that he could not get the information from the Department to complete the analysis.

A second letter from Tom Vail, chief of staff, dated November 5, states that the material has just been received.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C., November 5, 1970.

Hon. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: I am enclosing a copy of the Administration's revised revision of H.R. 16311, the Family Assistance Act of 1970.

You will recall that Under Secretary John Veneman of the Department of Health, Education, and Welfare submitted a revised revision of the bill to the Committee during its executive session on October 13 and asked that the Committee vote on the new version of the bill. Instead of voting on the new version at that time, the Committee decided that it should be printed, together with other materials prepared by the Department and an analysis by the staff, and sent to members of the Committee during the recess.

The enclosed Committee Print represents this document. A brief analysis with comments, tables and charts prepared by the Committee staff is printed on blue paper at the beginning of the document. This is followed by materials prepared by the Department, the text of the Department's revised revision, and additional amendments prepared by the Department for possible Committee consideration, all printed on white paper.

If you have a copy of the bill submitted by Mr. Veneman on October 13, you will note that the Department's latest version of the bill differs in a number of respects from the October 13 version due to the changes made by the Department fairly continuously between that date and the date of final printing. Unfortunately, it was this continual revising which prevented us from printing the document and forwarding it to you sooner.

Sincerely,

TOM VAIL.

Mr. WILLIAMS of Delaware. Mr. President, in the November 5 letter he said he had just received the information, and yet they came before the committee on October 13 with a 150-page package which they wanted us to vote on without reading. It took the Department another month to get back to the committee a printed version.

This is the kind of confusion and lack of cooperation that has been existing in the Department of Health, Education, and Welfare. I know there is confusion in the Senate, too, but I do not have any idea of what must be going on down there. I will say this: neither does anyone else connected with that Department. I have never seen such irresponsible management or lack of knowledge as to what is going on as exists in that Department. Department officials came before our committee, and never have I seen witnesses coming before a committee representing an executive department who knew so little about the proposal they were asking Congress to adopt. I was present on one occasion when it appeared the former Secretary of Health, Education, and Welfare had not even read the bill and did not have the slightest idea what it was all about.

Mr. TALMADGE. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. TALMADGE. Does not the Senator recall when Secretary Finch came before the committee and attempted to present a bill, and the distinguished Senator from Oklahoma (Mr. HARRIS) dressed him down and told him that was the poorest presentation he had ever seen anyone present to a committee of the U.S. Senate since he had been a Member of this body.

Mr. WILLIAMS of Delaware. I do remember it. I have that very quotation by the Senator from Oklahoma (Mr. HARRIS) in front of me. Let me quote it:

With all due respect, gentlemen, I believe this is the most ill-prepared presentation that I have seen since I have been in the

Congress of the United States. I am really amazed that some of these very simple questions do not get a very quick and easy response—such things as just asked a minute ago about medicaid, and the questions I asked yesterday about the day-care costs. It seems to me that those are things which ought to have been easily available, because they ought to have been thought out in advance when you put this plan together.

Mr. President, that opinion was the unanimous sentiment of the Finance Committee. After that miserable presentation had been made it was so apparent that the Department did not know what the bill was all about that the committee interrupted the hearings and called an executive session. The Secretary of the Department of Health, Education, and Welfare was called in and asked to go back and rewrite the bill. Meanwhile we suspended the hearings until HEW could report back and we could at least find out what was in the bill.

Mr. STEVENS. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. STEVENS. Is the Senator referring to Secretary of Health, Education, and Welfare Richardson?

Mr. WILLIAMS of Delaware. No, to former Secretary Finch.

Mr. STEVENS. Secretary Finch.

Mr. WILLIAMS of Delaware. Yes.

Mr. STEVENS. Was the comment the Senator from Oklahoma (Mr. HARRIS) made concerning Secretary Finch or Secretary Richardson?

Mr. WILLIAMS of Delaware. It was made at the time Secretary Finch was the head of HEW.

Mr. TALMADGE. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. FANNIN). The Senate will please be in order.

Mr. WILLIAMS of Delaware. Mr. President, for the information of the Senate, that quotation by the Senator from Oklahoma appears in the committee hearings which are on Senators' desks under the date of April 30, 1970.

Mr. STEVENS. If the Senator will yield additionally, briefly, it appears that the Senator has made some rather broad statements regarding the ability of these two men who have been Secretaries of Health, Education, and Welfare in the period that I have been here. I am sort of amazed to hear such a broad statement being made, coming from my good colleague from Delaware, concerning either of these gentlemen. I wonder whether the Senator could tell me how this occurred, how they happened to get so many versions of the bill? Was it because of the complete reticence on the part of the Finance Committee to consider the bill at all in the first instance? What led to the many versions that the bill has gone through?

Mr. WILLIAMS of Delaware. If anyone has the answer to that question, I would appreciate hearing it. I do not have the answer. The committee scheduled very promptly the hearings on this proposal. The committee has tried to work diligently with the Department, but each time we kept getting some reason why the Department had to ask for more time.

It definitely was not the committee's fault that the Department kept changing its mind.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG. Inasmuch as it has been suggested that the Finance Committee was dragging its feet, I would like to point out that the hearings were scheduled by the committee the day after the House passed the bill, to begin within 2 weeks of House passage. It was at the request of the Secretary of Health, Education, and Welfare that the hearing was postponed, but when he did come before the committee and questions were asked, the kind of things that have been discussed here in this Chamber, the answers showed how ill-considered the bill was at that point.

The Senator from Oklahoma (Mr. HARRIS) said that was the poorest presentation he had ever heard on any major piece of legislation. He said that he had come prepared to support it but he had heard the rumor that the administration was planning to scuttle the bill in the committee and perhaps that was why there was such a poor presentation by the administration witnesses. The Secretary denied that it was intentional. He said that no one could have contrived such a scenario as had been witnessed there that day, that no one could have contrived to give a presentation that was made so poorly.

Mr. WILLIAMS of Delaware. That is correct.

I would like to dispel the thought that the Finance Committee is responsible for the bill's being before the Senate at this late date. The question has been asked, how come so much delay in consideration of the administration's family assistance plan, implying that this delay was entirely the result of dilatory action on the part of the Finance Committee. Let me make the record straight on that.

Mr. HANSEN. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. HANSEN. In an effort to shed some light on this question further, as posed by the distinguished Senator from Alaska (Mr. STEVENS), let me suggest possible reasons why so many different revisions were made of a plan. I assumed that it must have been scrutinized and studied, and must have been prepared and followed with diligent efforts. I would hope that the HEW would not have come before Congress with a plan that had not been considered and scrutinized and examined from every angle, because we are aware that with respect to medicare and medicaid, every time an actuarial study has been made of these programs, the cost has increased. The cost that will result from their continued implementation as compared with the revenues that are intended to fund them, indicate that over a period of 25 years, those two programs will be $216 billion in the red.

Now with that experience behind it, I cannot think that the HEW would have come forward without having a considered plan. But while these may have been many revisions—I have forgotten how many—I can only say to my good friend from Alaska that as we examined the proposals in the family assistance program, against the backdrop of the goals that the President hoped to obtain through welfare reform it just did not seem that the proposal accomplished the objectives the President had in mind.

The incentives that would encourage people to move from welfare into the private sector of the economy as working citizens could not be identified.

As the distinguished Senator from Delaware has pointed out and as the distinguished Senator from Georgia has pointed out as well, on different occasions, in the city of New York, a working mother with four in the family—a female head of the family with four persons, if that mother were to take the benefits that are available to her as a resident of the State of New York, living in New York City, taking advantage of public housing, and if she got low-income supplements which would be available to everyone in the State, if she took advantage of medicaid and medicare, if she used available food stamps, and took advantage of the such other programs available there, she, without working at all, could have the equivalent of $6,210.000 income per year.

But if she went out and took a job and went off welfare and moved into the type of activity that the President of the United States has called for in this bill and was to find employment and earn through that employment $7,000 a year, she would be $1 poorer by working and earning $7,000 a year than she would be if she had not turned a hand.

I think this is the sort of questioning that came about in the Finance Committee that may have caused our good friends at HEW to come forward with no less than seven revisions.

I can say this. I do not know. I am speculating. I do not know what was in their minds. All I know is that when the members of the committee started to examine the bill and got to probing and questioning, along with the distinguished chairman of the committee, it seemed as though the bill did not accomplish what it was supposed to accomplish.

I am in complete accord with the President of the United States. I want welfare reform. I want to give the people of this country an opportunity to go to work and to give them some incentive to go to work.

I do not believe this bill accomplishes that. I am delighted that we rejected the motion to table. I do not suspect the distinguished chairman of the committee had his heart in it when he proposed it.

I believe that he, too, shares the feeling that we ought to understand this, we ought to realize that this is a charade, that the bill does not accomplish what we might hope that it would accomplish.

Mr. President, I have spoken longer than I should have. But I would like to say to my good friend, the Senator from Alaska, that I do not know why HEW came up with seven different plans. It seemed as though every time we started finding fault and picking their plan

apart to show what was wrong with it, they would then come in with a new set of charts.

Is that correct?

Mr. WILLIAMS of Delaware. Mr President, the Senator is correct.

I would like to call attention to the chart in the rear of the Chamber. It shows how this bill, if executed, would work.

Much has been said to the effect that this bill only provides $1,600 for a family of four. Everyone asks, "What are you complaining about? That is a very small amount for a family of four."

I agree. But the $1,600 is only the beginning. This $1,600 direct Government payment automatically triggers in these mandatory supplementary payments which are outlined on the charts in the rear of the Senate Chamber.

These are the mandatory payments to the family in addition to the $1,600 from the Federal Government. In New York this $1,600 payment triggers in $2,156 additional State supplement payments, which are 70 percent Federal participation. This brings the family's cash income to $3,756, tax-exempt; but that is not all.

In addition to that they can get food stamps with a value of $312.

The food stamp bonus was $312. Then there are medicaid benefits for this family which cost on an average of $1,153 annually, plus another $989 in rent supplements or public housing. This is a total of $6,210 for this family of four in New York City.

Suppose the city letter carrier that is delivering this welfare check has a family of four. His income is taxable, and after he pays taxes he has $6,209 left, or $1 less by working and earning $7,000 a year than the same size family gets if on relief.

Is that a work incentive? That is what is called a work incentive program under the administration's bill. It is an incentive for what? It is an incentive to go on welfare and to quit work.

Let us examine this New York chart further. If they earn $1,000, they would have after taxes $6,746 in money and benefits in kind. If they earn $7,000 the family of four, after taxes, will have $6,209 left, or $1 less than if they remained on welfare.

In other words, they talk about a training program to train a man or woman to improve his or her earning capacity. Suppose the head of this family is earning $6,000 and goes to a training school and gets promoted to $7,000 a year; he has $1,300 less income than he would if he had spit in the boss' eye and never gotten the promotion. He would have $7,512 in cash and benefits under this bill if he earned $6,000 a year, but if he earns $7,000 he drops back to $6,209 after taxes.

Suppose a plant is operating with employees on a $7,000 wage base, and the union leader sits down and negotiates an increase to $8,000. If the management agrees to raise their salaries to $8,000 a year average, each worker would have $6,781 after taxes. That is for a family of four. That is the result if they get an increase of $1,000, or a raise from $7,000 to $8,000. But if their union is on the job and will consult with the management and say, "Now, boss, instead of raising these salaries for your employees $1,000, cut them all back to $6,000." The employee with a family of four earning $6,000 would have after taxes $7,512 in cash and benefits in kind, an increase of $1,300 over what he would have if he continued to earn $7,000.

Is that the kind of work incentive program that Senators want to approve? That is not the kind of incentive that I support. This bill if enacted will pay a premium to the man who slides back into welfare.

The so-called work incentives are in reverse. I have been here in Washington for 24 years. I have never had Potomac fever yet. I hope I do not get it before I leave if such a proposal as this is the result.

We had the department check these examples for four States. We did not ask them to check the 50 States, but I asked them, "Do you have any reason to think that if you check any one of the other 46 States the result would be different?"

They said, "no." The answer was emphatic, so we accepted these statistics as a national pattern.

We told them that if they had any other State that would come up with a better showing for their so-called work incentives program we would like to have it. They did not have it.

Mr. President, I ask unanimous consent that this chart relating to how this bill if enacted would work in New York be printed in the RECORD.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

BENEFITS POTENTIALLY AVAILABLE TO 4-PERSON FEMALE-HEADED FAMILIES IN NEW YORK CITY, N.Y.

Earnings	FAP benefit	State supplement	Total gross money income	Federal, State, and social security taxes	Current schedule food stamp bonus	Total average medicaid payment to AFDC family	Total net money in kind	Housing bonus to family under proposed 1970 Housing Act	Total net money and in kind
0	$1,600	$2,156	$3,756		$312	$1,153	$5,221	$989	$6,210
$720	1,600	2,156	4,476	$37	288	1,153	5,880	811	6,691
$1,000	1,460	2,109	4,569	52	288	1,153	5,958	788	6,746
$2,000	960	1,942	4,902	104	288	1,153	6,239	705	6,944
$3,000	460	1,775	5,235	156	288	1,153	6,520	621	7,141
$4,000		1,587	5,587	237	288	1,153	6,791	533	7,324
$5,000		1,016	6,016	460	288	1,153	6,997	426	7,423
$6,000		459	6,459	703	288	1,153	7,197	315	7,512
$7,000			7,000	971			6,029	180	6,209
$8,000			8,000	1,219			6,781		6,781

Mr. WILLIAMS of Delaware. Now, to get back for just a moment to how this bill has been handled by the Finance Committee. Surely it took time. It took a lot of time. I have spent more time on this bill than I have on any other bill that has ever been before the Finance Committee.

The bill was first recommended by the President on October 2, 1969. The Ways and Means Committee reported it on March 11, 1970. It passed the House on April 16.

I might say that when the President first sent this proposal down I endorsed it. I thought it sounded like a great plan. That was before we analyzed the bill.

Mr. President, before I proceed further I would like to make one point very clear. My criticism of this bill is in no way directed at the author of the pending amendment, the Senator from Connecticut, because he has been most cooperative. He has worked hard to try to get a realistic program.

But the Senator from Connecticut wanted this tested first. As of January 1970 there were 10,436,197 people on relief in this country.

If this bill is enacted this number will increase to 23,784,300, or more than double, and there is no reform as to correcting abuses under existing law.

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

Mr. WILLIAMS of Delaware. I yield first to the Senator from Connecticut and shall then yield to the Senator from Georgia.

Mr. RIBICOFF. Mr. President, the Senator is correct. This is a very complicated amendment.

There are still many doubts in my mind. I do not feel so self-confident that I have all the answers. I know from long experience that human nature does not always conform with what the social scientists may present in a legislative act. That is why I was so anxious to have a pilot program.

My feeling is that before this plan should ever go into effect, there should be a pilot program. The Ribicoff-Bennett proposal contemplates a pilot program that gives an opportunity to determine what is right and what is wrong with this legislation.

That would give us an opportunity before July 1, 1972, to make whatever corrections have to be made. I believe the basic plan is a good one.

My feeling is that within the thinking of the Senator from Delaware, the ma-

jority leader, the minority leader, and myself, we could work out a proposal, if we were allowed to work it out, to allow it to come before the Senate before Tuesday night.

Personally, I am ready to vote on any type proposal at any time. I would like a test vote. As I have discussed with the distinguished Senator from Delaware, I believe there are vehicles by which we can achieve the result we desire and the result the President desires and also which the Secretary of Health, Education, and Welfare desires, without casting any aspersions or reflections on the majority party or any member of the minority party who may disagree.

There are great complications here, and as men of good will we should recognize the realities of the legislative situation and work out a series of actions which would inure to the benefit of the people of this country and this body.

Mr. WILLIAMS of Delaware. Mr. President, I thank the Senator. There is no doubt in my mind that a plan could be developed. What the Senator has said does not change the fact that weeks would pass before we could get adequate information in the committee. The Department should have worked with us, but we did not have the cooperative spirit we should have had from the executive branch. Each time I sat down for negotiations I was told, "Yes, I am glad to negotiate with you if you will vote for the plan as it is."

They closed their minds to any loopholes we exposed and seemed to resent any form of criticism of their original proposal.

Mr. President, that is not the way to negotiate. There are problems in connection with the existing welfare system. One of the greatest needs confronting this country is the reform of the existing welfare system. I said that years ago. The Senator from Connecticut and I were responsible for committee hearings which began an examination of some of the problems in the medicaid program with the thought of putting together a reform package.

I do not recall a single proposed revision or correction of the medicaid program which was not mutually agreed upon by the Senator from Connecticut and me. I do not recall a single disagreement we had during all the time in trying to make revisions in that program. I think a correction of these loopholes which I am outlining here could have been achieved had we had similar cooperation from the executive branch. I may disagree with the Senator from Connecticut on the wisdom of enacting this legislation first and working it out later, but we can disagree as gentlemen, and I think we could have sat down and worked out a solution here if the administration had not been so adamant on its position. This bill would double the welfare rolls in this country before we get reform.

On March 25, while the bill was pending in the House, I inquired of the Secretary of Health, Education, and Welfare and asked for a statistical analysis of the bill as reported by the House committee with specific emphasis on the amount of payments to be made to recipients in the two largest States and the two smallest States. It was on my suggestion that the Committee on Finance insisted on this information before we opened hearings. I wanted to know what Joe Doakes and Tom Doakes would get, not just a political speech. The request was filed on March 25, and it was not until 9:30 p.m. on April 28, the evening before Secretary Finch was to testify, that the material was received. During the testimony of Secretary Finch the chart showing the statistical analysis of the bill was presented to the committee by Secretary Finch and his associates, and the mathematical result of this legislative proposal as shown by the charts shocked both the committee members and the Department.

The information I requested through the Committee on Finance was that all existing data dealing with welfare be taken into consideration and what the effect would be, assuming the bill were passed by the Senate in the form it had been passed by the House. I wanted to know how much welfare recipients in four selected States would receive. I shall discuss the charts in detail later. The result of the first bill was even more glaring that it is on these second charts shown here today.

After the charts were submitted the committee called the Secretary back in executive session and unanimously—Democrats and Republicans—suggested we should suspend hearings and cancel until the Department went back and prepared a revised bill.

I have already quoted Senator HARRIS' comments. The department returned the bill to the Committee on Finance in five installments beginning June 11. The final amended version was delivered to the committee on June 23, 1970, or a little over a month after it had been sent back. A couple of days prior to that date we were advised that Secretary Finch had resigned and that the new Secretary of Health, Education, and Welfare was to be appointed. This delayed the committee hearings upon the request of the Department so that the new Secretary, Mr. Richardson, could be confirmed and also so that he might have an opportunity to familiarize himself with the bill and prepare his testimony.

The schedule was approved by the Secretary of Health, Education, and Welfare that hearings resume July 21. They were adjourned 2 days later, on July 23 at the request of the Secretary, in the midst of his testimony, so that he could take a weekend trip with a presidential party goint out west. Hearings resumed on July 28.

Mr. WILLIAMS of Delaware. Mr. President, after the hearings resumed the Secretary of Labor came down to testify, and he too asked for an adjournment of a week because he was scheduled to appear at the Governors' conference. The committee complied with his request for a postponement.

Mr. President, I have pointed this out to show that the delay was not our committee's fault.

Now I would like to mention how this bill if enacted would affect my State. I wish to call the attention of Senators to the chart in the rear of the Chamber. The first charts had even more glaring inequities. We have had so many charts and changed bills that it is hard to keep them separate.

The chart will show that under this bill a family of four would receive $1,600; that is, $500 each for the first two members and $300 for each child. In addition to this $1,600 there is the $188 State supplement, the food stamp benefits totaling $828, as well as the medicaid and housing benefits. Under this bill this family of four would get $3,775 in cash and benefits in kind. These are all tax-exempt benefits. This is $447 more than the family would have if the head of the family had full-time employment at the minimum wage.

If that same individual earns $5,000 a year he would have a total in cash and in kind of $5,358, but if he gets a promotion to $6,000 he loses $57 and goes back to $5,301.

Can this be called an incentive to work?

Mr. BYRD of West Virginia. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. WILLIAMS of Delaware. I yield.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate resumed the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

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

Mr. WILLIAMS of Delaware. Yes. I shall proceed with these charts later. I shall yield at this time, because we can not get this information presented today. I promised to yield to some of the other Members. I think it is important that the Senate understand this plan and understand just what is embraced in it because not much has been said about the plan on its merits.

In passing, I will make just this comment. We were told that the plan was endorsed by the Governors conference. The Governor of Missouri was before our committee in behalf of the Governors conference, and he presented our committee with a resolution endorsing

the family assistance plan on behalf of the Governors conference. He said at that time he had supported that endorsement. Then he continued that he thought that he had discharged his duty as chairman of the Governors conference and would like to tell us his opinion of the bill after he had read it.

He went on and gave a devastating analysis, recommending against the enactment of this bill. Four of the five Governors testified and found fault with the bill and said it should not be enacted into law until it was tested and proved. They pointed out the disastrous results it would have in their States. I shall refer to that testimony later.

I wanted to dispel the idea that this plan has been endorsed before our committee by the Governors conference. I know Governors have wired in recently that they want this plan. They have been told how much it would benefit their States if they could get it. I shall discuss that a little later to point out that this plan has been misrepresented, that it does not represent a saving to the States in their overall expenditures to the extent that they have been led to believe. In fact, the results will be a larger cost to the States.

I yield to the Senator from Iowa.

Mr. MILLER. Looking at the charts the Senator has had set up in the rear of the Chamber, I notice it is stated that the figures represent current law and medicaid. I notice that, in the example of Delaware, for all brackets of income from zero on up, the total for the medicaid payment would be $437, but looking at the other chart covering New York, the total average medicaid payment would be $1,153. I was going to ask the Senator how such a difference could exist between two cities.

Mr. WILLIAMS of Delaware. Each State can set its own welfare payment level, and the Federal Government participates on a matching basis. The States can balloon its cost. Therefore, to that extent it is a wide-open ticket into the Federal Treasury on a matching formula basis. This bill, however, does not correct that open-end formula either.

Mr. MILLER I appreciate the answer.

Is it not true that that was one of the reasons why the Senate Finance Committee indicated to the department that the plan as originally sent over by the House, which had been worked on by the House Ways and Means Committee, was defective in that it would cause a discrepancy which would result in a disincentive to work? As a result of that, did not the department come back to the Finance Committee and suggest a family health plan to replace medicaid in the case of this program?

Mr. WILLIAMS of Delaware. Yes, and the officials of the department said they were going to come back in with a recommendation that food stamps could be turned into cash, and I notice some of the representatives of the Government have indicated the food stamp allowance would be $800, raising the payments from $1,600 to $2,400. If that took place it would increase the cost significantly. The department also said they were going to come in with a health plan next year. This proposed bill would become a part of the health plan. Payments would be made by the wage earners, and then to make that equitable they were going to deduct it from those on relief. They would deduct from welfare recipients a certain amount of withholding on their cash benefits in order to pay part of their health insurance.

The mathematical result would be that if the health plan which they had in mind went into effect next year it would reduce the cash benefits proposed under the bill. It would mean that we would start them with a certain amount of cash this year, with broad medical coverage, and next year we would reduce that amount.

My argument in the committee was why did we not take the health plan and the food stamp plan and all they plan to do and consider it all in one package.

These welfare benefit programs are interrelated.

I was amazed when the Department told our committee that in deciding on the so-called $1,600 cash plan for a family of four, they had made no effort to relate it as to how it would affect various programs that would be triggered into operation. For example, if a person gets State supplemental help he automatically gets medicaid. In New York a man earning $6,000 would under this bill get $459 State supplement. That triggers medicaid benefits for his family, which, on the average, is worth $1,153. If he earns just a few dollars over that he loses his medical insurance overnight, in one notch. We cannot correct those notches if we do not recognize that they exist. This man earning $6,000 dare not get an increase in salary to $7,000. If he does he will take a cut in take-home pay of over $1,300. Yet they call this a work incentive program. It is the most diabolical incentive program for increased dependency on welfare I have ever seen presented to Congress. This is an incentive not to work. It is an incentive to pay people more not to improve themselves in life. If they do not go to work or if they do not make an effort to improve their present earning capacity they have more benefits from the Government.

I have said for some time that we need a revision of the present welfare laws. I had hoped we could get that reform in the last year I shall be serving in the Senate. It is something we have been advocating for years. It is something we need desperately, but we do not have it here. I hope, regardless of the outcome in this debate, Congress will go ahead and reform the welfare system. But when it does, it must not freeze into the new law all the inequities of the present law.

Some say that politically Congress dare not touch existing programs. Congress should not freeze benefit that everybody is getting, and say that later it will enact the reform.

To me reform is taking away from somebody something he is getting to which he is not entitled, and the other side of the coin is that it would be giving to somebody something he is not getting but to whch he is entitled. It takes both sides of the coin if we are going to reform welfare. The administration has been looking at only one side; and that is, that it dare not reduce anybody's benefits, so they propose to correct it by bringing everybody up to these inequities. Once Congress does that we will expand and double the welfare rolls.

I think what we need is a program that will give a real incentive to American people to get off welfare so that they will want to make more to bring home to their families. There is no way in the world we are going to correct our welfare program other than by getting one that will financially encourage a man to support his family. There is no other way to correct the present welfare system, which we have been perpetuating generation after generation, than to give the father or the mother the dignity of a job, no matter what it is, the dignity of a paycheck, the dignity of coming home to his children with money to support them.

That is the reason I say we have to furnish jobs. Let them earn it. Let them work, and encourage them to improve their lot in life, and by all means encourage them to establish families, yes, get married and establish their families, rather than pay, as I pointed out earlier, a $1,300 cash premium to a young couple if they will have an illegitimate baby before they get married. It is indefensible to support a bill that encourages illegitimacy and call it reform. That is not reform; that destroys everything we stand for in this country—good family life.

Mr. MILLER. Mr. President, would the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. MILLER. I am trying to bring out a part of the history of the development of this whole thing in the Committee on Finance, specifically with respect to medicaid and the so-called family health plan.

It is my recollection that at the time of the original hearings and the charts, we found this horrible discrepancy and these horrible disincentives in the plan, and then, when the department came back with a number of revisions, one of the major revisions that it had, which was incorporated in a series of charts, was doing away with medicaid and replacing it by this family health plan, with a contributory feature; and it was on that basis that certainly a good number of the disincentives have been cranked out of the plan. Does the Sentor from Delaware recall that?

Mr. WILLIAMS of Delaware. Yes, I do.

Mr. MILLER. Does the Senator from Delaware recall that?

Mr. WILLIAMS of Delaware. Yes, I do.

Mr. MILLER. Does the Senator from Delaware also recall that when some of the members of the committee expressed great interest in the family health plan, we were told that it would not be possible for the department to prepare and present the legislative language for this plan until sometime early next year?

Mr. WILLIAMS of Delaware. That is correct.

Mr. MILLER. And that was several months ago, that they said that, was it not?

Mr. WILLIAMS of Delaware. Yes.

Mr. MILLER. I would like to ask either the Senator from Delaware or the pro-

ponent of the amendment, the Senator from Connecticut (Mr. RIBICOFF), if I could have his attention, whether or not the pending Ribicoff-Bennett amendment makes any provision at all for this family health lpan.

Mr. RIBICOFF. No. There is no provision for a family health plan. As the Senator has stated, the administration proposed that at the beginning of the coming year, 1971, it would submit to the Finance Committee and to Congress its own health program, to take care of this basic need.

I think it should be pointed out that under the Ribicoff-Bennett proposal, the overall plan does not go into effect until July 1, 1972, for the working poor and January 1, 1972, for others.

Mr. MILLER. Will the Senator from Delaware permit a further question by the Senator from Iowa to the Senator from Connecticut?

Mr. WILLIAMS of Delaware. I yield.

Mr. RIBICOFF. And I might add that any revisions that had to be made because of the health provisions that would be presented could be revised between the time we come back, whenever that is, in January 1971, and July 1972. I have had in mind all the time that somewhere during the course of this testing, we would watch the testing very carefully in our oversight function, to see how it is working out, and then, as a result of what we discovered in these tests, undoubtedly we would be called on and we would want to initiate revisions of our own.

Mr. MILLER. The Senator from Connecticut has made a point, but he knows that I, and I would guess practically everyone else on the Finance Committee, thoroughly agreed as far as the testing program was concerned. But the Senator's response seems to indicate that since this plan would not go into effect for quite a while, the Senate and Congress would have a chance to do something about medicaid and put in a family health plan in the interim. I suppose if Congress can do that, we could also suggest that sometime before this whole thing goes into effect, Congress can do practically anything else with the plan by legislative action.

Mr. RIBICOFF. Yes, they could.

Mr. MILLER. If that is so, then, of course, that raises the natural question, why must we go ahead on a plan that is to become effective? Why not just the test program?

Mr. RIBICOFF. I think what we are trying to do is recognize that to put this plan into effect is very complicated. The administration has a lot of work to do even to get ready for July 1, 1972. It could not get ready for July 1, 1972 unless it felt that there was a reasonable or good probability that this was going to become law. If we did not have the triggering device that this plan goes into effect July 1, 1972, if the tests proved successful, and that if Congress did not reject, by either House, the proposal, then it could not make all those plans. This is very complex, involving many people, something like 14,000 in the 50 States and it is going to take a great deal of planning.

That is where those of us on the minority of the committee differed from the committee itself as to merely wanting the tests; we wanted the tests plus a trigger that it would go into effect July 1, 1972.

I think these are the safeguards against the fear of many who have doubts about this plan. I cannot quarrel with anyone who has doubts. I must confess that I have some doubts, too. But that is why we thought of the device of having the test plan, on a good basis in two areas.

Several Senators addressed the Chair.

Mr. MILLER. Will the Senator from Delaware permit a further question?

Mr. WILLIAMS of Delaware. Well, Mr. President, if I may interject for just a moment, I do not wish to monopolize this discussion. I am about halfway through my analysis of this bill. I would like to wait and pursue this later and yield the floor to other Senators, after yielding first to the Senator from Illinois, who has been waiting patiently. Then, I understand we are coming in at 9 o'clock Monday——

Mr. MANSFIELD. Yes. Would the Senator from Illinois yield on that point?

Mr. PERCY. I yield.

Mr. MANSFIELD. Would the Senator from Delaware give the Senate an idea of about how much longer he intends to pursue this subject this afternoon?

Mr. WILLIAMS of Delaware. I would like a reasonable opportunity to pursue it. Several Senators want to leave, and I think this is important enough not to present it to an empty Chamber. I appreciate the attendance we have had here, which has been very good. But I would not want to tire us out. We did come in at 9 this morning, and I was wondering if there would be any objection, at the conclusion of this discussion and yielding around, to asking unanimous consent that after we resume consideration of this bill Monday, I could proceed and call it the same speech.

Mr. MANSFIELD. May I say that as far as the leadership on this side is concerned, we are perfectly agreeable to such a proposal, but may I also say that I would hope that sometime soon we would have the opportunity to vote on this proposal, in which the administration has such a significant and overriding interest, either in whole or in part, on the basis of a time limitation or on the basis of the agreement suggested some days ago by the distinguished Senator from Delaware; because we ought to face up to it in some way or other, and insofar as we can, obviate the President's expressed wish or desire or suggestion that if we did not face up to this and several other proposals, he intends to consider withholding his signature from the resolution which has passed both hours calling us back on January 21.

So I am perfectly agreeable to what the Senator suggests. I only wish there were some way we could get down to voting on this conglomerate bill, just so the Senate can dispose of it one way or another.

Several Senators addressed the Chair.

Mr. WILLIAMS of Delaware. I will yield in just a moment.

I point out that the Senator from Montana, the majority leader, has been very gracious and cooperative about this, and I will comply with either request. I can just take my chances to get the floor. I know that with a recess a Senator is allowed to speak twice. But I will leave it to the Senate as to how they want to proceed. I have tried not to monopolize the time.

As the Senator knows, since this bill has been before the Senate the past couple of days, by a prearrangement between the minority leadership and the White House I specifically was not recognized until others who were speaking for the plan had presented it.

Mr. MANSFIELD. Just a moment. Is the Senator referring to me?

Mr. WILLIAMS of Delaware. No; I said the minority leadership. The majority leader has been most cooperative.

Mr. MANSFIELD. I know nothing about that.

Mr. WILLIAMS of Delaware. The leadership on our side——

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

Mr. WILLIAMS of Delaware. I was not recognized before, and this was the first opportunity I have had to speak on this plan since it has been before the Senate.

I have done a great deal of work on this bill. I think I am presenting some reasons why there are problems here and some valid points which I think can be thought about by other Members of the Senate. I have brought out some of them, and I would like them to be looked at over the weekend so that Senators will realize what they are voting on. I should be able to complete this analysis Monday.

There is another point which shows the danger of legislating hastily on a program such as this. The Senator from Connecticut will agree with me on this point. I am not quarreling with the parliamentary procedure in which this was brought before the Senate. It is under the rules of the Senate, but when Congress tries to legislate on the floor, problems develop.

Consider this: Suppose the Senate passes the Ribicoff-Bennett amendment as it is now before us. It is offered as an amendment to the Scott amendment in order to get it into a position which deals with social security increases. I assume Senators will vote in good faith. Then after that, suppose they approve the Scott amendment as amended by the Ribicoff amendment, the family assistance plan, which is what the administration is asking for. So what will have been done? These amendments, if approved as now before the Senate, would repeal 90 percent of the Social Security Act that is now on the statute books and reduce all those present beneficiaries to a welfare status. Perhaps that was not intended, but that would be the result.

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

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

Mr. WILLIAMS of Delaware. I will yield in a moment.

It may be an inadvertence, but the Senator from Pennsylvania (Mr. SCOTT) sent to the desk two pages numbered 8 rather than 7 and 8. The mathematical result is that if Congress approves these two proposals, for which we are asked to vote affirmatively, we will have repealed the social security benefits for every present social security recipient who did not establish an average monthly payroll of $468 a month. That means that more than 11 million people who are drawing social security benefits today would not get their checks after the date of enactment.

Someone said it is not as bad as it sounds; that they are picked up under the family assistance program, and they will be eligible under the pending bill. Do Senators want to advocate that drastic step? Yet that is what we would get. It may be that this was a mistake, but it is a mistake that was discovered only because some of us read the amendments before they were voted upon. This shows the danger of introducing a bill or sponsoring a bill and voting for it without reading it. That is why I say this bill needs to be analyzed. I venture to say that very few Members of the Senate have read either of these amendments. That is understandable in the closing days of the session.

There is no contradiction of this point as to the amendments' effect. I am not suggesting that our minority leader wants to repeal the Social Security Act——

Mr. MANSFIELD. It must have been entirely inadvertent. Any one of us could make the same mistake.

Mr. WILLIAMS of Delaware. The sponsor would not have made the mistake if he had taken the time to read it before he submitted it. Conceivably, had the Senate complied with the request they would have called the roll and voted "yea" for it. It would have been the law; and the Social Security Act would in effect have been repealed. I am sure that this would have been detected before it became law, but it outlines the danger of a rush in the closing days of the session.

I say that those points need to be examined, and that is why I think it is indefensible to propose a new bill this late in the session that has already been rejected three times by the committee handling it.

This afternoon, since 3:30, is the first time any of us who oppose this guaranteed annual income plan have had a chance even to get recognized while the bill has been before the Senate. It is not the majority leader's fault. Let me emphasize that.

I presented a unanimous-consent request to vote on this bill with all the various amendments, and there are no controversial amendments in this bill that are not mentioned by the President as "must" legislation. He called for enactment of the family assistance plan, yes, or the guaranteed annual income, which is a more appropriate name. He said he wanted a vote. But he also said that he wanted a vote on the quotas and the Trade Act. Both are in the same paragraph.

I say this to the majority leader and others: Can they get consent to limit time on this bill? I tried it the other day. But can they get consent to vote on this bill now before the Senate, all the amendments, vote them up or down—the Trade Agreements and all the rest? Can they get that consent? The answer is "No."

So I ask, What is proposed to be done—vote on this amendment alone and then stop and let them know that everybody is for family assistance? It is a wonderful name. I wish the administration had put "motherhood" in there. That would have sounded equally good, although I would have wanted to modify that suggestion and say "wedded motherhood." I do not want to see the Government pay a premium if one has a child out of wedlock. Yet that is what the pending bill would do. Surely Senators want that corrected, but this bill cannot be amended under the parliamentary rules to correct. it We must vote on this bill as it is before the Senate. The sponsors of this bill would pay a cash premium to a mother to have a child out of wedlock.

Also; the Social Security Act will be 90 percent repealed under the amendments we are being asked to support.

The sponsor of that amendment should have tried to read the amendment being offered. I think that would be good advice to those who offer amendments the next time, because there is no question but that the amendment at the desk in effect repeals the Social Security Act.

I shall refer to another provision in this bill, and then I will yield. This bill establishes welfare benefits in States, if it is passed, at a level substantially higher that is being paid to all the draftees in the military. That means that if this bill is passed the salary of these military personnel will be supplemented by welfare. For example, suppose a man working in the labor force and earning $6,000, $8,000, or $10,000 a year is drafted into the military. We know the low pay he gets. This bill provides that his wife and children get part of that supplement out of welfare to meet the poverty level of payment.

What kind of law is that where it puts a man who has never been on welfare, who prides himself that he provides for his family and children, and a salary as a soldier drafted into the service of our country in Vietnam—perhaps he loses his life—at a salary lower than the welfare family is to get. I proposed that the salaries of these military personnel be brought up to at least equal the amount that we pay the same size family on welfare in this country.

I do not support a proposal under which we we will continue to draft men and send them to Vietnam at the risk of their lives to defend this country and at the same time pass a bill that says, "We will take care of your family. Do not worry about them. Do not worry about your children. We have a bill here that will automatically make your family eligible for welfare the day you enter the Government's service in the military."

I say that that is an outrage. I do not think any Member of the Senate would have voted against an amendment to make sure that this soldier, who is serving in our Army, can get from the combination of his military pay and family allowance the same amount of money, and get it as a check payable for his service to the country, so that his family does not have to resort to what he may consider to be the stigma of welfare.

We talk about reforming the system. That is another inequity that should have been correct yet the bill before the Senate does not correct it. The two amendments before the Senate, I repeat, go in the opposite direction; together they repeal 80 percent of the social security law. Over 80 percent of those drawing social security benefits today would not be eligible for benefits on the enactment of this bill as it is before the Senate, and as it is not subject to an amendment—that is, the Scott-Ribicoff-Bennett combination, if it is adopted.

The administration says it is for these two amendments. I ask anybody in the administration—I ask any Senator to stand up and say that he would vote for the final passage of this bill if these two amendments are approved as presently drafted. Yet, they cannot be amended under the rules of the Senate. Let us find out where the Senate stands on these points. That is why I am willing to call the roll.

Mr. GRIFFIN. Mr. President, the majority leader indicated that he would agree to the request of the Senator from Delaware, if it were agreeable to the minority leadership. The Senator from Pennsylvania (Mr. SCOTT) is not on the floor at the moment. But I think I could speak for him. He did say earlier today that he wanted to be sure the Senator from Delaware had adequate time to make his presentation. I am sure, if he were here, the minority leader would not object to the request that the Senator from Delaware resume his presentation on Monday.

However, I should like to point out that the Senator from Delaware indicated he would like to resume the floor at 9 a.m. I believe he may be overlooking the fact that at 9 a.m. the Senate will be considering the SST issue under a previous arrangement, and the Senate will not return to the social security bill until 3 p.m.

Mr. WILLIAMS of Delaware. That is what I meant. When we resume consideration of the amendment.

Mr. KENNEDY. Mr. President, it is the intention of the leadership to afford a 1-hour period on Monday next to be set aside for a tribute to the distinguished Senator from Minnesota (Mr. MCCARTHY) who is retiring. We have been doing that for the past couple of days now. If the Senator from Delaware were to propound a unanimous-consent request to be recognized, we would enter no objection to such request, provided that it were to provide for time later in the day.

Mr. WILLIAMS of Delaware. That is right.

Mr. GRIFFIN. As of now, we will go back on this at 3 o'clock on Monday afternoon.

Mr. WILLIAMS of Delaware. I shall make the request that when I conclude today, I may resume my remarks as part of the same speech whenever we resume consideration on Monday on this same bill. I want to accommodate myself to the leadership. It is rather ironic that

the Senate is filibustering on another bill from 9 o'clock to 3 o'clock and then is being asked to consider this important legislation in the dark hours of the evening. But considering what is proposed in the bill I can understand that. Maybe the sponsors do not want the light of day to shine on some of the inequities in this bill, but I assure Senators that with a modern lighting system some of us are going to enlighten them. Again, I do not want this to be interpreted that I am going to filibuster. I have been here 24 years, and I have never taken part in one; and I am not now.

All I want is an opportunity to explain my views. I know that the Senator from Connecticut would be the first to admit that this bill would not be before us even now if it had not been for the fact that I and others who oppose the bill made quorums and gave consent to meetings of the committee during sessions of the Congress. It would have been a simple matter at any point to get up and say, "I object to the committee meeting." This was not done.

I frankly did not want to have to go back to Delaware, having objected to this bill, without a chance to outline why I objected. I welcome this opportunity, and I have no fear as to the outcome of the vote after the Senators understand the bill.

Mr. GRIFFIN. I would like to say in addition, that if the minority leader were here, he would want, and I do, too, to join with the majority leader in his strong expression that we do want to get to a vote on this amendment. Of course, those in opposition should have a reasonable opportunity to explain their side. First and foremost, of course, is the Senator from Delaware. But I do share the strong feelings of the majority leader that we should, after all the facts are in, get to a vote.

Beyond that, it should be said, on behalf of the minority leader, that if there was an inadvertent error in his amendment, and apparently there was, it can be corrected. After we vote on the Ribicoff amendment, a correcting or perfecting amendment to the Scott amendment could be offered and considered to correct the error that the Senator from Delaware has pointed out.

Mr. WILLIAMS of Delaware. If someone found a flaw in the amendment of the Senator from Connecticut we could not offer an amendment to correct that. I am merely outlining what the problem is. Some Members are assuring their constituents that they are for these so-called amendments. I want them to know that they are endorsing a proposal which may or may not be amended but which, if approved, will repeal 80 to 90 percent of the Social Security Act of this country. I will ask this question: In order to see when we can get to a vote could I get a unanimous-consent agreement now to limit the time on all amendments before us so that we know we could dispose of them? I offered a unanimous-consent request the other day for 6 hours each to title III, which is the trade amendments, and 6 hours on the catastrophic insurance—I think we had that for 4 hours, but I would take either—and put a time limit on this plan for a guaranteed annual income. I wonder, can we get consent of the minority leader or the acting majority leader to the point that he could agree to a unanimous-consent agreement to limit time on the trade agreements and all amendments on this bill?

Mr. ERVIN. Mr. President, I object.

The PRESIDING OFFICER (Mr. EAGLETON). Objection is heard.

Mr. WILLIAMS of Delaware. I see the Senator from Massachusetts is on the floor ready to object also. I appreciate his position.

Mr. KENNEDY. I did not object.

Mr. WILLIAMS of Delaware. The Senator has no objection? Good. Then I renew my request——

Mr. RIBICOFF. Mr. President, if the Senator will yield, I will not object, but I would like to comment in reply to the Senator's remark, before a unanimous-consent request is made. As a matter of fact, I will join in such an unanimous consent being granted. But there are some comments I would like to make, if the Senator will yield to me.

Mr. WILLIAMS of Delaware. I am glad to yield. The request was made, I say to the Senator, but it was objected to.

Mr. RIBICOFF. That is right, but I would hope there would be no objection. I do believe that the Senator from Delaware, as well as all other Senators who oppose the bill, are entitled to a great deal of time to explain their positions in opposition to this measure. It is complicated. I agree with the majority and the minority leaders, and the chairman of the committee, and the assistant minority leader that we would hope some time, within a reasonable time, to be able to vote on the Ribicoff-Bennett proposal. That should be voted on after adequate time has been given to the Senator from Delaware to explain his opposition.

I notice on the news ticker that the President, in a meeting with the leaders of the minority, mentioned the fact that the minority had an obligation to pass his program. So far as I know, there is no opposition basically from the majority to taking a vote on the family assistance plan. Most of the opposition to taking a vote on the family assistance plan that the President seems to want so deeply, comes basically from his own party.

I also want to point out—I do not have to defend the Senator from Pennsylvania (Mr. SCOTT)—that it is not true social security may be impaired.

I think that there are a number of Senators here, to whom this matter should be explained. When the Senator from Pennsylvania put in his amendment, he put in a table that included pages 7 and 8. How it took place, no one knows, but the reading clerk, when it was presented to him, had two pages 8 and the journal clerk had two pages 7. So in the CONGRESSIONAL RECORD, and in the record, on page 20620 appears page 7. What the distinguished Senator from Delaware had, when he went up to the reading clerk, was page 8, indicating that pages 7 and 8 were submitted with the amendment by the Senator from Pennsylvania. For some reason, the Journal clerk got page 7 and the reading clerk got page 8, due to some confusion.

May I point out to Senators when they vote for the Ribicoff proposal that at that time, when the vote is taken, it is definitely intended by either the Senator from Pennsylvania, myself, or any one of us to offer an amendment to the Scott amendment to correct this error. At that stage of the proceedings such an amendment will be in order—and such an amendment will be offered by the Senator from Pennsylvania—to correct the situation so that we would have tables 7 and 8. Not one single person in the United States would be deprived of one penny of social security benefits if we voted yea on the Scott proposal as amended by the Ribicoff-Bennett proposal.

I think we should make the record clear on that point so that if we vote for the proposal we are not jeopardizing the rights of the social security beneficiaries.

When I talked to the Senator from Pennsylvania about the position that was adopted—and which position the Senator from Pennsylvania made absolutely clear—he said:

> Abe, in what we are doing, I want to make sure that we in no way jeopardize or keep the social security beneficiaries from receiving the 10 percent social security increase and the $100 minimum, because I am totally for such a proposal.

So, therefore, this was due to some inadvertance. How it happened, I do not know. I put the blame on no one. But I do want to make it clear to the Senator that the social security beneficiaries in his State will not have their interests jeopardized.

Page 35 of the Senate Manual outlines the procedure whereby that would be made possible.

I would hope we would grant the unanimous-consent request of the Senator from Delaware. I would also hope that we could agree before we left the floor on a time certain to vote on the Ribicoff-Bennett proposal. The President of the United States desires it. The majority and minority leaders desire it. I believe that a majority of the Senate desire it.

Whether this vote takes place on the 22d, the 23d, the 28th, the 29th, or the 30th makes no difference to me. But I believe that the President of the United States is entitled to a vote.

I would suggest this respectfully to the President of the United States. I do not think the Senate of the United States needs any threats. I believe we are trying to do our job. I resent the President of the United States making threats toward the majority because I do not believe there is any other member of the Senate fighting harder for the President's family assistance plan than this Senator from Connecticut.

I want to say that I resent any reflection cast on the majority leader or any Senator on this side.

Mr. WILLIAMS of Delaware. Mr. President, I thank the Senator. I am certainly not casting any reflection on the motives of any Senators. It is very obvious that this is not a political issue.

I am on this side of the aisle, and I am expressing opposition to the proposal. I do say that as a loyal member of the Republican Party I always enjoy hearing on both sides of the aisle eloquent support for the President of the United States and his various plans.

It is wonderful to have such support, even though it may be on some bill on which we disagree.

The President also said he wanted his trade bill.

They are both in this same bill. They were both recommended in the same message in the same paragraph. The President asked for one right after the other.

Suppose I renew my request at a later time since we are all loyal supporters of the President of the United States. I made it clear that I am going to vote against the proposal, yet I am willing to enter into a unanimous-consent agreement after I have had a reasonable time to present my views. Others also want to speak, and they must be protected.

The same thing should be true about the trade agreement section. We are talking about the President's proposal. I remember the President in February made an eloquent plea to Congress about the need for the legislation dealing with the prospective strike of the railroads. Congress never acted. The President repeated his plea time and again. Nothing was done. We almost had a bad situation develop with the strike a couple weeks ago. All we did was to postpone that for 3 months.

Why was this bill not considered?

I think that should have been acted on. I would welcome a chance to vote on it. That bill has been before Congress for a long time. It has not even had the courtesy of committee consideration.

I only wish that we could have had this enthusiasm and loyal support of the President's proposals before. Even though it is late I welcome it.

I am willing to vote on this proposal. But on the other hand, there is not a single Member of the Senate—and if there is I will yield to him now—that will say there is any possible way under the parliamentary rules of the Senate, even if we vote on the Ribicoff amendment and on the Scott amendment, that it could ever possibly become law unless we vote up or down on the trade bill and on the welfare sections.

If all that those who are sponsoring this are after is only a vote so that they can go home and brag to their constituents how they voted, that is one thing.

I can tell the Senate how it can do that very easily under the rules. We can introduce a Senate resolution and ask for its immediate consideration saying that it is resolved that all of those voting for the resolution are for work incentives and for motherhood—perhaps I had better say wedded motherhood, because it would sound better back home. The Senate could pass the resolution and could also put in the social security benefits. We could say that we are for a 10-percent increase. Why not say 20 percent? It sounds better, and Senators agree now that it will not become law anyway unless we break this impasse on the trade and welfare amendments. Congress will be promising something to a lot of people on the eve of Christmas that every Senator knows cannot pass. I will yield to any Member of the Senate right now who would say that it could. There are 25 of us here. I will yield to any Senator who will stand up and explain how we can possibly vote on final passage of the bill before us even if we vote to approve the Ribicoff amendment within the next 5 minutes and approve the Scott amendment 5 minutes later. I would like some Senator to tell me how it can become law without facing up to the trade agreement and ending this filibuster. We cannot do it.

I do not see any takers who are willing to say we can do it under the parliamentary situation.

The Senate can vote on the proposal and go home and tell the social security recipients that they are for a 10-percent increase, for a 15- or 20-percent increase—I do not know why we should stop at 10 percent. Senators know they will not get it anyway. Why should we stop at $100 minimum. Make it $150.

This bill dies at noon on January 3, and every Member of the Senate knows it. It is not going to become law even if we approve the Ribicoff amendment under the present parliamentary situation. I say that as far as one Senator is concerned I will be a party to no such political hypocrisy.

Mr. President, I ask unanimous consent that I may resume my remarks when the Senate resumes consideration of this proposal on Monday and that it be counted as part of this speech.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I promised to yield to the Senator from Illinois before. I forgot to do that. I shall yield to him and then yield the floor.

Mr. PERCY. Mr. President, I have one question of the Senator from Delaware. My own support for the Nixon family assistance plan has been based primarily on the fact that there is built into the system an incentive to work.

As I understand the Senator from Delaware, he has come to the conclusion that there is a disincentive to work that is greater than in the existing welfare plans. If that is true, I am deeply disturbed by the analysis he has made.

As I have understood it, the bill has built-in financial incentives to work that are greater than under the existing welfare. But it does not rely solely on financial incentives. It has certain other incentives and requirements that are part of the plan.

My belief that these will work is based upon the fact that in Illinois for 5 years now we have had a requirement that a man who is a welfare recipient get training. That has caused about 50,000 people who were on welfare to have gainful employment as a result of these requirements.

My understanding is that the family assistance plan proposed by the administration does require registration for work training or vocational rehabilitation as a precondition to receiving payments; that it has a proved provision for direct referral to jobs, that it has expanded training opportunities, a requirement to accept suitable work or training, and an expanded child care program which would free mothers for work who otherwise are tied down, and enhance development of the child at the same time. Lastly, it provides aid to the working poor in removing the incentive to quit work for welfare. Those are all provisions built into the plan.

I cannot see why there is more a disincentive to work under the plan than under welfare, where many of the provisions I mention do not now exist.

Mr. WILLIAMS of Delaware. I refer to the report to the committee of November 5, page A–25, and use the example for Chicago, Ill. Under the present law there are incentives to work. This is an example of a four-member family headed by a woman and refers to the net retained of each earned dollar. Under the present law when that woman goes out and works, with her child in a day care center, she can keep 54 cents from each earned dollar. Under this bill, the administration proposal, she keeps only 27 cents, which is one-half as much as under the present law. My point is that the incentive is cut in half. I think we need more incentive than there is under the present law. I want an incentive in the law where these people will be phased out of welfare.

In Arizona under the present law a person that trains himself and wants to go out and get a job gets to keep 62 cents out of the dollar, but if this bill becomes law he would keep 28 cents, which is a disincentive, compared with the present law.

In my State they would keep 71 cents today from what they earn when they get a job compared with only 23 cents of that dollar under this bill. There is not the same incentive.

In New York the cut is from 60 to 30 cents.

I agree with everything the Senator has said about the need for welfare reform, but the Senator has spoken on the basis of the analysis of this bill as they have been describing it downtown. I have said I endorsed the President's recommendation and still endorse what he seeks to achieve. I will support a bill tomorrow if we can get a bill with a mathematical formula to achieve what he seeks, but this bill goes in the opposite direction. The problem we have is that when these figures and different systems are related to each other there is not an increased work incentive, as they say, but there is an increase in incentive not to work.

For the four States that were selected we took two large States, Illinois and New York, and two small States, Arizona and Delaware, as examples. If a person gets $6,000 in Illinois after taxes he has $6,001, including the housing bonus. That is all the family would have left.

If that same person earns only $1,000 she has total cash in welfare payments and benefits in kind—food stamps, and so forth—equaling $6,197. That is

$196 less than if she earned $6,000. That is not an incentive.

The Senator knows if you want an employee to have incentive you give him a raise. It is something to work for.

Take the State of New York. If the person is making $7,000, he has after taxes $6,209 in spendable income, but if he gets an increase up to $8,000—and every bona fide worker should try to earn more—he gets a net increase of $572 for that work. But suppose he spits in the boss' eye and gets his salary cut to $6,000. He gets a $1,303 increase. He has $1,303 more by earning less. That is not a work incentive program. I know the Senator will agree with me.

Take the Senator's State of Illinois and the person with a $5,000 salary. He has expendable income including welfare, rent supplements, and so forth, after taxes of $6,867, but if he works harder and makes $6,000, under this bill he would have $6,001. That does not make sense. If they make $7,000 they have $6,508 or $359 less than if he made $5,000.

Can this be called a work incentive program. The only incentive to work under this bill is to work to get on welfare.

Those are the points I say need to be corrected. This person earning $5,000 should be encouraged to train to do a better job, get a promotion, and move forward. The entire system of our country is that a man can start from any level in life and by adapting himself and learning his trade, increase his earning capacity so that he can better provide for his family. But a situation is created under this bill where a man who wants to provide for his family cannot afford to take a $1,000 increase in salary without losing $800 for his family. He is put in a position where he has no incentive to improve his earning capacity. I do not think the Senator from Illinois would support a bill that would do that. Surely that can be corrected.

I have said repeatedly, and I know the Senator from Illinois with his background and experience in business will agree, that there is no problem that can be put together mathematically that cannot be solved mathematically if one sits down with the will to do it. There is no doubt in my mind that these notches can be removed. I know they can be removed. But a mathematical quirk or problem cannot be corrected unless first one admits and recognizes that the problem exists.

Our problem has been with the Department. They are living in the clouds. They are out busily making speeches about what they want to achieve. I could take President Nixon's speech that he made endorsing this plan, and I could stand on the floor of the Senate and use it as an argument against this bill. I am wholeheartedly in support of his objectives. The Senator from Illinois and other Senators support that objective. My point is that the bill before us does not do it. These are not my figures on the charts. I am not up here speaking from my analysis alone. That is the reason I wanted to take the time of the Senate to outline just what is wrong with this bill.

These charts I am using were not prepared in my office. I insisted that the Department of Health, Education, and Welfare prepare these charts and submit them to the committee with the name of Health, Education, and Welfare on them so that when I presented them to the Senate they would not say, "Well, JOHN WILLIAMS has gone nuts. It is inconceivable and it is hard to believe that these notches are here in this bill." These are the reasons our committee by an overwhelming vote voted not to report the bill. I think it is too bad for the Senate to accept when the Senate understands what is involved. I am not talking about a filibuster. The Senate knows I have repeatedly tried to limit debate in this instance I want the Senate to know what is involved before it votes, but then to vote. I want the Senate to work its will, but I would not want to see the Senate approve a plan that could only expand the extravagance of our present welfare system.

Let us not forget the taxpayers and wage earners who pay for this welfare.

That is the reason why I personally think the best course for this session of Congress would be as follows: I think the President and those who support this proposal would be well advised to proceed cautiously. I think the Senator from Connecticut would endorse this point. I am going to make the suggestion that this proposal be laid aside without prejudice and that when Congress comes in at the next session it take the time to try to work out a solution and do it without the administrations charging negligence on the part of the majority party or the minority party. We are not going anywhere if we try to turn this into political arguments. The question of whether it is a Democratic Congress which refuses to pass it or a Republican Congress which blocks it is immaterial. The question is, Is it good legislation which should be passed?

There is no man who respects the President more than I do. I supported him long before the convention. I expect to be supporting him long after this bill is gone and, I hope, forgotten. There is no question about that.

I think it is wrong to hold out the false hope that this is a welfare reform bill. It is not. I think it would be bad for Senators to go back to their States and say, "We in the Senate passed a program that is going to help you as a welfare recipient, we have passed a program that will encourage them to get off relief," when at the same time in the Senator's State, instead of getting 54 cents of every dollar they earn they will keep only 27 cents under this bill and in my State, instead of keeping 71 cents, they will get only 23 cents.

Can that be called an incentive.

Those people cannot understand those mathematics. They cannot look behind the formula. All they can do is look at the speeches being made, but those speeches do not solve the problem of illegitimacy or the problem of improving our welfare laws.

I repeat again, no welfare recipient will lose money as a result of this bill. One may then ask the question: "Why not, if you say he will get 27 cents instead of 54 cents from each dollar?"

He gets the difference in more welfare. Yet the dignity of that 54 cents as earning income is far better than 54 cents on a welfare check. That is the difference in my belief.

I think what we need is a reform bill that will remove these notches, a reform bill that will provide a bona fide work incentive so that a man on welfare will be able to see that the man who gets off welfare and enters the labor force benefits, so that the man who stays on welfare will be able to see that the neighbor who got off welfare and joined the labor force is gradually improving the standard of living of his family and getting some luxuries.

If we have a welfare program in which one welfare recipient sits at home and one enters the labor force, but the man who stays home ends up with more benefits, more cash, more luxuries, than the man who went to work, that is the direct opposite of what we want to achieve.

That will not reduce our welfare rolls.

I do not think the administration wants that result, but the Senator knows that in putting a mathematical formula together, with six components which they were not taking into consideration at the same time, a number of negative factors can come into operation.

One of the points that was overlooked in these notches is the fact that when a man works and earns a certain amount he pays a tax on those earnings. If he stays on welfare and gets the same amount he does not.

Another notch is that at certain levels, when he enters the labor force he has to pay hospital insurance for his family and is not eligible to receive free medicaid. That also creates a notch.

Another notch comes when he gets $600 or $800 for food stamps, and then when he makes $1 over a certain amount he gets no food stamps. That makes a $500 or $600 notch.

These notches have to be put on paper and recognized.

I was somewhat shocked when a department official before our committee admitted that prior to making any such suggestion with reference to all of these programs in which a welfare recipient may participate—and it is mandatory that in the Senator's State and my State they must become eligible—they did not put them together to see what the result would be or how they would be affected. All they did was to look at the first three lines.

If we look at just the first three lines and stop there it is a true work incentive program. There is no question about that. But it does not stop there, and these other programs are in the law. They are mandatory payments. I was shocked by that negligence on the part of a department for which we appropriate hundreds of millions of dollars, with all their experts, not figuring these together. That is the reason why I said earlier there is no excuse for it and that what we need is a good house cleaning in this agency of Government.

Perhaps if some of these people had been in what I will refer to as the labor

force and had had to work for a living, they would be more understanding. Instead they are living off the taxpayers and just dreaming up ways of how to spend the taxpayers' money with no idea of where the money would come from. There is nothing more dangerous to society than an egotistical bureaucrat, and this agency is full of them. It has gotten to the point that it has affected them so that they cannot reason clearly.

All we need to solve this problem is some good commonsense. These are some of the mathematics involved in this bill before us. I do not think any Senator here could get up on any platform in any State, before any audience, and explain and defend this plan if they showed it to the people and explained how it would work. I do not care if it would be in the poorer sections or the richest of an area. I do not think he would be able to convince anyone that we should have a welfare program in which the person who works will get less than the man who stays on welfare. They do not want that kind of program. Not one single Senator will endorse that kind of program.

My question then is, Why vote for it at this time? Why not recognize that this bill should not become the law? Why not lay it aside? We know it is not going to become law at this session anyway. Why not strip the bill down to the first two titles, which deal with social security and medicaid reform? Why not strike out titles III, IV, and V, strike out the pending amendment on trade, strike out the pending Scott amendment, strike out the Ribicoff amendment, and have a gentleman's agreement that neither the trade amendment nor the family assistance plan nor the guaranteed annual wage will be offered in this bill? Why not say that they are going to be put over into the next session, and then dispose of the medicaid sections and the social security sections, and send it to conference?

I say that as one who is not going to block a vote on this question, if Senators want to have one. But I will regret, and I will leave the Senate somewhat disillusioned, if the Senate passes these provisions by rollcall votes, and then perhaps following that votes for a 10-percent increase in social security benefits and a $100 minimum, knowing at the same time that this bill is not going to become law.

Right now, on Christmas Eve, I think that would just be the cruelest political hoax this Senate could perpetrate on the aged. I hope the Senate will not do it.

If we strike from the bill titles III, IV, and V, strip the bill at the same time of amendments which are pending and which are nongermane—the Ribicoff amendment on welfare and the trade amendment—and have a gentlemen's agreement that we are not going to pursue them in this session of Congress, whether we are for them or against them, and do the business of this Congress, then I think we will be well advised to go home.

This Congress has done enough to the taxpayers and the sooner it adjourns the better for our country.

Let the administration appoint a committee from the Finance Committee, the Ways and Means Committee, and other interested parties and try to come up with a plan that will work mathematically and not have these quirks in it.

It can be done. Let them come up here with such a plan, present it to Congress, and if it is a reasonable plan, one that has a true work incentive to carry out what the Senator from Illinois wants, what the President wants, and what every one says he is for, I am confident Congress will pass it.

But if they cannot come up with such a plan, let us not put one on the books, that we know will not work.

Mr. President, I have gone beyond my time. In line with the previous request, I yield the floor.

Mr. LONG. Mr. President, looking forward to the time when it might be in order to consider the various alternatives that might be suggested in order to expedite consideration of this bill, and in order to facilitate the consideration of it by Senators, I am going to ask that the bill be printed with each committee amendment numbered.

In that way, Senators can notify me or other members of the committee which amendments, if any, they consider controversial to the extent that they would not be willing to agree to a limitation of debate on those amendments, and we could take that into consideration with regard to any motions to limit debate or to recommit with instructions, or any of the various procedural motions that might be available to the managers of the bill.

Mr. President, I ask unanimous consent that the bill be printed with the amendments numbered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. Mr. President, I would just like to take a few moments of the Senate's time to report that I have been reliably advised that the negotiations between the Japanese Government and our Government over textile quotas were on the verge of a successful agreement, but before that was announced, a decision was made by the U.S. Government to back off from our proposal.

This is a report that comes from an indirect source, but it comes from a source that at least seems to me to be reliable, and I think it is terribly important, before we act on any trade legislation which has been predicated on the theory that it was necessary to force some kind of agreement, to find out whether in fact our negotiators were on the verge of a textile agreement, and whether that could now be quickly put into effect, and would nullify the need for any further consideration of the proposed textile restrictions.

I am further advised that the textile industry, when advised of our proposal, involved themselves quickly to encourage our Government to back off from any agreement. That would certainly be a strange change of strategy, because all along we have been told that if only the Japanese would agree to some kind of voluntary restrictions in the manmade and woolens field, as they had already agreed in the cotton field, it would not be necessary to proceed with formal statutory quotas.

Apparently once that had been achieved or nearly achieved, if my information is correct, the textile industry in this country changed its mind and urged our Government to back away from its proposal and from the imminent agreement. For what reasons I am not told, but one of them might be that they were aware that the Senate was considering formal statutory textile import quotas, and felt that they could do far better with such statutory restrictions than they could with the kind of an agreement which I had understood they had sought and which I have now been advised was near a successful culmination.

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

Mr. MONDALE. I would first like to conclude my statement.

I think that this information, which has, as I say, been relayed through informal sources, ought to be the basis for an inquiry, and I shall make such an inquiry to our Government, to determine whether an agreement has been reached, how close to an agreement we are if it has not been reached, and the extent to which it is possible to now conclude that the informal understanding that had been sought is now within reach, and that, therefore, to proceed further with statutory proposals for import quotas becomes unnecessary.

I am glad to yield to the Senator from North Carolina.

Mr. ERVIN. Would the Senator mind revealing to the Senate the source of this information?

Mr. MONDALE. I am not at liberty to do so. I do say I received it from a source I regard to be reliable. But in any event, I am sure our Government could quickly advise us of the facts.

I thought this disclosure was of sufficient urgency, in the light of the pending legislation, that it should be made public, and that we should find out from our Government precisely what the situation is.

Mr. ERVIN. Is the Senator unwilling to disclose the source of his information, so that some of the rest of us might be enabled to ponder whether it is reliable or not?

Mr. MONDALE. Well, I would only say to the Senator from North Carolina that the source, which asked not to be disclosed, is known to me as being very reliable. But in any event, we can quickly hear from the administration if they wish to disclose what those facts are regarding our latest proposal to the Japanese and one degree to which we backed off from this proposal upon pressure from the textile industry.

Mr. ERVIN. Well, I would say to the Senator from Minnesota that, while not undertaking to dictate conduct on the part of other Senators, the Senator from North Carolina would never convey to the Senate publicly information from somebody who was unwilling to allow his identity to be disclosed.

Mr. MONDALE. I say to the Senator from North Carolina that if this information which I have received from what I regard to be a reliable source is accu-

rate, and Congress is not being advised of this important step, it is a very, very serious matter, which undermines the integrity of the legislative process, and I considered it to be of sufficiently serious import to raise this matter at this time, hoping for a prompt answer from the administration.

Several Senators addressed the Chair.

Mr. ERVIN. In other words, the Senator did not receive this information from Old Nicodemus, who travels only by night?

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

Mr. MONDALE. I am happy to yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, these seem to me to be very serious charges. I think that for the Senate to proceed on the assumption that they deserve credence would be a very risky operation. I can only say to my good friend from Minnesota, for whom I have the highest regard, that it would seem to me that if there is validity to the contentions that he has disclosed just now to us, we ought to be entitled to know specifically what has been revealed by his sources, and those sources should come forth and identfy themselves; and until they do, I would hope that the Senate would give no credence to them. It reminds me of stories that were heard during World War II, when there were all sorts of rumors about peace. It took a long time after those first rumors were heard before we actually had any peace.

I do not mean at all to impugn the message that has been brought to us by my good friend from Minnesota. But I say that I think it is important that we know, first of all, specifically who is making such a statement, and then check out with sources in the administration the accuracy of those statements. After these steps have been taken, if they both disclose that the statements indeed deserve credibility and are true, then I would say at that time, and only at that time, is it proper to lay aside any consideration of a bill that has, in the main, the endorsement of this administration, a bill that is supported by a number of Senators on this floor, as was evidenced by a vote earlier. Until that sort of documentation can be provided the Senate, I would hope that we would give no further serious consideration to the charge.

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

Mr. MONDALE. I would not have said what I just said unless I were convinced that there was a serious basis for it. I think this is one of the problems of trying to operate on such sweeping legislation under conditions 1 minute to midnight before the adjournment of this Congress, when there is no longer time to hold hearings to explore such things as the feasibility of such textile agreements or other kinds of international understandings. As I have said, I received this information from a source which I believe to be sufficiently credible.

Mr. HANSEN. I have no doubt of that.

Mr. MONDALE. I thought it ought to be raised. If it is wrong, it is wrong, and the administration can tell us. But I received it from a sufficiently credible source that I thought it ought to be raised.

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

Mr. MONDALE. I yield.

Mr. FANNIN. Would the Senator be willing to say whether or not he received it in writing or whether it was just a conversation, and why he would consider it so reliable when we have had rumors about rumors coming along on this subject? As the Senator knows, we have had information in the press continuously about these rumors, but they are just rumors.

I have been checking very carefully on this matter, and I certainly have no indication, and in talking with members of the administration have no indication, of anything like this happening. We know that just the opposite has been happening so far as the formal reports are concerned. Is it in writing?

Mr. MONDALE. I think that is immaterial. I can only repeat what I have said. I received it from a source and in a manner which I found persuasive.

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

Mr. MONDALE. I yield.

Mr. DOLE. When the Senator received the information, was any effort made to check it with any administration official?

Mr. MONDALE. An effort was made to check it insofar as I felt I could. As I said, I am sufficiently convinced that it is a credible source, and I thought the announcement of what I had learned should be made at this time.

Mr. DOLE. Did the Senator make the announcement and then check with the administration?

Mr. MONDALE. I have checked as far as I felt I could. I think it is a serious allegation. The administration could make its response.

Mr. DOLE. With whom did the Senator check?

Mr. MONDALE. I will not go beyond what I have just said.

Mr. DOLE. The Senator cannot even reveal the source with which he checked?

Mr. MONDALE. I have gone as far as I am going to go on that.

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

Mr. MONDALE. I yield.

Mr. GRIFFIN. I was busy conferring with the distinguished Senator from Connecticut (Mr. RIBICOFF) and the distinguished Senator from Delaware at the time the Senator made his statement, so I did not hear it. But I am told that he said that, on some source, he understands that an agreement with Japan on textiles has been entered into. Is that correct?

Mr. MONDALE. I have been told that it either had been entered into or was at least imminent, and that the textile industry got word of this, and our negotiators backed away from this allegedly near-agreement. So either an understanding has not been disclosed or we backed off from what was on the verge of an understanding in order to leave us in a position where we would continue to believe that it was futile to anticipate or contemplate that such an agreement was possible.

Mr. GRIFFIN. I should like to add this information to the colloquy. If such an agreement has been arrived at, it must have been within the last 2 days, which surprises me very much, because 2 days ago, acting in the place of the minority leader, I met with representatives of the Japanese Government in my office. I will have to check and get the names. The names of Japanese officials are difficult to remember and pronounce. They were representatives of the Embassy, and one was a distinguished member of the Japanese Diet, who came to me to plead with me to see if our Government would not change its bargaining position, that they were too far apart and they could not possibly agree to the severe conditions that our Government was insisting upon in the negotiations.

So I will have to say that that is very surprising to me, and I suppose it would be surprising to the officials of the Japanese Government who apparently do not know that such an agreement was arrived at.

Mr. MONDALE. I am told that this development occurred within the last 2 or 3 days.

Mr. ERVIN. Will the Senator from Minnesota pardon the Senator from North Carolina if the Senator from North Carolina would remind the Senator from Minnesota that these negotiations have been carried on under the auspices of the Department of Commerce, and if the Senator from North Carolina would further suggest to the Senator from Minnesota that there is a telephone line—many telephone lines—to the Department of Commerce, which could have been resorted to in order to ascertain the validity of these rumors?

Mr. MONDALE. As the Senator from North Carolina may know, these negotiations are being conducted under the direction of Mr. Peter Flanigan, of the White House.

Mr. ERVIN. But the Senator knows that the Department of Commerce has worked on them in conjunction. As a matter of fact, the Secretary of Commerce has personally attempted to get negotiations underway and has engaged in many of them himself.

Mr. MONDALE. It is my understanding, and has been for some time, that the principal negotiator for the textile agreements is Mr. Flanigan, although initially the Commerce Department and its Secretary were principally involved, and that the situation as I describe it is now essentially correct.

Mr. ERVIN. I will ask the Senator from Minnesota whether he has any reason to believe that Mr. Flanigan cannot be reached by telephone?

Mr. MONDALE. Just permit me to say that, as I indicated earlier, I have received this information from a reliable source. I believe that it is essentially accurate. At this moment, with so few legislative hours to go, and affecting, as it does, a fundamental issue of national trade policy, I thought it important to make this known.

Mr. ERVIN. Does the Senator from Minnesota think they are going to decide national trade policies on such rumors as this?

Mr. MONDALE. For example, just a few moments ago it was proposed that we agree on a unanimous time agreement on the trade legislation, which could have been taken and agreed to without knowledge of this occurrence. I think that would be a very serious situation.

Mr. ERVIN. The Senator from North Carolina would be very glad to vote early Monday morning on the trade agreement and would make a unanimous-consent request to that effect had he any anticipation that it might be granted.

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

Mr. MONDALE. I yield.

Mr. STEVENS. What type of agreement was contemplated by the report the Senator has—a voluntary agreement on the part of the Japanese to limit their exports to this country? I do not quite understand the nature of the agreement the Senator indicates was about to be entered.

Mr. MONDALE. This is at the heart of the whole controversy surounding the need for legislation to impose arbitrary trade quotas by statute affecting textiles. The argument has been widely discussed that if only the Japanese would reach an understanding with our Government for some sort of informal restraint on the importation or the exportation of Japanese textiles into the United States, an understanding affecting manmade and woolen fabrics, such as that which now has been reached and long since reached in the cotton textile field, it might not then be necessary to have statutory restrictions.

The development which I have reported earlier would have a fundamental bearing on whether any action would be needed by Congress by way of statutory restrictions on textile quotas.

Mr. STEVENS. If I may interrupt there——

Mr. MONDALE. Because we are within minutes or hours or days from adjournment of this Congress, because we are being presented with proposals for limiting debate on the trade bill which I regard as being one involving revolutionary changes in American trade policy, and because I received the information I had earlier reported on the source which I found to be fully credible, I thought it important to make that disclosure.

Mr. STEVENS. I might say to the Senator that I happen to be one of those who voted with him on this matter, but on the other hand, if the Senator's report is one on a voluntary quota system, which is what the Japanese Government saw fit to impose on the steel exports about 2 years ago and then promptly disregarded, I might seriously have to consider changing my mind. It may be that if the Senator is indicating we should not act in the Congress on the basis of some unilateral representation to the Japanese Government, that they are ready now to take action and indicate, because the passage of the trade bill is imminent, that they would be willing to enter into some form of voluntary agreement on their part, that is one thing; but if the Senator is indicating that our Government and theirs are about ready to enter into a solemn agreement that would be presented to the Senate for ratification, that is an entirely different matter. If I had been the Senator, I would have checked that out before putting it out to the public.

Mr. MONDALE. This is not a proposed treaty which would require our ratification. This is an informal trade proposal between the United States and Japan. My understanding is that the proposal that was offered either provided the basis of agreement or was immediately in danger of providing the basis of agreement and was an offer by this Government to the Japanese.

Mr. STEVENS. I thank the Senator.

Mr. MONDALE. Mr. President, I yield the floor.

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Mr. President, under the usual agreement, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1443, H.R. 17550.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

H.R. 17550, to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The Senate resumed the consideration of the bill.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. CURTIS. Mr. President, a previous order was entered into which granted to the distinguished senior Senator from Delaware (Mr. WILLIAMS) the right to the floor. I ask unanimous consent that

prior to the recognition of the Senator from Delaware, notwithstanding that order, that I might be recognized and that later, when the Senator from Delaware is recognized, he be recognized under the terms of the order as set forth in Saturday's session.

The PRESIDING OFFICER (Mr. DOLE). Without objection, it is so ordered.

Mr. CURTIS. Mr. President, President Nixon is to be commended for his statements and his position in favor of welfare reform.

For about 2 years now and prior thereto, President Nixon has called the attention of the country to our welfare program which has grown up over a period of some three decades. He has pointed out its problems. He has called for a reform of our welfare program.

As I have listened to his speeches and read them, I have been impressed by the statement that he made, over and over again, that he wanted to give the people the opportunity to transfer from the welfare rolls to payrolls.

Mr. President, President Nixon, I believe, was speaking for a great many people in this country when he pointed out that our welfare program needed a complete overhauling. That implies that there are abuses, that there are practices that have sprung up that are not desirable. The demand for reform implies that some changes should be made for the benefit of the recipients and for future recipients. It also implies that we should do a better job in spending the public's money for welfare.

It is not surprising that throughout the length and breadth of this land, thoughtful people have joined the President in a request and a demand for welfare reform. As a matter of fact, the committees of this Congress for several years have felt the need for reform of our welfare laws.

Some new provisions have been written. Some of them have worked out the way we expected. Some of them have not. Some other provisions were worked out in the current bill. There is no opposition to genuine welfare reform.

Mr. President, the issue before us is not welfare reform. The choice that the Senate faces is the acceptance or rejection of the Ribicoff-Bennett amendment. I submit there is not one iota of reform in that amendment. I submit that it freezes into the law all of the abuses that have sprung up over the last 30 years. I submit that the amendment is not drawn to deal with the problems that the average citizen would describe as problems needing attention for welfare reform.

I am aware that welfare reform is defined differently by different people. Were we to go to a county seat in my native State of Nebraska and stop a farmer on the street and ask him, "Do you favor welfare reform and if so, what is welfare reform and what would you like to have changed?" he would have an answer dealing with some of the changes he thinks ought to be made in our welfare program.

As a taxpayer he perhaps has tried to hire help at times. I think also that he is a humanitarian. He perhaps knows some families that are on welfare. He will have some ideas.

Mr. President, if we were to go to some of our colleges and universities and seek out an educator who had specialized in the field of social sciences and social welfare and ask him what welfare reform is, we would get another answer.

Mr. President, were we to approach some of our older citizens who are living on a very meager amount of money and who have worked hard all of their lives and ask them what welfare reform is and what they would like to have changed, we would get another answer.

It is true that there has not been agreement on just what welfare reform means.

I think we must all agree, however, it means that we put more justice into the program. I think it means that if there is an individual who is suffering from misfortune, who has had no opportunities and his need is desperate, that he should be treated in a humane and a generous way. But, by the same token, I think it means that if there is someone who has not tried very hard, who is brazen and greedy and is studying the loopholes to see how he can get more, that it means justice for that person also.

Mr. President, I am willing to admit that the abuses are few in number numerically, but there is a grave issue involving the abuse of the welfare procedure. It is not only the savings in dollars and cents. It is something else.

If a welfare program is improperly drawn, if individuals who should not be on welfare are on welfare, even though they are few in number, it tends to polarize the population, it tends to create an animosity and resentment against the recipients of welfare. That is most unfair to the unfortunate person who is on welfare because of no choice of his own. Therefore it is in the interest of the poor, it is in the interest of the unfortunate, that we have welfare reform. That includes the removal from the rolls of those few cases that should not be on there or who are included on the rolls for an excessive amount because of some loophole in the law.

Mr. President, I am willing to say without contradiction that there is no basic welfare reform whatever in the Ribicoff-Bennett amendment.

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

Mr. CURTIS. Mr. President, I am happy to yield to the Senator from Georgia and ask unanimous consent that I may yield to the distinguished Senator from Georgia without losing my right to the floor and without having my resumption count as a second speech.

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

Mr. TALMADGE. Mr. President, is it not a fact that rather than reform the program, the Ribicoff-Bennett amendment actually compounds the errors of the existing programs and extends welfare benefits and increases them from 11 million citizens to 24 million the first year?

Mr. CURTIS. The Senator is correct.

Mr. TALMADGE. Is it not a fact, also, that there would be an additional cost of about $4 billion a year or perhaps more.

Mr. CURTIS. That is the first estimate. And if our experience under this proposal is anything like the experience with medicaid, it may be much more than that.

Mr. TALMADGE. Mr. President, did we not find that the estimates of the Department of Health, Education, and Welfare with respect to medicaid were exactly 1,000 percent in error?

Mr. CURTIS. Mr. President, I think that is an understatement.

Mr. TALMADGE. And if that would be true in this instance and if the estimates were as wrong with respect to the guaranteed income bill as they were with respect to the medicaid bill, then the cost would be in excess of $40 billion extra a year.

Mr. CURTIS. As a matter of fact, amendments have been proposed and printed to the Ribicoff-Bennett amendment that admittedly would raise the cost up to $40 billion to $50 billion. It is not unrealistic to believe that if this is ever to become a law, suggestions like that will be made.

Mr. TALMADGE. Is it not true that if this amendment were to become law, 12 percent of the citizens of the United States of America would immediately become eligible for welfare?

Mr. CURTIS. The Senator is correct. In my own State of Nebraska, 3 percent of the population now draw welfare payments that are financed in part by the Federal Government. It is estimated that should this proposal become law, instead of 3 percent, it will then be 11.8 percent or an incerase of almost fourfold.

Mr. TALMADGE. I have the figures on the estimates for Nebraska, if the Senator will permit me to read them.

The recipients as of January 1970 in Nebraska numbered 43,550.

Under the proposed amendment it would become 167,700 which would be an increase of 285 percent in 1 year's time.

Mr. CURTIS. That is correct. I thank the distinguished Senator for his contribution.

Mr. TALMADGE. In my State of Georgia, if the Senator will permit me to read the figures there, we have 328,400 people on welfare. Under the proposed amendment it would immediately become 1,025,500, or an increase of 212 percent in the State of Georgia. According to the estimates of the department, 22.5 percent of the people of my State would immediately become eligible for welfare. But is it not true that some States' eligibility would be as high as 35 percent?

Mr. CURTIS. The Senator is correct.

Mr. TALMADGE. Does the Senator believe it is in the national interest to have 12 percent of the American people on public welfare and in some States as high as 35 percent?

Mr. CURTIS. I do not believe it is. To do so would constitute a disservice to the poor of the country. Right now, because of abuses, and through no fault of the poor—the honest poor, and that includes most of them, the vast majority of them—there is a polarization, there is a resentment, and there is a criticism of it, and if we adopt a program that increases the rolls by great numbers it is going to

create a public sentiment in this country that would make it difficult for the people on welfare and it would make it difficult for the children who are attending school. It may cause a wave of public sentiment that would end up in some laws that might be a bit harsh.

Mr. TALMADGE. Is it not true that at present many honorable, hard-working, and God-fearing people, through no fault of their own, are earning low wages, and they see other families on welfare not doing any work whatever, where that person on welfare may be able-bodied and could but will not work. Does not that create a great deal of dissatisfaction among the American people at the present time?

Mr. CURTIS. The Senator is correct. If that number that may become recipients is increased, by the same token there will be an increase in the number of cases where there might be a serious question.

Mr. TALMADGE. I thank the Senator for yielding.

Mr. CURTIS. I thank the Senator for his contribution.

Mr. President, it would be my hope that every Senator in the Chamber would read four lines of this bill. I call attention to the very first section in the bill, page 4, entitled "Declaration of Goal." Listen to the language:

> The Congress hereby establishes a national goal of assuring all citizens, through work or assistance, in this decade, an income adequate to sustain a decent level of life and to eliminate poverty among our people.

There is not one word in there about welfare reform. There is not the slightest suggestion that this proposal is intended to bring about any reform. There is not the slightest suggestion in that language that there is anything wrong with our welfare program.

It is a declaration for a national minimum income. Probably many people in and out of Congress support that goal. I say to them, "Let us debate that on its merits, but do not bring it in under the guise of welfare reform when there is no welfare reform provision in it."

The country has been aroused in favor of welfare reform. They have agreed with the President when he has urged that we have a program that will lead to payrolls instead of welfare rolls.

I contend that that great body of public sentiment that has hoped for welfare reform should not be deceived and another proposal enacted which deals with something else.

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

Mr. CURTIS. I am happy to yield. Mr. President, I ask unanimous consent that I might yield to the distinguished Senator from Wyoming, without losing my right to the floor and without my subsequent remarks being counted as a second speech.

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

Mr. HANSEN. Mr. President, I wish to compliment the distinguished Senator from Nebraska for the contribution he is making toward a better understanding of this bill and what we might expect will be accomplished by it, where hope is held out and promises made for goals and objectives that seem very far removed from the act accomplished.

One of the concerns of the Committee on Finance as they undertook an examination of the legislation was what might be done in order to encourage able-bodied people, people who had no physical or mental impairment, people who did not have the burden of the responsibility of young children, to accept employment offered them—how we could take this big group and insure that this new law would put them to work if work were indeed offered to them.

As I recall, the House proposed in H.R. 16811 that a person who was qualified in every respect and who was offered a job and refused to take such a job, or who failed to register for a training program, would be penalized $300.

I wish to ask the Senator from Nebraska if that is correct.

Mr. CURTIS. I assume it is. I am not sure; but I assume it is.

Mr. HANSEN. I think that under the October revised revision the administration proposed that that penalty be increased from $300 to $500. I believe the testimony that was developed during hearings on the bill showed that a $500 reduction in family assistance would actually result in a reduction of only $241 in family income since benefits under other kinds of welfare-type programs increase as family income decreases.

Does that square with the Senator's recollection?

Mr. CURTIS. That is my recollection. Yes.

Mr. HANSEN. I think it is important to note what the net effect of this penalty would be because as I recall earlier in the hearings when representatives of the Department of Health, Education, and Welfare were testifying it was developed and brought out that under the old WIN program—the work incentive program—some 8,100 persons having been screened in every respect, were certified by the Department of Labor to Health, Education, and Welfare with a recommendation that they be required either to take a job which had in each case been offered to them or to face termination of the support that they were receiving from welfare.

As I further recall, of this number of some 8,100 persons referred by the Department of Labor to Health, Education, and Welfare, only 200 were actually terminated from the rolls.

Does the Senator recall if that was essentially the situation brought out in that testimony?

Mr. CURTIS. That is essentially what the Senator from Nebraska recalls.

Mr. HANSEN. I think it should be noted, as was brought out in the hearings before the Finance Committee repeatedly, and I know the distinguished chairman of the committee probed hard on this point, that we were trying to find out what new steps, what new laws, if any, might be in the minds of the administration, in order better to assure that this very miserable record might be improved upon.

Does the Senator from Nebraska recall that the administration's representatives were able to come forward with any specific plan or new law that they felt would markedly change this situation?

Mr. CURTIS. I believe that an examination of the existing law, and the facts in this case will reveal, that there is nothing in the Ribicoff-Bennett amendment that in any way strengthens the work requirement provisions of the law.

As a matter of fact, in a moment or two I expect to refer to some facts that indicate clearly that the work requirement provision of the Ribicoff-Bennett amendment is weaker than existing law.

Mr. HANSEN. The Senator from Wyoming will be very interested in the Senator's presentation as he goes into those facts.

Mr. CURTIS. Mr. President, I want to repeat my admiration for President Nixon in arousing the country to the need for welfare reform. I am thoroughly convinced, after listening to months of hearings, that the technicians who took over to translate the President's stated objective into legislative language have miserably failed the President of the United States.

I want to say something about the work requirement.

Present law requires that an appropriate welfare recipient must accept "employment in which he is able to engage" subject to ultimate loss of his welfare payment. Under amendment 1097, a welfare recipient would face loss of welfare only if he refused to accept "suitable" employment.

A big difference.

For instance, amendment No. 1097 would require that in addition to physical fitness for the work, evaluation of a job's "suitability" take into account a welfare recipient's "prior training and experience, his prior earnings, the length of his unemployment, his prospects for obtaining work based on his potential and the availability of training opportunities, and the distance of available work from his residence."

In other words, what is suitable employment? To answer that question, we have to take into account his prior earnings. So if someone has been earning high wages or a high salary and he becomes a welfare recipient, one of the factors in determining whether or not he should take a job, if a job is suitable, is that it has some resemblance to his prior earnings.

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

Mr. CURTIS. I am happy to yield to my distinguished chairman, and I ask unanimous consent that I may do so without losing my right to the floor and with the understanding that it shall not count as an extra speech on my part.

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

Mr. LONG. I would submit that the next item the Senator is coming to would offer an even better opportunity for a person to refuse to go to work, because it would require that his prior experience be taken into consideration in determining whether work was suitable. This would mean that a man could refuse to go to work either because he had no training or experience for the job he is

offered or because he had experience doing something else. He could refuse to go to work on either ground, either because he had no experience in the type of work offered or he could decline to take the job because he thought he was qualified to do something else that would pay him more.

I am sure the Senator intends to point out further in his statement that the amendment as it is proposed here would provide that a job was unsuitable unless it paid the prevailing wage rate. I can understand how we might insist that someone get the prevailing wage as a condition to going to work if he has earned the right to draw benefits under unemployment insurance. But when we are talking about a person who has not done any work before and knows nothing about the kind of work required for a particular job, that is something else.

Let us take the situation of a person who is offered a job as a domestic. If that person has not done any work, even domestic work, is it not asking too much that the person be paid the prevailing wage rate of someone who has had experience in doing the work and has a reputation for honesty and for not picking up everything that is not nailed down and for not prying loose everything that is nailed down in that household?

When one combines all the conditions spelled out in the amendment in order for a job to be considered suitable, a person has every way under the sun to avoid taking a job on the grounds that it is unsuitable.

As if that was not bad enough, we have the record referred to by the Senator from Wyoming, where, out of 8,100 persons who refused without good cause to participate in a work program, only 200, or about 3 percent, were actually taken off welfare, because of their refusal to take work.

With all these other conditions of job suitability, it is clear that the only person who will go to work is one person who voluntarily wants to go to work.

The provision we are talking about does not relate to other benefits that are available from other Federal and State sources, or the fact that a person might be getting income that we do not know about, such as income from illicit conduct, income from criminal conduct. This is a pretty big idea nowadays, with thefts running about 3 percent of the gross operations of the average department store and with the big problem we have in dope today. It is very difficult to see how one in any seriousness could expect that this work requirement means anything whatever.

Mr. CURTIS. My distinguished chairman is correct. I think the language clearly points out that the work requirement provisions of the Ribicoff-Bennett amendment are weaker than existing law.

In speaking of abuses in the welfare program, I do not think we can repeat too often the fact that the vast majority of our welfare recipients are honest people. They are good people. They long for something better. But whenever we permit abuses, we are treating those conscientious people unfairly, because the abuses will stand out in the public mind, and will constitute a stigma upon the unfortunate people who are anxious to do the very best they can for themselves, but still find it necessary to be on welfare.

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

Mr. CURTIS. I am happy to yield.

Mr. LONG. Is it not correct that by permitting the kinds of abuses to which the Senator is directing himself, we tend to discourage, demoralize, and disillusion those honorable people who are trying to earn their own way, and who apply for welfare assistance only because they have no choice about the matter?

Mr. CURTIS. That is correct.

I continue, now, about the work requirement in this Ribicoff-Bennett amendment.

Amendment No. 1097 would define as "unsuitable" any job that pays less than $1.20 per hour.

Mr. President, I would like to see every person earn just as much money as he can, and as much as the traffic will bear. But what are we going to do if there is a community in the country where labor is being performed for a dollar an hour, or $1.10? I do not say that that situation is desirable, but it exists. If we adopt this proposal, it will be unlawful for a welfare recipient to go to work at less than $1.20, even though other individuals situated in the same community, facing similar circumstances, are working for less than that amount.

I am willing to admit that welfare reform is defined differently by different people. But can any of us eliminate simple justice as an important ingredient in welfare reform?

If the prevailing wage in the area for the type of work is more than $1.20, then that becomes the minimum wage for a welfare recipient. This would be true even though people in the locality not on welfare were working on jobs for less than $1.20 which may be the prevailing rate for this type of work—and even though jobs at these rates may be the only jobs available in the area.

In addition, amendment 1097 would set the following order of priority in providing work and training for welfare recipients who register with the Labor Department.

First. Unemployed fathers and mothers who volunteer;

Second. Family members 16 or over not employed, in school, or in training;

Third. Persons already employed full time; and

Fourth. All other persons registered.

With this order of priority, it is highly unlikely that any mother would ever be required to accept employment.

Mr. President, I hold in my hand a newspaper clipping bearing the date of November 29, 1970. The heading of this clipping says, "$12,000 Families Getting Foot in the ADC Door." The subhead quotes the welfare director for Douglas County, Nebraska—where Omaha is located—a Mr. Healey, as saying:

Rule sets welfare up for a kill.

Then the story goes on and tells how, because of a loophole in the law, individuals are drawing welfare under the AFDC program when they do not need it.

It just happens, Mr. President, that that story was based upon 10 cases taken from the welfare rolls in the State of Nebraska which were selected at my request. I did not request those specific cases, but I asked for 10 cases that illustrated the problem; and I think it is important that we observe what the problem is, and then consider it in the light of the Ribicoff-Bennett amendment.

I turn, for example, to case No. 5. This illustrates the need for reform. This case comes from Sarpy County, Nebr. There are two parents and three children. They are on AFDC. The gross wages per month that the man draws amount to $799.85—it lacks 15 cents of being $800 a month.

But in order to see if having someone on welfare and still having him work would encourage him to work more and get off of welfare, Congress passed some amendments in 1967 which permitted certain disregarding of income in order to encourage individuals to work. Those disregardings included his taxes, his social security taxes, his union dues, and his transportation expenses.

So this family, after you disregard all those expenses, has take home pay of $612.33 a month.

Now, when someone applies for welfare, the caseworker sits down with them, ascertains what their rent is, their food needs, utilities, child care, care of an ill person in the home, or whatever it is, and adds that up. In this particular case, the budgetary need of this family was $503.50. The take-home pay was $612.33. They were actually earning $108.83 more than their budgetary needs. But because existing law permitted them to disregard their expenses of working, which in this case ran over $187, to disregard $30, and then to disregard one-third of the rest of their earnings, this family was drawing welfare of $170 a month.

I submit to the Senate: Is that fair to the rest of the people of the country?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. WILLIAMS of Delaware. This is one of the same examples, as I understand it, that the Senator called to the attention of the Finance Committee, and the Department admitted that the bill which is now before the Senate would not correct this situation but would perpetuate it.

Mr. CURTIS. That is correct.

Mr. President, I want to invite attention to a very startling thing. When these 10 cases were laid before the Finance Committee, there were other facts which were sent in from other States, particularly California. Our staff had done some work on it, and an amendment was adopted dealing with this loop hole. A member of the staff took each one of the 10 cases I am talking about, applied the new formula to them, and it closed the loophole. That is in the Finance Committee bill. Do Senators know what will happen if we pass the Ribicoff-Bennett amendment? It will strike this reform out.

There is another provision in the Ribicoff-Bennett amendment that not many people realize is there, and that is a provision that a present welfare recipient is guaranteed by law that he will not be

taken off the rolls nor will his welfare be reduced.

Mr. President, not only does this proposal fail to bring about any reform; its very provisions prevent any reform in welfare law.

It is not easy for me to stand here and oppose a proposal instigated by my President. I am a partisan. I plead guilty to it. But I say that the President of the United States is not to blame. I say that the technicians who took over, whether they be close to him or in the bureaucracy, utterly failed the President of the United States. They have not come up with a legislative proposal that would deal with the abuses and shortcomings of our present welfare law. They have not brought in a proposal that would do as the President wants done—have individuals go from welfare rolls to payrolls. The President of the United States has been failed miserably.

Mr. President, if we adopt the Ribicoff-Bennett amendment, the provision worked out to prevent abuses such as I have referred to is out.

The State of Nebraska is not one of the most wealthy States. The citizens there have to work hard for their money. We are not blessed with precious minerals, coal or an abundance of oil or any other great source of wealth. Our people work hard and our population is small. But if the Ribicoff-Bennett amendment prevails, it will eliminate a saving to that State of $1,800,000 annually. I have received an estimate that that is what the State would save by the committee's language which would take care of these abuses. And if the Senate adopts the Ribicoff-Bennett amendment, that is out. Not only is the language repealed, but, also, as I have said, it contains other language that guarantees that no welfare recipient will be taken from the rolls or have his welfare cut.

How on earth can anybody suggest that that is welfare reform? Well, they cannot. It just is not.

Mr. President, much has been said that the adoption of this proposal would save money for the States. I suggest that the Governors and the members of the State legislatures take that with a grain of salt. They had better read the bill. It was not such a bad idea when the clerk was required to read the Ribicoff-Bennett amendment in total. It was not a bad idea at all. Frankly, I think it should be read some place, and at least should be read by those who advocate it.

I am going to say something about the saving provisions in this bill. The savings provision in section 542 of amendment 1097 is designed to replace the Federal-State matching provisions applicable to cash public assistance programs for families with children, and for the aged, blind, and disabled. Under this savings clause, States would generally be required to spend 90 percent of their 1971 State costs for welfare payments.

That has been repeated over and over again. The fine print has not been repealed. Starting in 1973, this State share would be increased each year according to a formula based on the Consumer Price Index. Thus, for example, if that index rises by 5 percent per year, after a period of 10 years, States would be required to expend for cash public assistance an amount equal to more than 140 percent of their costs in 1971. Has any Governor been told of that possibility? Oh, he was told only about the 90 percent provision.

I contend that perhaps the President of the United States is not the only person who has been deserted in reference to this proposition. The individuals responsible for this bill, in my opinion, have been unfair to the President of the United States. They have not delivered a proposal that he discussed in the public forum for months and months, and they have not delivered a proposal that has been fully presented to our Governors and the members of the State legislatures.

In addition to the possibility of an increase in what the State has to pay in the cash amounts, there is something else.

In addition, any liberalizations of welfare programs which are not required by Federal law but result from optional State action would not be covered by this savings clause, but would come under the regular matching provision. Thus, if the cost of living increases and a State decides to provide its welfare recipients an increase in assistance to meet the rise in living costs, the State will have to pay twice: once to meet its share of the increased assistance, and once more because the rise in the cost of living will trigger an increase in the State's mandatory level of payments subject to the saving clause.

It should also be pointed out that the savings clause in amendment 1097 covers expenditures for cash public assistance only and not expenditures under related programs which might be expected to increase substantially if the amendment became law.

Medicaid is a good example of that. In many of the States an individual is eligible for medicaid if he is recipient of welfare. It was pointed out awhile ago that an estimate of the increase of the number of welfare recipents in my State of Nebraska would be almost fourfold, so that there would be almost four times as many people eligible for medicaid, and under the law they have to treat them all alike, but the medicaid expenditures do not come within this 90 percent savings cost.

State expenditures not covered by the amendment include those for administrative costs, the cost of job training and referral of welfare recipients, and medicaid costs. These expenditures should increase substantially because of the increase in the number of recipients. For example, the State of Oregon has estimated that under a proposal similar to amendment 1097, the State would in the 1971–73 biennium incur increased medicaid costs of $9.9 million, and increased employment program costs of $3.7 million. All of these costs would have to be paid by the State over and above the amounts for which it would be responsible under the saving clause.

Mr. President, it seems to me that the proponents of this measure should get out some telegrams to the Governors and give them the full story of what this bill will do to their State budgets. I think they should include in the telegrams the statement of the declaration of goals found on page 4 which does not have the slightest hint of welfare reform.

Another feature of the saving clause which should be noted is that it provides an absolutely fixed State cost for cash public assistance programs in a given year—if the State does not decide to adopt a more liberal program than is required by Federal law. There would be little incentive for State officials administering such programs to strive for effective administration since the Federal Government and not the budget of that State agency would have to bear any increased costs resulting from administrative lapses in such areas as determining the proper amount of assistance, preventing ineligible individuals from coming on the rolls, and promptly removing recipients from the rolls when they are no longer eligible.

Mr. President, while there are new provisions in this present draft known as the Ribicoff-Bennett amendment, it is agreed that the basic program is the program that they have advocated all along.

A table has been prepared showing the proportion of the population of federally aided welfare under present law. In this table it is referred to as the administration's revision. I do not want to offer it as being identical with the pending amendment but I do believe it is substantially the same, so far as the figures are concerned.

I ask unanimous consent to have the table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—PROPORTION OF POPULATION ON FEDERALLY AIDED WELFARE UNDER PRESENT LAW AND ADMINISTRATION REVISION

	Civilian resident population	Federally aided welfare recipients, January 1970		Welfare recipients under administration revision	
		Number	Percent of population	Number	Percent of population
Total United States	203,796,700	10,436,197	5.1	23,784,300	11.7
Alabama	3,505,000	255,400	7.3	665,800	19.0
Alaska	252,000	10,274	4.1	25,100	10.0
Arizona	1,685,000	72,440	4.3	204,600	12.2
Arkansas	1,996,000	115,000	5.8	369,700	18.5
California	19,213,000	1,655,400	8.6	2,323,400	12.1
Colorado	2,065,000	114,110	5.5	368,000	17.8
Connecticut	3,009,000	97,140	3.2	187,900	6.2
Delaware	537,000	23,860	4.4	55,000	10.2
District of Columbia	783,000	47,490	6.1	65,900	8.4
Florida	6,332,000	295,900	4.7	683,600	10.8
Georgia	4,565,000	328,400	7.2	1,025,500	22.5
Hawaii	747,000	29,072	3.9	62,700	8.4
Idaho	717,000	22,100	3.1	54,400	7.6
Illinois	11,031,000	446,100	4.0	806,300	7.3
Indiana	5,136,000	98,100	1.9	879,900	17.1
Iowa	2,785,000	92,300	3.3	235,700	8.5
Kansas	2,288,000	73,940	3.2	158,600	6.9
Kentucky	2,192,000	211,200	9.6	523,500	23.9
Louisiana	3,724,000	346,500	9.3	934,200	25.1
Maine	967,000	48,920	5.1	145,400	15.0
Maryland	3,732,000	157,850	4.2	262,800	7.0
Massachusetts	5,475,000	282,500	5.2	438,500	8.0
Michigan	8,798,000	316,200	3.6	646,400	7.3
Minnesota	3,714,000	108,120	2.9	320,300	8.6
Mississippi	2,336,000	211,000	9.0	806,600	34.5
Missouri	4,637,000	255,200	5.5	443,100	9.6
Montana	688,000	18,880	2.7	52,200	7.6
Nebraska	1,437,000	43,550	3.0	167,700	11.7
Nevada	452,000	15,570	3.4	37,000	8.2
New Hampshire	720,000	14,260	2.0	39,800	5.5
New Jersey	7,128,000	318,720	4.5	508,800	7.1
New Mexico	976,000	69,260	7.1	194,400	19.9
New York	18,369,000	1,227,400	6.7	1,979,300	10.8
North Carolina	5,110,000	194,600	3.8	960,600	18.9
North Dakota	600,000	16,583	2.8	96,900	16.2
Ohio	10,786,000	355,400	3.3	799,800	7.4
Oklahoma	2,545,000	188,700	7.4	366,200	14.4
Oregon	2,044,000	93,800	4.6	143,500	7.0
Pennsylvania	11,797,000	511,800	4.3	634,800	5.4
Rhode Island	886,000	45,810	5.2	67,200	7.6
South Carolina	2,636,000	83,900	3.2	490,800	18.6
South Dakota	650,000	22,110	3.4	107,400	16.5
Tennessee	3,971,000	205,400	5.2	741,800	18.7
Texas	11,097,000	478,800	4.3	1,521,500	13.7
Utah	1,049,000	42,760	4.1	55,100	5.7
Vermont	444,000	18,000	4.1	46,800	10.3
Virginia	4,514,000	109,400	2.4	431,300	9.5
Washington	3,386,000	153,450	4.5	312,300	9.2
West Virginia	1,819,000	115,580	6.4	275,300	15.1
Wisconsin	4,242,000	101,180	2.4	238,400	5.6
Wyoming	317,000	7,447	2.3	20,000	6.3
Puerto Rico	2,763,000	264,930	9.6	800,000	29.0
Guam	87,700	2,072	2.4	3,400	3.9
Virgin Islands	59,000	2,319	3.9	2,100	3.6

Mr. MILLER. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I yield.

Mr. MILLER. Do I understand correctly that the table which the Senator just placed in the RECORD might not be quite applicable to a table similarly prepared with respect to the pending amendment?

Mr. CURTIS. My point is that I think it is substantially descriptive of the pending amendment.

Mr. MILLER. I was wondering whether the distinguished manager of the amendment, the Senator from Connecticut (Mr. RIBICOFF), could tell us whether the table that the Senator from Nebraska has referred to does differ at all from the impact of the pending amendment.

Mr. CURTIS. I might say, first, that I have not had the opportunity to show it to the Senator from Connecticut, but will do so now.

Mr. MILLER. May I say to the Senator from Nebraska that I have assumed, up until now, that the amendment before us would result in substantially the same if not the identically same results as the table which the Senator from Nebraska has placed in the RECORD.

Mr. CURTIS. I think that is correct.

Mr. MILLER. I do not know. That is why I thought perhaps the Senator from Connecticut, one of the cosponsors of the pending amendment, could tell us.

Mr. RIBICOFF. Will the Senator from Nebraska yield?

Mr. CURTIS. I yield.

Mr. RIBICOFF. I would say that the table being offered by the Senator from Nebraska is substantially correct. There may be a slight variation of a percentage point, but for the purpose of the argument that the Senator from Nebraska is making, there is a very substantial rise and there would be some variations in the fact that we are paying, under my amendment, a couple $230 instead of $210—it might vary it a little bit. But for the purposes of the argument that is being made, the tabulation is very substantially similar, the Senator is correct.

Mr. CURTIS. Mr. President, I thank the Senator and I thank my distinguished friend, the Senator from Iowa.

Mr. President, this tabulation shows, for instance, that as of last January, 7.3 percent of the population of Alabama were drawing federally financed welfare payments and that if the program is enacted into law, this 7.3 percent will increase to 19 percent. In the State of Georgia, 7.2 percent of the population are now drawing such welfare payments, and if this proposal becomes law, it will then be 22.5 percent of the people that will be eligible to draw welfare payments.

I have already pointed out that in the State of Nebraska 3 percent of the population as of last January were drawing federally financed welfare payments of some kind, and that if this proposal were to become law the number eligible is estimated to be 11.7 percent of the population. That is an increase of almost fourfold.

Last January the number of recipients in Nebraska were 43,550. This proposal, if it were enacted into law, would make eligible an estimated 167,700.

On page 6, it provides for a determination of eligibility and, among other things, it says:

> Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, and such estimate shall in turn be based on income for a preceding period unless he has reason to believe that modifications in income have or are likely to occur on the basis of changes in conditions and circumstances.

The Secretary will have to estimate in advance the income. What will they do about overpayments? I know what will be done. The conscientious people will refund overpayments. The others will not. We will have trouble.

Mr. President, there are Senators who say that the bill does not provide enough. If we adopt the philosophy of this bill I do not know that I am in a position to argue the point. But I think it is well that we determine who would be eligible, even though they are fully employed, for cash benefits if this bill passes.

On page 5 we find how much income a family can have and still be eligible for benefits.

It says it will be $500 per year for each of the first two members of the family, plus $300 per year for each additional member.

That amounts to $1,600. If they have income of $1,599 for a family of four, they are eligible. However, there are certain items excluded from income.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CURTIS. I will yield in a moment.

Mr. President, $720 is excluded. Then I return to page 9. It provides:

> Subject to limitations as to amount or otherwise, prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college or university, or a course of vocational or technical training designed to prepare him for gainful employment;
>
> (2)(A) the total unearned income of all members of a family in a calendar quarter . . .

which is a small amount.

It further provides:

> (3) An amount of earned income of a member of the family equal to the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment . . .
>
> (4) The first $720 per year of income is excluded.

Fifth, food stamps are excluded.

Sixth, training allowances are excluded.

Seventh, scholarships are excluded.

Eighth, home produce is excluded.

Ninth, any amounts received for the foster care of a child living in the same home as the family but not a member of the family.

Those are specifically mentioned. However, other things must be taken into account.

Many of these potential recipients will be subsidized with respect to housing. They will be living in premises where the Government pays part of the rent. That is not included in the test for eligibility.

They will be eligible in many instances, perhaps all, for free medical care. That is not included.

Some of them may buy a home under the 235 program where the payments to carry their loan might be $180 and the Government might pay $100 or half of it. All of these subsidies are cash out of the Treasury to such families.

That is why, when one adds up all the possible benefits that in many instances can and will be paid, he arrives at the figures that appear on charts such as the distinguished Senator from Delaware presented to the Senate last week, and no doubt more of those charts will be presented.

I yield to the senior Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, we were speaking a moment ago about the Governors' conference endorsing this bill. Is it not true that the five Governors representing the Governors' Conference, when they testified before the committee pointed out that originally the Governors had endorsed the bill based on press releases from Washington describing the purpose of the bill and what the bill would achieve, but they said that after they read the bill they decided it was more or less a monstrosity and should not pass?

If the Senator will yield further I would like to read the testimony of Governor Hearnes in that connection.

Mr. CURTIS. I am happy to yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. There has been so much misunderstanding about this matter. Last Saturday, I stated that when the President outlined his work program and said he wanted to reform the welfare system I hailed it as a great step forward. I agree that the No. 1 job in the country is to reform the welfare system. There has to be reform but a bonafide reform would not perpetuate the abuses.

I quote from Governor Hearnes' testimony before the Finance Committee.

Governor Hearnes testified:

I would like to make one observation regarding this bill to the Committee. I make this observation as the Governor of Missouri and not as Chairman of the National Governors' Conference, since it is quite possible I may not reflect the views of some of my gubernatorial colleagues.

It occurs to me that the Administration has simply picked a figure out of the air—some $4.1 billion—and attempts to compress too many major and costly reforms into this figure. I would suggest that the Committee delay the adoption of legislation at this time which would draw into the welfare system some 14 million citizens now in the ranks of the working poor or under-employed. I believe the money could be used to better advantage in shoring up other aspects of this bill.

At another point he said:

Granting that attention should be given later to the working poor, it seems to me that welfare reform for the benefit of the present assistance recipients should be established and working before adding this vast new segment of the population to the welfare system.

Finally, the workability of the entire new welfare program is still to be proved. I agree with Senator RIBICOFF's suggestion that the reform measure be thoroughly tested prior to placing it into effect. I understand the HEW is funding experimental projects in Seattle, Washington, and Gary, Indiana, and another one on a statewide basis in Vermont.

Continuing he states:

Certainly, we could create staggering disorder if we would move into a program as vast as that encompassed by H.R. 16311, until a thorough trial period has proved its value.

With testimony such as that and with similar testimony from four of the five Governors along similar lines I think Congress would do well to weigh the advice of these Governors who have had experience in administering this program.

I now quote Governor Hearnes' answer to a question by the distinguished Senator from Idaho (Mr. JORDAN):

Senator JORDAN. Governor Hearnes, could you tell me how many of your Governors would vote if they sat up on this side of the table for the House-passed legislation with full implementation now?

Governor HEARNES. Well, Senator, I think those who would read the bill would not be for it in its entirety.

As he and other Governors pointed out in their testimony, after they read the bill they saw that it did not achieve the purpose for which it had been outlined.

Congress made a great mistake a few years back when it adopted the medicaid program proposed by the Department of Health, Education, and Welfare on the premise that it would cost only $238 million more than the then existing Kerr-Mills bill, which at that time was around $350 million to $400 million. Today we are spending over $4 billion on that medicaid program.

It would be a great disservice to the country and to the States to put an entirely new welfare program of this size into effect when we have had no testimony or any evidence presented by the Department or the administration as to how it would work.

I shall not take the time of the Senate now to put in the testimony of the other Governors. I shall do that when I am speaking in my own right. But every Senator should read the testimony of these Governors who testified before our committee on what they thought of the measure after they read it. These Governors had endorsed it before they read it, but after they had read it four out of five did not endorse it. The fifth admitted he had not read it.

Mr. CURTIS. I thank the distinguished Senator. What the Senator has said is highly important. Earlier today I pointed out that there were many items that constitute costs of welfare for a State that are not included in the savings clause, whereby the Federal Government guarantees that their expenses will not exceed 90 percent of the base year. That representation has, in my opinion, failed to provide the full story to the Governors and other State officials on what they will face if the Ribicoff-Bennett amendment is agreed to.

Mr. WILLIAMS of Delaware. The Senator is correct. I talked with some of the Governors. They recognize and they do not dispute the fact that this measure does not provide any reform, as they had been led to believe they would get. But most of them are desperately hoping they can unload the cost of the existing programs on the Federal Government. They are buying this measure on the promise that it will solve their State budgetary problem.

The misunderstanding that develops from the administration's promise that the increased costs of adults over 65, the blind, and the disabled will not exceed 90 percent of their costs for calendar year 1970.

On that basis it means that the costs of that particular program will not exceed 90 percent of last year's cost, and that they will save 10 percent. But that is only a small fraction of the total program. Federal cost in all welfare programs, medicaid, food stamps, and so forth, was $6,200,574,000. That is the figure for calendar year 1969. For the States the annual cost was $4,260,128,000, and for local governments it was an additional $1,284,779,000, for a total of about $11.5 billion.

Now, the welfare cost of the program for adults, the blind, and the disabled is about 20 percent of that total annual cost. The States will save 10 percent on this 20 percent, which means they save 2 percent of the overall annual costs. The 10 percent savings is on only 20 percent of the total cost. States would not get that windfall, as many Governors think they will.

Furthermore, nothing is being said about who pays for the 14 million welfare recipients that will be added to the rolls.

Mr. CURTIS. I thank the Senator. I mentioned a provision that increased costs by reason of inflation, the rise in the consumer index, must be borne by the State. If the index goes up 5 percent a year at the end of 10 years, the cost instead of being 90 percent carried by the State would be 140 percent of the base period.

Mr. WILLIAMS of Delaware. Yes. Another point that should not be overlooked is that, regardless of how this bill may be modified or amended to achieve transfer of the cost from the States to the Federal Government, the ultimate cost of the program is going to be paid by the same people, the American taxpayers. As far as dollars of the American taxpayers are concerned, it is immaterial whether the taxes are levied at the State level and spent at the State level or levied at the Federal level and then sent back to the States, perhaps adding to it the cost of a bureaucracy in Washington. So there is not going to be any saving to the taxpayer in transferring the cost from the State to the Federal Government. All the cost of the program

could be transferred to the Federal Government and relieve the States and cities of a lot of money, but the taxpayer would not be saved a dime.

Mr. CURTIS. That is correct. I would also like to point out that an expenditure by an individual State or an individual locality does not have a great impact on inflation, but centralized expenditures in the Federal Government under deficit financing have a tremendous impact upon the rate of inflation. Therefore, we are not helping the people of the United States, whether they be taxpayers or nontaxpayers, by merely transferring expenditures from the State and local level to the Federal level.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield.

Mr. CURTIS. We are taking money right out of their paycheck through inflation.

Mr. WILLIAMS of Delaware. But I think the main point we should never lose sight of is that while we are talking about reforming the existing welfare system, there actually is no reform in this bill. The Department officials repeatedly told us that not one welfare recipient will be getting 1 cent less than he got this last year.

Mr. CURTIS. And there can be no reform in those cases where there is an abuse.

Mr. WILLIAMS of Delaware. That is correct. Those who advocate reform have been going around the country calling attention to the glaring examples of abuse under our existing welfare system. I agree that we need reform, but the point is that this bill does not reform it. The only way to reform the welfare law is by taking away or reducing payments to persons who are not entitled to those payments. This bill does not correct a single abuse in the existing program.

Mr. CURTIS. The Senator is correct.

I would like to call attention to four lines in the bill, which appear on page 28, lines 4 to 7, inclusive. They read as follows:

(1) the provisions of, and the rules and regulations under, sections 442 (a)(2), (c) and (d), 443(a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448 shall be applied.

Mr. President, it is interesting to note what that means. That means that the States' welfare programs must comply with the Federal rules for eligibility. That exists even though a State is paying a supplement and is bound to continue that supplement. It means that the right to say who is eligible to receive is taken away from the States. It is placed in Federal hands. The States must comply with it, and if they have been paying a supplement, of it they have been paying more than the Federal share, they are obliged to continue that supplement not only for the present recipients but for those who will be added to the rolls under rules of eligibility over which the State has no control at all.

A while ago I called attention to one abuse that existed under existing law in the State of Nebraska, and that, if the committee version is adopted, that abuse will be corrected. I want to call attention to some more cases that fall in that category.

This case involves a mother and two children under the ADC program. The mother has gross wages of $455 a month. Under existing law, she is allowed to deduct the taxes, transportation expense, union dues, and so on, and child care expenses. So after all of those disregards, she has an income of $301.43.

Under the law and under the rules, an estimate is made as to what her budget needs are, taking into account all the necessary items of expenditure. Those budget needs are determined to be $259. She earns $42.43 more than her budget needs, excluding the $153.50 that is considered an expense of work.

But because of present law, $175 of the income is presently disregarded, making her eligible for a welfare payment of $132.57, even though her net earnings exceed her budgetary needs.

That is corrected in the committee bill. That language is stricken out if we pass the Ribicoff-Bennett amendment.

What is more, if the Ribicoff-Bennett amendment becomes law, there is a provision in it that no recipient shall receive less than he is drawing now—an absolute bar to any welfare reform so far as eliminating abuses is concerned.

The case that I have just been talking about is not what might be called the case of a culturally deprived person. She has a high school education and is employed as a presser in a cleaning establishment. Yet we are asked to pass a bill that would perpetuate that abuse.

Here is another case of a mother and two children under ADC. The mother's gross wages are $565.32. After deducting taxes, social security taxes, transportation, child care, and union dues, her take-home pay is $361.90. Her budgetary needs are $269. Her earnings exceed her budgetary needs by $92.90.

But because all of the expense of going to work is disregarded, and $30 is disregarded, and one-third of the balance, she is entitled to an ADC payment of $118.87.

This individual has had 1 year of college and is employed by a packing company. Her gross wage is $50 a month in excess of the beginning caseworker in the welfare program in that country.

The committee dealt with these problems and agreed on some language in the committee bill that would bring reform in situations like this. The Ribicoff-Bennett amendment strikes out that reform and carries a provision which amounts to the fact that you cannot do anything about it.

Let me tell about another case, of a mother with two children on AFDC. Her gross wages are $618.15 a month. The take-home pay, after subtracting child care, transportation, taxes, union dues, and social security, is $304.98. Child care is deducted, so she is only being charged with $304.98, when her gross wages are actually $618.

Her budgetary needs are determined to be $277. She is earning $27.98 each month more than her budget needs—earning that in counted income, which, because it is under $30, is disregarded. She draws an AFDC benefit of $140 a month.

This lady is employed by Western Electric Co., and her gross pay exceeds that of many of the welfare workers who administer the program.

Here is a case where the gross wages of the mother with 5 children are $399.10—almost $400 a month. Her take-home pay, after she pays her transportation, is $339.17. Her former husband pays her $130 child support.

So after the expense of earnings, she has an income of $469.17 a month. Her budgetary need is fixed at $423.50. Thus she has counted income of $45 a month over her budgetary needs, but, because of the formula for disregardings, she draws an AFDC payment of $110.70. She has a high school education, and works with a research organization. One of her daughters earns approximately $300 a month during the summer. Because she is in college, her income is disregarded also.

Here is another case: A mother and three children on AFDC. This mother has gross wages of $569.22 a month. Her take-home pay, less transportation, amounts to $435.88. Her budgetary need is determined to be $338.35. Thus her take-home pay amounts to $97.53 more than her budgetary needs. But, because of the formula that calls for disregarding certain of her earnings, she draws an AFDC payments of $115.54. The budget includes board and room expenses for one child in college.

Mr. President, the State of Nebraska has one of the most generous welfare programs. I think we are exceeded in the amount that we pay by only one State. The program is carefully administered. People are not put on welfare, ordinarily, unless there is need. But if they are placed on the rolls, the State and local units of government pay an amount that is adequate.

So when the State of Nebraska comes in and points out abuses, and points out situations where the operation of the program is not only unfair to those who pay, but also casts a stigma upon all those who are on welfare, it is not a matter of penny pinching; it is a matter of sound government operation.

Here is another case: A mother with one preschool child on AFDC has gross wages of $309.05. But her take-home pay, less transportation and other work expenses, is $202.90. Her budgetary monthly need is fixed at $171.34. So her take-home pay, after disregarding transportation and work expenses, is $31.56 more than her budgetary need. But because the law says that the first $30 shall be disregarded, plus one-third of the earnings thereafter, she draws an AFDC payment of $94.79. This lady has a high school education and attended airlines school.

Here is another case, of a mother and four children on AFDC. She has gross wages of $115.20. The take-home pay less transportation expenses leaves her $96.72 but she is receiving child support from a former husband of $315 a month. So she has a net income—not a gross income—$411.72 a month. Her budgetary needs are estimated to be $375, so the income in

excess of need, is $36.72. But because $30 and one-third of the balance of the earnings is disregarded, she is on the rolls. The payment is small, but she is there for $25.01.

Mr. President, the existence of such abuses is a bad thing in any community. It creates discontent. It creates ill will. It puts a stigma not only on adults, but on children. And that is what we were hoping would be cured in a welfare reform bill. That is what the Committee on Finance worked out, and that is what would be stricken from their bill if the Ribicoff-Bennett amendment is adopted. All recipients are guaranteed that they will be kept on the rolls and that their welfare will not be diminished.

I will cite one more case. This is a mother and two children on AFDC. The gross wages amount to $468. The take-home pay, less child care and transportation, amounts to $253.29. She receives child support of $53.33. She has a net income of $306.62. The budgetary need is estimated to be $287. So her net income is $19.62 more than her budgetary need. But because the law provides that certain income shall be disregarded, she draws an AFDC payment of $140 a month and receives food stamps.

Mr. President, I am an optimist. I actually hope that by the time this bill is exposed on the Senate floor, just as the previous proposals failed to get a majority of the votes in the Committee on Finance, when the features of this proposal become known, it will be withdrawn by the proponents. It certainly should not be adopted and carried along by the momentum created in the country for welfare reform, because it is not that.

I again invite attention to the declaration of goal, and this is what it says, lines 2 to 5, page 4:

> The Congress hereby establishes a national goal of assuring all citizens through work or assistance in this decade an income adequate to sustain a decent level of life and to eliminate poverty among our people.

I am not going to debate that goal. But I merely point out that that does not suggest welfare reform, that that is another proposition, and the Nation has been led to believe that we had a welfare reform bill here.

Mr. President, one big, central issue is involved in this controversy: Shall we increase the number of eligible recipients for welfare—the heads of families—by some 12 million? How would we increase them? By adopting a new provision that one can be fully employed and be eligible for welfare. It is argued that that will be a good thing, that if someone works full time and his income is low, he should be put on welfare; that somehow that will be an inducement for others, as well as himself, to go from welfare rolls to payrolls.

In miniature form, that is what Congress undertook in the 1967 amendments to the welfare law, in a hope that, by letting people work and keep their money, or some of it, and still get a welfare payment, it would be an inducement to go out and work more and get off welfare.

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

Mr. CURTIS. I will yield in a moment.

The experience in Nebraska, and I am sure in every other State, is the contrary—that the provision of the 1967 law, permitting people to be employed and then disregard the first $30 of their monthly income and one-third thereafter, has led to a situation in which they are not closing any cases because one could have his wages and also get welfare. Yet, the staff people who took over a sound proposal of the President to reform welfare latched onto the principle that the way to reform welfare is to permit people to have their wages and welfare, also.

They should have examined the record as to what is happening when that principal has been in operation.

I yield to the distinguished Senator from Georgia.

Mr. TALMADGE. The distinguished Senator pointed out that this was sold as a work of incentive program, and he stated that, of course, all of us on the Finance Committee know that the very opposite is true.

I hold in my hand page A-25 from the data that the Finance Committee staff developed on this bill:

> Diminished incentive for low-income work under administration provisions. For a family of four headed by a woman, the net value of each dollar if she moves from unemployment with no income to fulltime at the minimum wage.

We have the illustrations cited—Phoenix, Ariz.; Wilmington, Del.; Chicago, Ill.; New York, N.Y.

Under existing law, she would retain 62 cents of each dollar she earned. Under the pending amendment, she would retain only 28 cents—less than half under existing law.

In Wilmington, Del., she would retain under existing law, 71 cents of each dollar; under the administration provision, only 23 cents of each dollar, which is diminished by almost two-thirds.

In Chicago, Ill., under existing law, she would retain 54 cents of each dollar she earned; under the administration revision, only 27 cents, which is exactly half of the present law.

In New York., N.Y., she would retain, under existing law, 60 cents of each dollar she earned; whereas, under the pending amendment that would amount to 30 cents.

Does the Senator share my view that that is work disincentive rather than a work incentive?

Mr. CURTIS. That is correct; it certainly is.

Mr. TALMADGE. Would the Senator yield in order for me to ask unanimous consent to insert these figures in the RECORD at this point?

Mr. CURTIS. I so yield.

Mr. TALMADGE. Mr. President, I ask unanimous consent to have page A-25 printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DIMINISHED INCENTIVE FOR LOW-INCOME WORK UNDER ADMINISTRATION REVISIONS

For family of 4 headed by a woman, the net value of each dollar if she moves from unemployment with no income to full-time work at the minimum wage:

	Cents
Phoenix, Ariz.:	
Present law	62
H.R. 16311	60
Administration revisions	28
Wilmington, Del.:	
Present law	71
H.R. 16311	67
Administration revisions	23
Chicago, Ill.:	
Present law	54
H.R. 16311	38
Administration revisions	27
New York, N.Y.:	
Present law	60
H.R. 16311	44
Administration revisions	30

(Note: value of public housing excluded)

Mr. TALMADGE. I thank the Senator for yielding, and I compliment him on the great speech he is making.

If the American people realize what this bill purports to do, in my judgment, it will be overwhelmingly defeated. The Finance Committee studied it carefully in hearing after hearing, and the first vote got only one out of 17 affirmative. They finally managed to work around to get seven affirmative votes out of 17, and that is the best they ever obtained in the Finance Committee. Is that not the Senator's recollection?

Mr. CURTIS. That is my recollection, yes.

Mr. WILLIAMS of Delaware. In connection with the points that the Senator from Georgia made about this not being a work incentive, I call the attention of the Senator to the fact that tables presented to the committee and the analysis of the bill as it passed the House, which I mentioned the other day they have been changed somewhat by a revised bill that came back in October, but still the principles are there. For example, if a female head of a family of four, had $1,600, with the food stamp and other benefits she would get in State supplementals, it would amount to $3,366; and where that is increased by earnings to $4,180, if she makes $1,000; but if they worked twice as hard and made overtime, they go down to $3,100 or $360 less than if left to the one that makes a thousand.

If that same person works harder and increases his earnings to $3,000, that drops back to $3,766. In other words, the more they earn the less they have. They lose more than 100 percent of their increased earnings. It is not an incentive to increase earnings. It is quite the opposite. It is an incentive that if one earns money, he drops back closer to welfare because they are more than the earnings would be after taxes.

Mr. CURTIS. I thank the distinguished Senator. It is true that the provisions of this measure constitute a disincentive to work.

Mr. TALMADGE. If the Senator will yield further on that point, I hold in my hand the hearings before the Committee on Finance of April 29, 30, and May 1, 1970. I quote from page 230 thereof, as follows:

> Senator TALMADGE. How many people on aid for dependent children have benefited from the earned-income disregard provision and to what extent have earnings increased as a result of this provision?
>
> Mr. HAWKINS. The number is quite substantial. May we submit actual figures on it for the record?

The proportion of women with some earnings within that program is relatively high; maybe the magnitude of a third or something, and I think we can——

Senator TALMADGE. Will you submit the full details for the record, please?

Mr. HAWKINS. Yes, sir?*

Those details have not been submitted to date.

That is one illustration of what the Finance Committee had to contend with, time after time. We found in different areas where delegations were made to the Department of Health, Education, and Welfare, and we asked time after time what action or what decisions they would make on that delegated power. What it was was the power to write law and we asked them to submit that for the record, and they never have. That is what we had to contend with in the hearings. We asked for the information. They would state a conclusion. We would ask for the information to back up that conclusion, and it has not been submitted as yet. That is the tenor of this whole legislation. It is a conclusion, some economic theory, that more people will work if we make welfare more attractive, whereas the figures show the exact opposite is true; is that not correct?

Mr. CURTIS. That is correct.

Mr. President, I have stressed the point that the individuals at the staff level, charged with taking over the President's objective for welfare reform, and the technicians in the bureaucracy, have rendered him a disservice. I believe that they have. Some of them have not done their homework. When the Finance Committee started holding hearings on the proposal, witness after witness from the Government gave as one of the reasons for making welfare available to the fully employed, that it would stop the breakup of homes, that it would bring an end to the breakup of family life.

Mr. President, every time I was in that committee and someone stated that, I challenged them, because it just is not so. The breakup of families in the United States is due to many causes, not the least of which is the moral breakdown throughout the country. But, furthermore, their argument was several years late. It used to be that on aid to dependent children, we would pay aid to the head of the family, usually the mother, if the father was dead or if he was disabled, or away from home, and that is all.

So there was a father up against it, but if he left or absconded, his family could get on AFDC. Congress met that problem several years ago. It included an additional category in the AFDC program. That is why we call it aid to families with dependent children. They provided in the Federal law that the program was extended not alone to where the father was dead, disabled, or absent, but if he was unemployed. Consequently, it is not necessary, so far as the Federal law is concerned, for a jobless person to desert his family in order to get that family on the AFDC program. Also, the figures show that those States that run their program that way, where unemployed fathers can get on an AFDC program, the percentage of family breakups was as high as any other place.

The State of New York offers more assistance to families than any other State in the Union, yet it leads the Nation in family breakups.

I hold in my hand an article entitled "The Crisis in Welfare," written by Daniel P. Moynihan, and here is what he says.

It must be remembered that the United States now has a family allowance for *broken families* and that it is widely argued (although typically there are not five cents worth of research findings on the subject) that the availability of AFDC payments does lead to family break up.

In other words, Mr. Moynihan says there is not 5 cents worth of research to support the contention that by paying welfare to the fully employed will prevent family breakups.

Incidentally, I want to read again from Mr. Moynihan. This was in a letter to the Washington Post on Thursday, November 25, 1970.

I read just part of it:

By and large the attacks on the proposal from ultraconservatives have been factually accurate.

I think they have. I do not know what a ultraconservative is.

The statement there that the attacks have been factually accurate is correct.

It states further:

They understand well enough the basic principles of the legislation, and the essential details of its operation, and they oppose them.

This, at least, is a credible position. On those points I agree with this distinguished professor. It is based upon facts that are accurate. We understand what is in the bill and we opposed it.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from Georgia referred to the fact that this did not correct the problem dealing with the family breaking up. The Senator from Nebraska pointed out that the city of New York, which has the highest welfare rates, also has the highest record of split families. We asked the staff when we were analyzing the bill to check the revised bill—and I am speaking of the administration's last revised bill in October, as I recall the date—to see what would happen under this bill if it became law in the cases of split families.

The following example is given of the incentive for a family to split up under the administration bill. This concerns a welfare family with an unemployed mother and father with four children and no other income.

In the city of New York if this family were to split and the father take two children and the mother keep two children they will increase their combined income $2,508 under the bill. They could get $2,508 premium for splitting the family.

In Chicago a similar family could collect $2,064 more by splitting the family than if they were to live in the same family unit.

In Wilmington, Del., they could get $1,104 more premium by splitting the family.

In Phoenix, Ariz., they could receive $936 more.

These are bonuses that they could get by splitting and calling themselves two welfare families rather than a single family unit.

I cannot conceive of Congress approving a social program which actually pays these bonuses to a family to split and divide the family unit. It is indefensible. It is directly opposite to what we have been told it would do.

Mr. TALMADGE. Mr. President, would that be considered the antiwedlock provision of the bill?

Mr. WILLIAMS of Delaware. It could be considered as one of them. I pointed out an example the other day concerning a young couple. This example was prepared by the staff, and I think it should be used again.

Family A consists of a boy 17, a girl 12, and a girl of 6. Family B has a girl 16, a boy 11, and a girl of 8.

If this boy and girl decide to get married each family thereby loses a dependency under this bill. They lose a $300 Federal bonus, the State supplement, the food stamps, medical care, and the extra housing unit they get as a result of the extra dependent.

If the young boy and girl get married they are off the welfare rolls since this is called aid for dependent children; they are left out until after the first year or until they can produce the first child.

However, under the Ribicoff-Bennett amendment if the girl gets pregnant and the boy does not marry her until after the baby is born, the families continue to collect welfare on them as dependents, and they end up with a cash bonus of $1,300. Think of it—the Federal Government paying $1,300 as an inducement for them to have this child out of wedlock.

I mentioned this example last week. I cannot conceive of Congress approving a bill which would pay $1,300 more to a couple that has a child out of wedlock than they would to the family that has a child after they are married.

As was pointed out a moment ago, a family of four children receive a premium of $2,500 if they split the family. That is directly opposite to the objectives the President has said he wants to achieve and what the Secretary of Health, Education, and Welfare has said he wants to achieve.

We can agree on what they say they want to achieve; however, this bill does not do it. For this reason the bill should be rejected. The committee by a vote of 14 to 1 and by a vote of 10 to 6 on another occasion rejected the bill's being considered in this session.

I agree with the Governors that we should have tests of some of these plans to see how they would work before they are enacted.

By all means the department should have set down a figure on what John Doe could have gotten under the bill, rather than writing up a lot of flowery language. These are the mathematical results that were furnished to the committee by HEW after we began to analyze the bill.

Mr. President, it is very evident that those charged with working out the de-

tails of this proposal have fallen far short of the President's goals.

Mr. CURTIS. I submit the matter can be brought to a vote. I do not desire to take more time on the matter.

Mr. President, I yield the floor.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. President, I move that the Senate agree to the conference report.

The motion was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. WILLIAMS of Delaware. Mr. President, under the previous order I was to be recognized; however, the Senator from Connecticut suggested that he has a statement to make. I would like to yield to the Senator from Missouri and others. The Senator from Pennsylvania has a statement to make also. I ask unanimous consent that rather than my holding the floor and yielding to them I be recognized and regain the floor under the previous order when the consideration of the bill is resumed.

The PRESIDING OFFICER. Is there objection?

Mr. WILLIAMS of Delaware. Mr. President, I think the Senator from Connecticut wanted to proceed next. I will reserve my remarks until tomorrow.

Mr. RIBICOFF. Mr. President, arguments against the family assistance plan have been made in the last few days.

A number of these arguments were illustrated by the use of charts and statistics. These arguments and figures have been used to suggest that serious work disincentives are created or worsened by family assistance. This is not the case.

The Ribicoff-Bennett proposal authorizes the most significant step forward in 30 years to develop work incentives within the welfare program. This step is the inclusion of the working poor within the welfare system.

Over 1.8 million American families encompassing 10.5 million persons are headed by full-time workers with income at or below the poverty line. These families are not now eligible for Federal welfare assistance. Yet, under existing law, other families which might live in the same neighborhood or even next door, are better off on welfare without working. For the millions of working families, family assistance is the first welfare program which makes it worthwhile. Under family assistance, eligibility will no longer be confined to those who do not or cannot work. The elimination of the present discrimination against working families is a major work incentive.

In New York City, which has administered a working poor program for 20 years, a 13-month study found that over 97 percent of working families remained working families after receipt of welfare benefits. Many of the remaining families changed their status only because of illness or death of the father.

I ask unanimous consent that a short table showing how family assistance will help the working poor be included at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FAMILY OF FOUR WITH FATHER WORKING FULL-TIME AT $1.00/HOUR

	Present law	Family assistance
Earnings	$2,000	$2,000
Assistance	0	960
Total income	2,000	2,960

Mr. RIBICOFF. Mr. President, the Ribicoff-Bennett amendment also proposes an expansion of Federal work training and child care programs. $386 million would be spent in the first year of the program for expanded day-care opportunities. More than $200 million will be spent to provide work training and upgrading program.

In addition, through an amendment proposed by Senator HARRIS and I, a strong public service job program for welfare recipients will be initiated.

The greatest impediment to moving welfare recipients from relief to work is the lack of actual jobs at the end of the work training programs. The Ribicoff-Harris proposal takes a small but important step to remedy this problem.

Under the family assistance program, every able-bodied welfare recipient will be required to register for these work and work training programs. Failure to so register will mean an immediate loss of $500 of FAP benefits.

The charge has also been made that family assistance would further encourage break up of families and illegitimacy.

Mr. President, those problems are precisely what family assistance is designed to end—not encourage. By providing assistance to all families—not merely broken families, as is now the case—the program eliminates the incentive for low-income families to separate.

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

Mr. RIBICOFF. I am pleased to yield.

Mr. HANSEN. According to the information I have, the October revised revision would retain the $500 penalty provision, as the distinguished Senator has pointed out, but would delete the provision for disregarding income tax payments. Testimony developed at the hearings on the bill showed that the $500 reduction in family assistance would actually result in reduction of only $241 in family income since benefits under other kinds of welfare type programs increase as family income decreases.

May I ask the distinguished Senator from Connecticut if that checks with his understanding of the bill?

Mr. RIBICOFF. May I say that I do not have that information. It would depend on what the total amount was that a person was receiving. I do not imagine that a person with a family of four receiving $1,600 would be involved much by way of income tax. I do not have the figures. I shall supply them for the RECORD, if I can, before the night is over.

Mr. HANSEN. I thank my friend.

There being no objection the figures were as follows:

A family of four with no other income would lose $500 of family assistance if a member of that family refused to register for work. In addition, State supplementary payments would be reduced by one-fourth. Thus if the State supplement were $1,500 the total loss to the family would be $875. This loss might be reduced by anywhere from $0 to $225 if food stamps and other programs increased the benefits to the family because of its income reduction.

Mr. RIBICOFF. In addition, the most scientific methods now in existence will be employed to provide a continuing evaluation and investigation to prevent fraud in this program.

It has also been mentioned that the family assistance plan provides a $1,300 incentive for couples to have children. This so-called incentive is also present in existing programs. The defect could be easily remedied by providing welfare eligibility for childless couples, which is a step I have advocated for sometime and even proposed to the Finance Committee in the form of an amendment to H.R. 16311. This, of course, would be a further expansion of family assistance.

Reliance has been placed on charts which attempt to set forth the "notch" effect of family assistance by which, it is explained, the programs will encourage welfare recipients not to work.

These charts, which are confined to examples of families headed by mothers, show the cumulative dollar totals of welfare, food stamps, medicaid, and housing programs.

It is my opinion, which is shared by many, that these tables do not show the true effect of family assistance or reflect its impact on most welfare recipients.

First, over 90 percent of all welfare recipients cannot accumulate all the benefits which are shown on these charts. Slightly over a third are eligible for food stamps, less than 10 percent are in public housing. Furthermore, these charts are exclusively used to show the circumstances of female-headed families which will comprise less than half of the eligible recipients under family assistance. Families headed by a working male will not be eligible for medicaid, or State supplements.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. WILLIAMS of Delaware. It is true that the charts refer to female-headed families, but that form was selected by the Department itself. We asked if a different picture would be shown if the Department had provided different charts for male-headed families, and the answer was "No." If they would provide different charts we would be glad to display them. They did not submit any, so I assume that while the picture would be slightly different the patterns would be the same. If the patterns were not the same it is the Department itself that is at fault for not advising us. I repeat, these are the charts they sent to the committee, and they selected the type we were going to use.

Mr. RIBICOFF. May I say to the Senator that I share some of the frustration mentioned by other members of the Finance Committee who are on the other side of the issue. It is absolutely true that the committee, collectively and individually, asked for information time and time again, and this information has not been forthcoming, I, as well as they, decry the failure to have the cooperation which the committee was entitled to have. It would have made the job of all of us that much easier if the information had been forthcoming.

Mr. WILLIAMS of Delaware. That is correct.

If the Senator will yield further, another point to be made on these charts is that they tried to point out that there would be a minimal effect by saying that less than 8 percent of the people were in public housing. That included farm areas and rural areas, where there is no public housing. Those figures are misleading because in the city of Wilmington in my own State, the figure representing those under public housing, is not 8 percent but 28 percent, while in New York State the figure is a much lower one. But in New York State and in some other States they use rent supplements instead of public housing. So when they talk about public housing, they do not include rent supplements or various other programs which should be included.

I think all those programs must be related. I know the Senator from Connecticut would insist on getting all that information.

If we take an area where public housing is not used and that item of the program is eliminated but if there is another program which is substituted for it that particular program should be substituted. Unfortunately we have not had any cooperation from the Department in getting a real breakdown.

This is not a criticism of the Senator from Connecticut because he has been as frustrated as the rest of us in getting information. It has been impossible in our case in view of this complete lack of cooperation from the Department.

I thank the Senator for yielding.

Mr. RIBICOFF. I thank the Senator.

Second, few, if any, welfare recipients are encouraged to work or not to work by eligibility for medicaid. This is not a cash program, but a health program. Sickness is unpredictable. When no illness is incurred no medicaid benefits are received. It is unlikely that loss of medicaid coverage would deter anyone from working particularly when other, private health plans would be available.

Third, the family assistance plan actually corrects the many additional "notches" which the present program perpetuates. Those few that remain are not the result of family assistance but of other programs. As pointed out above, many of these "notches" are illusory and most are corrected by family assistance.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield at that point? I dislike interrupting him.

Mr. RIBICOFF. I yield.

Mr. WILLIAMS of Delaware. The Senator is correct. In one city the average medicaid benefit was calculated at $1,100 per family. It is true that family A may not have benefited from any medicaid at all and another family may have benefited to the extent of $2,500. There is this other factor to consider, however. While it is true that a family may or may not benefit under medicaid, depending on the health of the family, if one goes on the labor force and is no longer on welfare he has to pay for the health insurance. So that is a deduction from pay because he has to pay for that health insurance. That is what creates this notch plus the fact that money earned is taxable while welfare payments are tax-exempt.

Mr. RIBICOFF. I think that point will be touched upon by the next point, that the family assistance program actually corrects the many additional notches

which the plan perpetuates. It is true that taken alone, the result of the family assistance plan is that most of these notches are illusory and most are corrected by the family assistance plan.

I can understand what the Senator from Delaware was trying to do in committee, and I can understand his continued frustration when we talk about the family assistance plan and when the medicaid and housing and other programs have not been drawn together to make a whole. But when we talk of the family assistance plan, many of the notches as a result of other programs Congress has adopted, including the administration of those programs, are eliminated.

Mr. WILLIAMS of Delaware. I agree completely on that point. I said the other day that if we forgot momentarily the other programs related to welfare and looked at nothing but the charts presented on the family assistance program one could have a picture of a progressive incentive to work. It is when we start considering the other programs that notches are developed. I was disappointed that since the other agencies are still a part of the Government these plans had not been put together and considered as a whole.

There is no excuse for their not having been considered together.

Mr. RIBICOFF. That is one reason why I have been so insistent on having pilot programs, because the family assistance plan goes into effect in July of 1972. It would be my hope that, in the trial period, we in the Finance Committee would monitor it very closely and get an overall picture of all the other programs working together with family assistance, and we would have an opportunity between March 1, 1972, and July 1, 1972, to correct any inequities.

This is a monumental program, and I have tried to the best of my ability, on this floor and in committee, to point out that we do not know all the answers, and that I share many doubts of other Senators; but I do believe in the basic philosophy, and that the program is worth trying.

STATE SAVINGS

A point has been made that the State fiscal savings clause in the Ribicoff-Bennett amendment only applies to the expenses of the adult categories. In fact the 90-percent-freeze clause applies to families as well as aged, blind, and disabled recipients.

Under present law welfare costs under AFDC—both State and Federal—are increasing at the rate of 30 percent annually. At this rate, with no change in the law, costs will more than double in 3 years. The fiscal savings provision in the Ribicoff-Bennett amendment is vitally necessary to save the States from financial catastrophe.

REPUBLICAN GOVERNORS

Mr. President, there has been some misunderstanding regarding the position of the Republican Governors on the Ribicoff-Bennett amendment. I ask unanimous consent that a copy of a telegram responding that the Republican Governors' Association favors the amendment by 14 to 2 be printed in the RECORD at this point.

The telegram is dated December 16, and was sent from Sun Valley to Secretary Elliot Richardson.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Secretary ELLIOT L. RICHARDSON,
Department of Health, Education, and Welfare, Washington, D.C.:

At an executive session of the Republican Governors Association this noon, I presented the matter of the family assistance plan and the Ribicoff-Bennett amendment. The RGA voted to support the President's family assistance plan with 14 in favor, 2 opposed and 3 abstentions

RUSSELL W. PETERSON,
Governor of Delaware.

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

Mr. RIBICOFF. I am glad to yield to the Senator from Georgia.

Mr. TALMADGE. If the Senator will refer to his amendment, on page 9, line 10, appears the heading "Exclusions From Income."

Then on page 10, beginning on line 16, it reads:

(5) food stamps or any other assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private agency or organization exempt from taxation under section 501

And so forth.

Would that not make it possible for a foundation which is a tax-exempt organization to make grants to individuals in any amount, any sums of money annually, and those individuals would still be eligible for welfare at the same time?

Mr. RIBICOFF. That is correct. This would allow a foundation which would like to supplement and even raise above the poverty level recipients of grants to make such grants to individuals. The Senator is correct in his statement.

Mr. TALMADGE. Let me give the Senator a hypothetical case. Many foundations do outstanding jobs in cancer research, tuberculosis research, and other health matters. Suppose they take some eminent doctor, and give him a grant of $100,000 a year to do research on a cure for cancer. Under that provision, would he not be eligible for welfare at the same time?

Mr. RIBICOFF. I think that is farfetched. While it could be possible, I cannot imagine an eminent doctor who was doing cancer research with a $100,000 a year grant who would not have income from a hospital or university upon which he would have to pay taxes, but would rely upon himself and his family living on $1,600 ayear.

Mr. TALMADGE. I am asking whether the Senator's amendment would not authorize his eligibility for welfare.

Mr. RIBICOFF. Yes; it might authorize his eligibility, but as a realist—and I know the Senator from Georgia is a realist, too—I have no fear of that taking place.

Mr. TALMADGE. Mr. President, we are dealing with a law now, and not a theory. The Senator admits that his amendment would authorize such an individual to be eligible for welfare if he were living on a grant of $100,000 a year.

Mr. RIBICOFF. Yes; but while this could happen, I do not think the law is that much of an ass.

Mr. TALMADGE. That is what the Senator wrote into the amendment, and I am asking him to explain it, and he admits that what I say is true. That is just one of the many imperfections in this amendment that I think ought to be clarified.

Mr. WILLIAMS of Delaware. Mr. President, while, as the Senator suggests, that might be a far-fetched example of what could happen. I point out that when we were considering the Tax Reform Act and that section dealing with foundations we had an example where a foundation had taken practically the entire staff of the late Senator Kennedy and given them for 2 years a grant of approximately $25,000 a year with travel expenses. They were going to take care of those individuals, the excuse being that they had no other source of income.

On that basis, if this bill had been in effect, all the members of the staff of that Senator would not only have their grants from that foundation but would be eligible for welfare payments under this bill because we were told in the committee that they had no other source of income.

Mr. RIBICOFF. Mr. President, I would like to add that on page 10, line 17, the amendment refers to "food stamps or any other assistance—'which is based on need.' "

I do not imagine that a research chemist doing research under a foundation grant would be in need. The amendment also contains an assets test.

Mr. TALMADGE. Will the Senator yield further?

Mr. RIBICOFF. I yield.

Mr. TALMADGE. In line 19, the word "or" appears, so it is in the alternative.

Mr. RIBICOFF. Mr. President, I would like to pursue this matter further, but the minority leader must make a statement by 6 o'clock or be taken off the floor.

As the Senator from Delaware knows from our colloquy on his unanimous-consent request of a few days ago, I was most anxious not to have this amendment in the second degree. I was very hopeful to be able to afford every Member of this body a chance to put in perfecting amendments, whether it be the Senator from Iowa, the Senator from Oklahoma, or the Senator from Georgia. I would have been the first to try to correct the point that the Senator from Georgia has made, but we were put in the position that we had no alternative but to make this amendment in the second degree.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. WILLIAMS of Delaware. The Senator is correct on that point. Both he and I tried on two or three occasions to get this bill into a posture where it could be amended and voted on on its merits, but neither of us were able to get it into that posture.

Mr. JAVITS subsequently said: Mr. President, on Saturday, certain analyses were made by the distinguished Senator from Delaware respecting the effect of the family assistance plan contained in the Ribicoff-Bennett proposal upon my State of New York. I asked the Department of Health, Education, and Welfare to analyze those analyses made by Senator WILLIAMS. They do not agree with him, Mr. President, as to their effect and the alleged inequities which would result. I shall discuss these in detail at an appropriate time, but I did feel that at the earliest moment they should stand in the RECORD, so that anyone who wishes may read these replies.

So I ask unanimous consent that the letter of the Department of Health, Education, and Welfare, signed by the Honorable John G. Veneman, Under Secretary, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
December 21, 1970.

HON. JACOB JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: The following is in response to your request for comment on certain statements made by Senator Williams (Delaware) in the Congressional Record of December 19, relating to the effect of the Ribicoff-Bennett proposal upon the State of New York.

On page S20807, Senator Williams cites an example that leaves the impression that the Ribicoff-Bennett proposal would pay a $1300 bonus for an illegitimate child.

He states that "this bill actually provides a $1300 bonus from the Federal Government to a mother to have an illegitimate baby over and above what would be paid if the baby were born in wedlock."

Under the existing AFDC program, a childless couple is not eligible for benefits—nor would they be under the Family Assistance Plan. The presence of children is required for eligibility.

In fact, it is the present program which rewards illegitimacy. Currently, families in which the father is married and working full time are not eligible for any federally assisted welfare. But if the father were not married to the mother, she and her children would be eligible. FAP, would for the first time make the intact family eligible thus reducing the financial reward for illegitimacy.

The Bill also mandates State supplementation to families in which the father is unemployed. This is now done in New York on an optional basis but it not done in 25 states. In these latter states, an intact family may now receive no assistance even though it has no income. In contrast, families where the father has deserted or in which the child is illegitimate would be eligible. Thus, the Ribicoff-Bennett proposal is a step toward reducing illegitimacy and desertion.

In Senator Williams comments he left another distorted impression regarding benefits available in New York.

In the chart published on page S 20810, an impression is left that a family of four in New York without any earnings would receive money and benefits totaling $6210.

The following facts must be considered:

(a) probably no more than 1 or 2% of the families on public assistance in New York have available to them all of the benefits listed on the chart.

(b) only 7½% of the welfare recipients in New York City live in public housing, which is worth $989 to a family without income. Ninety-two and a half percent of the families do not receive this $989.

(c) The impression is also left that all recipients receive food stamps valued at $312 annually. The fact is that 60% of the welfare recipients in New York do not participate in the food stamp program.

(d) The impression is left that every family on public assistance receives $1153 in medical benefits. This is the average expenditure in New York and is available only if there is illness. The payments are made directly to the providers of the medical services for an illness incurred by the family.

Another issue was raised by Senator Williams on page 20807 where he stated that "in New York, a welfare family will collect a higher premium on family splitting. They collect $2508 more as two families than if they live as one family. They can collect that every year under this bill, if they will just separate—the husband taking part of the children and the wife taking the other children."

This is highly distorted. In this respect the Bill does not change the present law. In New York, under law, a family of six, husband, wife and four children receive a total of $329 per month, plus rent. A family of three receives a cash payment of $179 per month plus rent. Thus, the total of two families of three would be $358 per month plus rent. This means that the net cash differences between one family of six and two families of three is $29 per month or $348 per year rather than $2508 stated by Senator Williams. The family situation with respect to rent, Medicaid, and food stamps would be the same in both cases.

If I can be of further assistance, please do not hesitate to let me know.

Sincerely,

JOHN G. VENEMAN,
Under Secretary.

Mr. JAVITS. Mr. President, I have shown a copy of this letter to Senator WILLIAMS, who desires me to yield on this matter.

Mr. WILLIAMS of Delaware. Mr. President, I appreciate the Senator from New York putting this letter in the RECORD, and I note it is signed by Mr. Veneman.

I only point out that the charts I used in my statement of last Saturday and the figures I quoted were also presented to the committee by Mr. Veneman, the same Mr. Veneman. This is the first time I have heard of an administration contradicting his own figures by claiming he gave false information to a congressional committee.

This only shows the confusion and that they cannot even agree 2 days at a time, because all the figures I used were over the signature and finished by HEW Let them decide which time they are telling the truth.

It further supports my position that we should reject this bill, and I think we need some new men in the Department of Health, Education, and Welfare who at least can stay on the same side of a question 24 hours.

I shall discuss this letter later. Perhaps the committee erred in not placing the Government witnesses under oath.

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MANSFIELD. Mr. President, if I may, I ask unanimous consent in accordance with the agreement reached some days ago that the Senate resume the consideration of Calendar No. 1443, H.R. 17550.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 17550, a bill to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The PRESIDING OFFICER. Without objection the Senate will continue with the consideration of the bill.

The Senate will be in order. The majority leader cannot be heard.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SCHWEIKER). The clerk will call the roll.

The 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.

Under the previous order the Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, I am going to make another effort to see if we can get this particular bill off dead center.

Mr. TALMADGE. Mr. President, we cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Delaware may proceed.

Mr. WILLIAMS of Delaware. Mr. President, I am going to make another effort to see if we can get this bill off dead center and to a point where the Senate can vote either up or down on various provisions in which we are interested.

There is no question but that there seems to be quite a bit of controversy in this bill.

Mr. President, may we have order?

The PRESIDING OFFICER. Senators will be seated. The Senate will be in order.

The Senator may proceed.

Mr. WILLIAMS of Delaware. Mr. President, since no one is interested, perhaps this is a good time to present the unanimous-consent request.

The PRESIDING OFFICER. What is the request?

Mr. WILLIAMS of Delaware. I thought I would get silence if I made that suggestion.

The Senator from Pennsylvania appears ready to object, but I hope he will not object when the request is presented.

We have a problem here where there is considerable discussion and controversy about whether the Senate should or should not agree to the family assistance plan. There is also a controversy with regard to the trade agreements.

I am going to make the suggestion that we delete titles III, IV, and V from the bill, which deal with trade, the catastrophic insurance, the welfare amendments, and also delete the Ribicoff-Bennett amendment and the Scott amendment and the Talmadge amendment, which I offered for the trade agreements. That would strip the bill down to titles I and II. Title I is social security and cash benefits and title II provides revisions in medicare and medicaid. If we would strip the bill down to those two titles we could get this bill enacted this afternoon. We could soon dispose of the social security section and on Monday the medicare and medicaid section and take the bill to conference. This would get these social security increases out to the public at an early date.

If the proposal is to be successful it would be necessary to have a gentleman's agreement that these controversial matters now being deleted will not be submitted as a part of the revised bill, because if one of them is submitted the others will be submitted, and we will be back where we are now.

If that is done we could ask unanimous consent to consider the amendments in titles I and II en bloc for the purpose of procedure, and they could be considered as original text for the purpose of amendment. Further, I would agree to limit the time on all amendments to 1 hour.

I do not know whether we could get such an agreement, but there must be a recognition of the fact that this bill will not become law as long as the trade sections and guaranteed annual income features are added to it. In the meantime, a lot of people who are hoping for an increase in social security benefits are going to be disappointed.

I am wondering if the Senator from Pennsylvania could go along with such a proposal.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. SCOTT. I would say, first, to the Senator that I would like to read to the Senate a letter of today's date addressed to Representative GERALD R. FORD of the other body. This may help answer the Senator's question. The letter states:

DECEMBER 22, 1970.

Hon. GERALD R. FORD,
U.S. House of Representatives,
Washington, D.C.

DEAR JERRY: In response to your question about my attitude toward the Social Security legislation now stalled in the Senate, be assured that I favor quick enactment.

Some Senators contend that Social Security legislation cannot be salvaged in this Senate unless welfare reform, appropriation bills and other vital measures are sacrificed. I am not yet willing to concede the Senate's indifference or impotence. I have urged the Senate to bring to vote all of this important work that lies before it. There is still plenty of time to do what is necessary before January 3.

Should the Senate be unable or unwilling to adopt these vital measures by then, I will resubmit the Social Security benefit increases and welfare reform, along with the other key bills that remain unenacted. And I will propose that the Social Security increases be retroactive in their effect to January 1, 1971, so that no Social Security recipient is harmed by the Senate's failure to act.

Sincerely,

———.

Under the circumstances whereby the President has made clear his desire for the inclusion of welfare reform and social security, and the feeling we should act on both, I have not, of course, lodged any objection at this time but I would wait until the Senator submits his proposal.

Mr. WILLIAMS of Delaware. I will submit it as a unanimous-consent proposal because it is always gratifying to find the Senator supporting the President, and I would not want to let this session of Congress go by without giving him that opportunity.

Mr. SCOTT. The Senator knows I support the President about as often as any Member of the Senate, and I cite the Congressional Quarterly as evidence of that.

Mr. WILLIAMS of Delaware. I am well aware of the Senator's record. He always votes with him when he thinks the President is on his side.

Mr. SCOTT. When the President is right, which is the largest part of the time.

Mr. WILLIAMS of Delaware. Seriously, I think this proposal is the only logical solution. As the Senator from Connecticut will confirm, I supported him before on a series of unanimous-consent requests to limit debate. I would like to see this matter voted on, up or down—all features of the bill.

As the Senator from Connecticut knows, I am opposed to the pending

Ribicoff-Bennett amendment, and I expect to vote against it. However, I have no objection to the Senate voting, and I shall abide by the decision of the Senate.

Mr. President, I ask unanimous consent now that the time on all amendments in this bill be limited to 2 hours and that time on the bill not exceed 4 hours with the time equally divided. I ask unanimous consent that we start voting, that the amendment of the Senator from Connecticut be the first amendment voted on, and that we vote on all amendments to amendments, up or down, at this session.

The PRESIDING OFFICER. Is the Senator from Delaware now proposing that as an unanimous-consent agreement?

Mr. WILLIAMS of Delaware. I withhold it now, but I am going to propose it.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. RIBICOFF. Mr. President, will the Senator agree that we vote on the Ribicoff-Bennett proposal under the unanimous-consent request at 5 o'clock Tuesday, December 29?

Mr. WILLIAMS of Delaware. Why wait until Tuesday? Is the Senator afraid to vote tonight? We could vote in 2 hours.

Mr. President, I ask unanimous consent that time start running immediately, that there be a time limitation on all amendments, including the Ribicoff amendment, of 2 hours, and that there be a limitation of time on all amendments to amendments.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. JAVITS. Mr. President, obviously the Senator knows he will get no such unanimous-consent proposal agreed to.

Mr. WILLIAMS of Delaware. I am an optimist.

Mr. JAVITS. I am sorry. I have the reservation. The Senator knows that he will not get such a unanimous consent. On the other hand, the suggestion of the Senator from Connecticut (Mr. RIBICOFF) is an excellent one. If the Senator from Delaware wishes to get a vote on the Ribicoff amendment, I do not think anyone is afraid to do so. With respect to the Senator's proposal, I have no objection to voting today on the Ribicoff-Bennett amendment, but the Senator knows very well when he wraps it up with everything else, it is going to be objected to; and so if necessary, if the Senator insists on pressing his request, I will object.

Mr. President, I do object.

The PRESIDING OFFICER. Objection is heard.

Mr. WILLIAMS of Delaware. Mr. President, I presented this proposal in good faith. I realize that one amendment at a time could be taken up, and we could get consent on it if every Senator agreed. On the other hand, we are not going to get anywhere unless we get consent to all of them. I think that is perfectly proper procedure.

Under this agreement the very first rollcall vote would be on an amendment to which I have very strong objections and one on which I will do everything I can to urge the Senate to defeat. I am willing to have that as the very first vote. I do not know what more one could offer.

Since there has been an objection there is another possibility. In the parliamentary situation in which we find ourselves, the Ribicoff amendment, much to his regret, is not subject to amendment. The Senator from Iowa has amendments which he would like to be considered and thinks they should be. The Senator from Oklahoma has amendments which he would like to offer.

Since I cannot get consent to the first request, I ask unanimous consent that we eliminate from the pending bill the Ribicoff-Bennett amendment and the Scott amendment and the trade amendment which I offered on behalf of the Senator from Georgia (Mr. TALMADGE). That would leave the bill—if the Senator from Pennsylvania will just wait a minute before objecting because it is like introducing amendments without reading them; sometimes it is disastrous to object before one knows what is being asked.

That is the first part of the proposed agreement.

The second part would be to consider all the committee amendments en bloc and treat the bill as original text. Then it would be open to amendment.

I would be willing to go along with that, with the further proviso that the Senator from Connecticut (Mr. RIBICOFF) be recognized first, in order that he may offer his family assistance amendment. It would then be the pending busines before the Senate and would be subject to amendment by the Senator from Oklahoma or the Senator from Iowa, or whoever else wanted to offer amendments. Then we could vote on them. That would be proper procedure. I would be willing to enter into a time limitation on these amendments.

I have discussed this matter with the Senator from Connecticut. This is not taking his amendment down. It is only taking his amendment down temporarily, and he could again offer it to any part of the bill. In that manner we would get to a vote. His amendment would be the first to be offered and could be put anywhere in the bill. Then we could proceed in an orderly manner.

I would be perfectly willing to present that combined package as a unanimous consent request, all with the provision that the Senator from Connecticut be the first Senator to be recognized.

I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, there are millions of people in this country who are almost wholly dependent for their welfare and happiness on their social security checks. There are presumably hundreds of thousands of others who are desperately in need of medicare benefits, of which the Senator from Delaware has spoken.

I do not think it is a good Christmas present for those people to tell them that we are going to insist on a situation in the Senate which denies them even a little bit of help which we could give them to enable them to enjoy life a little more and to enjoy a little better health when we vote on the request of the Senator from Delaware. I think I would be ashamed to object to it.

Mr. RIBICOFF. Mr. President, I wonder if we can make it clear and whether the Senate understands what the proposal of the Senator from Delaware is. I would like to have it made clear.

My understanding is that the Senator from Delaware proposes that we withdraw both the Williams and Talmadge amendment, the Scott and Ribicoff and Bennett amendments, that all the committee amendments be adopted en bloc, and that the bill be considered as original text; that at that stage the Ribicoff-Bennett amendment will be the first amendment to be offered to the bill; and that then, of course, since it is in the first degree, that it will be subject to amendments from the floor; that a time limitation be agreed upon on all amendments to the Ribicoff-Bennett amendment and a time limitation on the Bennett-Ribicoff proposal. There will be definitive votes on all those amendments.

That is the only limitation the Senator has in mind at this point.

Mr. WILLIAMS of Delaware. Mr. President, I would have no objection to such a limitation if we could get it. The Senator from Connecticut has outlined it correctly. I repeat. in this consent we would withdraw both the Williams-Talmadge and the Ribicoff-Bennett-Scott amendments. That would leave the bill at that point as reported by the committee. Then we would agree to all the committee amendments en bloc and treat them as original text for the purpose of amendment. Then at that point, as part of the same request, the Senator from Connecticut would be recognized to offer the Bennett-Ribicoff amendment, or whatever amendment he wished, as a substitute for part of the bill or as an addition to the bill, and to offer it in any manner or at any point he wished. In that way we could proceed to a vote.

As far as I am concerned, the agreement could provide that the Senator from Oklahoma would be the next one recognized to offer an amendment. I do not care who offers the amendment, but let us get to voting on it.

I think the Senator from Oklahoma has an amendment. I know the Senator from Iowa has an amendment.

I repeat, so that we can get started, I would be willing to have it understood that included as a part of the agreement is the understanding that after the Senator from Connecticut offers his amendment, the next amendment will be that of the Senator from Oklahoma. I do not care who gets the floor after that. I just mentioned the Senator from Connecticut so that he would know he would have the first opportunity to offer his amendment.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. Is the Senator offering a time limitation on all amendments to be offered?

Mr. WILLIAMS of Delaware. No. That request was objected to earlier.

After the Senator from Oklahoma offered his amendment he might ask for

consent to vote on it in 30 minutes or an hour. Or at that time we may get a broad, general agreement. That would be all right. If we tied it up this far we would at least have it before us in an orderly manner.

The Senator from Connecticut has repeatedly pointed out that if we are going to vote on his proposal it should be open to amendment. The Senator from Oklahoma and the Senator from Iowa have amendments; I do not know of any other Senator who has an amendment.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. RIBICOFF. First, I would like to make a preliminary comment that I have known right along that the Senator from Delaware has been violently opposed to the family assistance plan. He has been consistent in his opposition. Right from the start he has said he would not stand in the way of a vote on the family assistance plan. He was not going to filibuster. He agreed to have a vote. He wanted his position explained. He wanted other Senators to have an opportunity to explain their positions.

I have never felt such a sense of self-righteousness that I thought the Bennett-Ribicoff amendment had to be adopted word for word as submitted. I have always felt that other Members of this body should have the opportunity of offering amendments to this complicated proposal.

I wonder if I could make inquiry of the two Senators who I know have definite amendments. I do not know about other Senators, but I know the Senator from Iowa and the Senator from Oklahoma have a series of amendments to offer. Would there be a willingness on their part to have a time limitation on their amendments to the Bennett-Ribicoff amendment, under the request made by the Senator from Delaware?

Mr. HARRIS. Mr. President, will the Senator from Delaware yield, so that I might respond to that?

Mr. WILLIAMS of Delaware. I yield.

Mr. HARRIS. May I say that I think the idea of making the committee bill original text is the way to move on this measure, as I have said earlier, and I hope we may be able to agree to do that. I certainly would be willing to have a limitation of 30 minutes, 15 minutes to a side, on the amendments which I wish to offer, because I am anxious that we get an up-or-down vote on the welfare reform proposal in amendable form.

So I would be willing to agree to any such time limitation. I can speak only for myself; there may be others who want to be heard on the question of time, but I would like to see this bill made original text for the purpose of amendment, and, at least on the welfare proposal and social security, the medicare and medicaid proposals, child care, and the health insurance and catastrophic illness proposals, have some time limitation.

Mr. MILLER. Mr. President, will the Senator from Delaware yield so that I may respond?

Mr. WILLIAMS of Delaware. I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, I have only one printed amendment, but, as I think the Senator from Connecticut knows, I have three or four others, at least, that I would like to offer.

I stated the other day just what the Senator from Oklahoma has said, that the way to proceed on this matter, in my judgment, was to have a time limitation. I think it might be better not to have a uniform time limitation, because some of these amendments would require longer discussion than others; but I certainly would be most happy to join in any agreement on an ad hoc basis, preferably to have a time limitation.

The Senator from Connecticut says that he would like to have this time available and the opportunity available, and yet it was my understanding that the other day when the Senator from Pennsylvania filed a technical amendment, the Senator from Connecticut and the Senator from Utah were the ones who put their amendment on that technical amendment and locked it up.

Mr. RIBICOFF. That is right.

Mr. MILLER. And that was with full knowledge, as I understand it; it was planned, and without consultation of others of us who have amendments, certainly not with me and I know without consulting with at least one or two others who have amendments.

I am pleased that there has been a little reassessment of the matter. I am not going to be a dog in the manger about it. I want to see progress made. But I just think that, in fairness I should point out that the mess we are in now has been made, made deliberately by those who filed the technical amendment and the amendment to it.

I am willing to go along notwithstanding that, and work out an agreement, but let us all very clearly understand that we are in this mess because of a deliberate act. There was nothing accidental about it at all.

Mr. RIBICOFF. Mr. President, may I respond?

Mr. WILLIAMS of Delaware. I yield to the Senator from Connecticut.

Mr. RIBICOFF. There certainly was not anything accidental. It was deliberate, and the reason why it was done that way was that we did not get a unanimous-consent agreement on the original proposal made by the Senator from Delaware; and the Senator from Delaware, on a parliamentary basis, has introduced his amendment, and a filibuster was going on that amendment.

The Senator from Utah, the Senator from Pennsylvania, and I realized that unless we followed this procedure, we would never get a vote on the family assistance program, because we would have a filibuster on the trade provision. I deplored it, but we had no other alternative than this procedure to bring the family assistance program before the Senate as the pending order of business. We did this deliberately; yes.

Mr. WILLIAMS of Delaware. Mr. President, I find no fault with the procedure followed by the Senator from Connecticut. He followed the Senate rules which apply to all of us.

But I suggest that we not spend time talking about what happened in the past. We know what happened. Let us talk about where we are and what we can do. We are tied up in a confused mess here, let us face it. If we are not going to reach any agreement we might as well lay the bill aside, because everyone in this Chamber knows it is not going to be voted on unless we can get some such agreement. I am just trying to get it to a vote.

I have no objection to a vote. I have never been so conceited as to think that I alone am right and everyone has to agree with what I say. I just wanted Senators to be afforded an opportunity to listen to a little of what I have to say, and let me at least get it off my chest. They have, and I think that now an orderly procedure would be to start voting on the entire bill.

Let us vote on the various proposals, either up or down.

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

Mr. WILLIAMS of Delaware. I yield for a question.

Mr. MILLER. I know the Senator from Delaware is trying very hard to help the Senate untangle itself. But suppose that the unanimous-consent request that he is proposing to present is agreed to, and then suppose the Senator from Connecticut goes ahead and presents his amendment, and then amendments to the amendment are offered—and there can be a good many of them—and along about next Tuesday or Wednesday, we have wound up the action on the family assistance plan. What do we do then? There are Senators here who are very much interested in the trade amendment. Where would we go at that point?

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will just withhold that I shall tell the Senate where we shall be next Wednesday. We shall be getting ready for a New Year's dinner, but let us think about Christmas dinner right now. I would like to at least get started on this bill. If we can get that far we shall be farther than we are now, and we shall be farther than we are going to be if we do not get this off dead center.

Mr. President, I am going to make my unanimous-consent request at this time, and I want the Senator from Connecticut to follow it.

First, I ask unanimous consent that both the Ribicoff amendment and the Scott amendment, the Williams amendment, and the Talmadge amendment be deleted from the bill, and following that deletion and as a part of the unanimous-consent request, that the remaining committee amendments—which would just be a stripped bill, with nothing but committee amendments—then be agreed to en bloc, and that, for the purpose of further amendment, it be treated as original text in the bill; and that after that, the Senator from Connecticut be the first one to be recognized, where he can present his amendment, and that he have the authority, at the conclusion of his speech and the presentation of his amendment, if he wishes, to yield to the Senator from Oklahoma to present an amendment to his amendment. He can

do that, and we will at least be off to where we can vote up or down on something.

If the Senator from Oklahoma does not have his amendment ready, the Senator from Connecticut can yield to whomever he pleases to present an amendment, and at least we would be voting.

I ask unanimous consent that this be done en bloc.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, reserving the right to object, I have been waiting patiently for the Senator to yield, because this is exactly the path we traversed the other day, and I shall object, and do object, if that is needed right now, for this reason, if I may just explain the point:

The prospect of a vote on the family assistance plan is delightful, but it does not mean anything to the poor unless something is going to happen on the bill, as the Senator from Iowa properly pointed out. Everyone knows—I am not going to say the Senator from Delaware knows, because that is his business—but I know and most other Senators know that unless we strip from this bill everything but titles I and II, nothing is going to happen. So those who are really desirous of working on social security—and I am—and those who are really desirous of working on the miscellaneous matters in title II, have a remedy, as a matter of fact. A motion can be made, notwithstanding the pendency of the Ribicoff-Bennett amendment, to do exactly that on a motion to recommit, and report back forthwith.

So, Mr. President, airs of injured innocence, or of seeking to make the record, or get a vote, or seek amity, which materially compromise substantive issues, do not impress me. I am not afraid of it. I believe that a historic issue faces the Senate in respect to the trade war and the world. That is very important to the poor, the rich, the middle class, and all America, and I am not going to see it sloughed off if I can help it—maybe I cannot—under all of these general pleas for consensus.

Mr. President, we all know what it is about. We are not children. We all know very well that there are deep issues when you get by titles I and II. No one has any objection to titles I and II, or dealing with them, in the hope that we can do something for our people so that they will get their checks a couple of months, perhaps, earlier than they would if we acted on it next year.

But to engage in this byplay, I think, is a bit unworthy of the Senate.

We have been over this track before. This is nothing different than what we decided before. Obviously, if I am going to oppose the trade section, I am going to oppose it with every move I have open to me, and one is to recommit it to the committee which put trade on—with no need for it; we do not even give the House of Representatives the dignity of considering their bill. We have put on all these amendments; they did not do that, we did.

So, Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. WILLIAMS of Delaware. Mr. President, so that the record will be clear, I agree with the Senator from New York in regretting that the Finance Committee put the trade bill on this bill. I voted against it in the committee and will be voting against that amendment when it comes to the floor.

So on that point I do not take a back seat to the argument against the trade section. I think it would be a mistake to pass that bill, but, at the same time, let us get the record straight.

I have heard the Secretary of Health, Education, and Welfare describe this bill as a three-headed monster, and he referred to the fact that it was three different bills all in one. I want to get the record straight. It is not a three-headed monster; it is only a two-headed monster at this point. The House bill embraced the social security bill and medicaid and medicare, which is titles I and II. In my opinion, that is the way the bill should have been acted upon and reported to the Senate. As the Senator from Connecticut knows, that is what I tried to do. I opposed putting the trade section on this bill.

Let us get the record straight. The administration supported putting the trade bill on this act, and the committee adopted it over my objections. That is one of these so-called monsters. Now here today the administration is trying to put the family assistance plan on the bill, which is the other monster.

I did not like the word "monster" in describing this action, but if the administration and the Cabinet officers want to describe this as a three-headed monster that was put together by the Finance Committee, as one member of the Finance Committee and one who has been proud to have been a member of it for 20 years, I want to make it clear that it is a monster only because the administration persuaded enough members of the committee to put on one head of the monster and that now they are trying to persuade the Senate to put on the other head. Let the administration not denounce action which they supported. I think the committee should have acted on the trade bill separately but the committee had every right to vote on these proposals.

The Senator from Georgia knows that I took this position in the committee. I resent those who would condemn the committee for following their request. The committee by a majority vote—and a comfortable majority vote—voted to put this trade section on this bill. They had a right to do it. The Senator from Connecticut and the Senator from Utah have a right to offer their amendment even though that amendment was defeated in the committee. I defend their right to offer it. They are entitled to a vote, and I am only trying to help them out. I think they and other Senators are entitled to a vote, whether or not we are for their proposal. I happen to be against both of these proposals which are proposed to be added to social security. I voted against these amendments in the committee, and I will vote against them on the floor.

But I get tired of the halo some administration people put around their heads about how they want this bill when at the same time they are blocking the Senate from consideration.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. TALMADGE. As every Member of the Senate knows, the Constitution of the United States provides that this body shall adjourn sine die on January 3. At that time, all bills pending before Congress die. Only treaties remain alive when Congress adjourns sine die.

It has been obvious to every Member of the Senate now for a number of days that no matter of great controversy could pass in the limited time remaining for us to transact business during this Congress. Today is December 22. We are recessing today to go home and spend Christmas with our families, to return on December 28. That leaves only 4 or 5 days in which we could possibly transact business before the Senate. That leaves little or no time to handle conference matters with the House of Representatives and take final action.

What I think the Senate should do is to wrap up the conference reports upon which it can reach agreement. In those matters on which we cannot reach agreement, we ought to pass continuing resolutions, so that the operations of the U.S. Government can be adequately funded until the next Congress convenes. We should lay aside matters of great controversy, such as the guaranteed annual income and the trade matter, which I happen to support.

The Finance Committee has pending on the calendar the excise bill, which has been passed by the House of Representatives. We could attach to that bill, by way of amendment, the social security increase that the House of Representatives passed, which is 5 percent, or the increase which the Senate Finance Committee has passed, which is 10 percent. Those are not matters of great controversy. I think we could act on them speedily, and we could adjourn and go home.

In the closing days of this Congress, when the Senate has been spinning its wheels—and every Member of the Senate knows it has been spinning its wheels—it is a disservice to the U.S. Senate and a disservice to the country.

I would hope that we would act accordingly, that we could wrap up the matters upon which we can act. We could increase the social security benefits for our aged people, and I would hope we would defer the other matters, when every Member of this body knows that we are not going to take final action until the new Congress convenes next year.

Mr. WILLIAMS of Delaware. I thank the Senator.

I know that the Senator from Georgia as well as the Senator from Arizona have felt very strongly about the need for trade legislation. They had a perfect right to offer this amendment to the committee, and the committee overwhelmingly supported their position. I appreciate the fact that the Senator from

Georgia and those who cosponsor this amendment, in recognition of the situation we are now in, are willing to recognize the facts of life and allow us to set aside the trade amendment and agree that we can go on with the social security.

Mr. President, perhaps we cannot get unanimous consent, but perhaps we can get majority approval. I am ready to move that H.R. 17550 be recommitted to the Finance Committee with instructions to report back forthwith, after making the following deletions:

Delete titles 3, 4, and 5. Titles 3, 4, and 5 and the trade amendments, the catastrophic insurance, and the welfare amendments.

Delete the pending Williams-Talmadge trade amendment.

Delete the pending Ribicoff-Bennett-Scott assistance amendment.

If that motion were approved it would leave in the bill only title 1, which deals with changes in the Social Security Act, and title 2, which relates to changes in the existing medicaid and medicare programs.

If this motion is agreed to, I would then agree to a unanimous-consent request that all committee amendments in titles 1 and 2 be approved en bloc and that they be treated as original text for the purpose of amendment. If that consent is granted I would then be willing to support or ask unanimous consent for a time limit not to exceed 1 hour on any amendments—and we might dispose of it either this afternoon or tomorrow and let it go to conference.

Later, after the social security bill is passed, if they want to lay before the Senate another minor bill now on the calendar, we have them there, they can make the trade amendments or the family assistance amendment the pending business and maybe get a vote. But let us get social security out of the way first.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. JAVITS. I have just heard Senator TALMADGE make the statement he did, which I know to be a very difficult statement for him politically. Mine is difficult enough, considering the number of people who want FAP in my State and the relatively fewer people who are opposed to the trade legislation. It is a more difficult statement for him politically, and I should like to note that fact. It is very statesmanlike. What is more important, it is a heavy admission against interest. I wish to tell my colleague how much at least one Senator appreciates what he has said.

Mr. TALMADGE. I am grateful to the senior Senator from New York for his generosity.

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

Mr. JAVITS. I should like to say, also, if the minority leader will indulge me—he is entitled to be recognized first—that what I think Senator WILLIAMS has proposed is probably the only practical way out.

Mr. RIBICOFF. My understanding is that the Senator from New York objected.

Mr. WILLIAMS of Delaware. Not to this.

Mr. JAVITS. I do not object to that.

Mr. WILLIAMS of Delaware. This proposal would move that H.R. 17550 be recommitted to the Finance Committee, with instructions to report back forthwith, after making the following deletions:

Delete titles III, IV, and V.

Delete the pending Williams-Talmadge trade amendment.

Delete the pending Ribicoff-Bennett-Scott family assistance amendment.

That would leave us nothing in the bill but titles I and II.

I would hope that we could confine this bill, then, to nothing but the germane amendments and to the Social Security Act and dispose of the bill. If the administration thinks anything can be gained by adjourning this Congress with the family assistance measure pending we could lay before the Senate some other bill on the calendar, offer the trade amendments and the family assistance amendment, and adjourn. But it is not going anywhere. This plan would at least get rid of the social security bill and get it in conference.

I assure the Senator that I would cooperate and help expedite a vote. The Senator from Georgia (Mr. TALMADGE) has assured me that he would cooperate. I have talked with several other colleagues, the Senator from Oklahoma included, and they are perfectly willing for us to act on this social security bill. I do not think we have any choice except to approve this social security bill before we adjourn. We can start voting within 10 minutes on the first committee amendment, which will be social security, and then move right along. So far as I am concerned, I would agree to a unanimous-consent time limit of 30 minutes on every committee amendment if not adopted en bloc. I am ready to vote on any of them.

Mr. RIBICOFF. Mr. President, one of the problems is that the distinguished chairman of the committee is not present. Unfortunately, he is in New York. My understanding is that the airplanes are not flying because of the bad weather today and he is stuck there and cannot get back; so that it is difficult for me, and I would not assume to take the responsibility of agreeing to a proposal that he would have to make a decision on as chairman of the committee.

Mr. WILLIAMS of Delaware. I appreciate that. I thought that someone had talked to the chairman.

Mr. RIBICOFF. I did not talk to him personally. I got this message from the staff.

Mr. TALMADGE. Mr. President, I concur in what the Senator from Connecticut (Mr. RIBICOFF) has just said. Although I am in agreement with the proposal of the Senator from Delaware, I do not think that we should take affirmative action on this matter until the chairman of the committee is present. He talked to my office this morning. He was expecting to return from New York about 3:30 p.m., so I would think he would be in this Chamber in a relatively short period of time, and I would hope, therefore, that the Senator from Delaware would defer action on his proposal——

Mr. WILLIAMS of Delaware. I certainly will.

Mr. TALMADGE. Until the chairman of the committee can be present.

Mr. WILLIAMS of Delaware. I certainly will. I was under the impression that he had been consulted. Certainly I shall not press the proposal at this time.

Mr. SCOTT. Mr. President, as I understand the Senator's later motion, he has dropped from his proposals any protection for a vote on the family assistance plan on this bill, and as the Senator knows, I have a commitment that would not permit me to agree to any consent which would involve substitution——

Mr. WILLIAMS of Delaware. I appreciate that.

Mr. SCOTT. To any part of the bill without also getting the opportunity to follow on with the family assistance plan, much as the Senator has proposed it, because I like it and would have liked to go along——

Mr. WILLIAMS of Delaware. I like it better.

Mr. SCOTT. I like it better, too.

Mr. WILLIAMS of Delaware. But we need some kind of an agreement. I think the majority will vote for this compromise suggestion, and the Senator can vote against it; but let us see if the Senate cannot work its way out of this dilemma. I certainly will withhold this motion until the chairman comes back; but I will renew it, and then I hope that we can get this bill acted upon. Senators should not overlook this point—the approval of this motion is the only way we can get a chance to pass an increase in social security benefits before adjournment. I will withhold my motion and yield now to the Senator from Iowa (Mr. MILLER) for 20 to 30 minutes.

I yield the floor.

Mr. RIBICOFF. Before the Senator yields the floor, I wonder, since we have to wait for the chairman to get back before we can make any decision on this proposal, whether the Senator from New York, the Senator from Iowa, the Senator from Delaware, or the Senator from Oklahoma—would the Senator from Delaware be willing to make a unanimous-consent request or accede to a unanimous-consent request, that if we took another minor bill that was at the desk—I do not know what the title is—there are some there—to attach to it the family assistance plan and open it up to amendments with time limits, so that before we go home on January 3, 1971, we would have an opportunity to vote on this family assistance plan up or down.

Mr. WILLIAMS of Delaware. I have no objection——

Mr. TALMADGE. Mr. President, would the Senator yield at that point?

Mr. WILLIAMS of Delaware. I am not going to agree to voting, as the Senator

knows, as I am not going to support this. What we would run into is just an agreement on a time limit, on that alone, and then I am caught in the position of having to work against the Senator from Georgia, who would be caught in a box with his amendment. We will not get that kind of agreement. I have no objection to getting this to a vote. The Senator knows that.

Mr. RIBICOFF. I am just questioning around for alternatives.

Mr. WILLIAMS of Delaware. I know that. I would be glad to discuss it with the Senator, but I think that if we are going to have to give all groups something, I would very much like and feel strongly that we need a test plan. The administration has said if they cannot get the family assistance plan, they would rather not have anything. I disagree with that. I think they are making a big mistake. But if that is the way they feel, since we would be taking away from the administration the family assistance plan, they would be losing, I am willing to yield on the point of the test and lock it all out and let it go over till next year. We will not get agreement that we will reach agreement—we all are having to give and take.

Mr. TALMADGE. I would strongly object to Senators picking out controversial propositions with which they are in agreement, with a time limit on their particular controversial proposal, but without a limitation of time on other controversial matters which other Senators might strongly support.

Mr. WILLIAMS of Delaware. That is the point. The Senator can go home to his constituents and say, "We gave all and got nothing." At the same time, I will withdraw the motion and I will be glad to confer with Senators or anyone else in the meantime until the chairman gets back.

Mr. TALMADGE. If the Senator will yield at that point, I have been advised that the distinguished chairman of the committee is still bound by the weather in New York, so I do not know what time he will arrive. He is making every effort to get here.

Mr. WILLIAMS of Delaware. Can the Senator reach him? Mr. President, I yield the floor to the Senator from Iowa (Mr. MILLER). Maybe we can reach him by telephone.

The PRESIDING OFFICER (Mr. SCHWEIKER). The Senator from Iowa (Mr. MILLER) is now recognized.

Mr. MILLER. Mr. President, I yield briefly to the Senator from Wyoming (Mr. HANSEN).

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. MILLER. Mr. President, the pending amendment by Senators RIBICOFF and BENNETT was maneuvered so that, under the rules of the Senate, it is not open for any amendment at all.

We hear reports that the President is most anxious to have a vote on this amendment.

I find it hard to believe that the President understands the serious deficiencies in this amendment. If he did, I would expect him to urge the proponents to call back their amendment and make several modifications to it or to, at least,

recall it and then file it in such manner as to permit amendments to be made.

The Senators from Delaware and Nebraska already pointed out some of the deficiencies. I would like to point out some additional ones.

An analysis by the able staff of the Senate Finance Committee was prepared with respect to this amendment last November 5, when it was before the committee as the House-passed bill with certain modifications.

Table 1 on page A18 of the analysis discloses that as of January 1970 there were nearly 10.5 million welfare recipients in this country; that under what is now the amendment that is before us, the total eligible for welfare would be nearly 24 million. I ask unanimous consent that the table be printed in the RECORD at this point in my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

TABLE 1.—PROPORTION OF POPULATION ON FEDERALLY AIDED WELFARE UNDER PRESENT LAW AND ADMINISTRATION REVISED REVISION

	Civilian resident population	Federally aided welfare recipients, January 1970		Welfare recipients eligible under administration revised revision	
		Number	Percent of population	Number	Percent of population
Total, United States	203,769,700	10,436,197	5.1	23,806,300	11.7
Alabama	3,505,000	255,400	7.3	665,800	19.0
Alaska	252,000	10,274	4.1	25,100	10.0
Arizona	1,685,000	72,440	4.3	204,600	12.2
Arkansas	1,996,000	115,000	5.8	269,700	18.5
California	19,213,000	1,655,400	8.6	2,323,400	12.1
Colorado	2,665,000	114,110	5.5	308,000	17.8
Connecticut	3,009,000	97,140	3.2	187,900	6.2
Delaware	537,000	23,860	4.4	55,000	10.2
District of Columbia	783,000	47,490	6.1	65,900	8.4
Florida	6,332,000	295,900	4.7	683,600	10.8
Georgia	4,565,000	328,400	7.2	1,025,500	22.5
Hawaii	747,000	29,072	3.9	62,700	8.4
Idaho	717,000	22,100	3.1	54,400	7.6
Illinois	11,031,000	446,100	4.0	806,300	7.3
Indiana	5,136,000	98,100	1.9	298,100	5.8
Iowa	2,785,000	92,300	3.3	235,700	8.5
Kansas	2,288,000	73,940	3.2	158,600	6.9
Kentucky	3,192,000	211,200	6.6	523,500	16.4
Louisiana	3,724,000	346,500	9.3	934,200	25.1
Maine	967,000	48,920	5.1	145,400	15.0
Maryland	3,732,000	157,850	4.2	262,800	7.0
Massachusetts	5,475,000	282,500	5.2	438,500	8.0
Michigan	8,798,000	316,200	3.6	646,400	7.3
Minnesota	3,714,000	108,120	2.9	320,300	8.6
Mississippi	2,336,000	211,000	9.0	806,100	34.5
Missouri	4,637,000	255,200	5.5	443,600	9.6
Montana	688,000	18,880	2.7	52,200	7.6
Nebraska	1,437,000	43,550	3.0	167,700	11.7
Nevada	452,000	15,570	3.4	37,000	8.2
New Hampshire	720,000	14,260	2.0	39,800	5.5
New Jersey	7,128,000	318,720	4.5	508,800	7.1
New Mexico	976,000	69,260	7.1	194,400	19.9
New York	18,369,000	1,327,400	6.7	1,079,900	10.8
North Carolina	5,110,000	194,000	3.8	960,600	18.9
North Dakota	600,000	16,583	2.8	96,900	16.2
Ohio	10,786,000	355,400	3.3	799,800	7.4
Oklahoma	2,545,000	188,700	7.4	366,200	14.4
Oregon	2,044,000	93,800	4.6	143,500	7.0
Pennsylvania	11,797,000	511,800	4.3	1,234,800	10.5
Rhode Island	886,000	45,810	5.2	67,200	7.6
South Carolina	3,686,000	88,000	3.2	490,800	18.6
South Dakota	650,000	22,110	3.4	107,400	16.5
Tennessee	3,971,000	205,400	5.2	741,800	18.7
Texas	11,097,000	478,800	4.3	1,521,500	13.7
Utah	1,049,000	42,760	4.1	55,100	5.3
Vermont	444,000	48,000	2.1	28,800	10.3
Virginia	4,504,000	109,400	2.4	431,300	9.6
Washington	3,386,000	153,450	4.5	312,300	9.2
West Virginia	1,819,000	115,580	6.4	275,300	15.1
Wisconsin	4,242,000	101,180	2.4	238,400	5.6
Wyoming	317,000	7,447	2.3	20,000	6.3
Puerto Rico	2,763,000	264,930	9.6	800,000	29.0
Guam	87,700	2,072	2.4	3,400	3.9
Virgin Islands	59,000	2,319	3.9	2,900	4.9

Mr. MILLER. Mr. President, the table shows the tremendous increase in potential welfare recipients the pending amendment would lay a foundation for in the various States and possessions.

In Puerto Rico, for example, which has a population of 2.7 million, almost 10 percent of the people, or 265,000, are now on welfare. This total could rise to 800,000, or 29 percent of the population.

In Louisiana, 9 percent of the population, or 346,000, are on welfare; but this total could rise to 834,000 or 25 percent of the population.

In Mississippi, 9 percent of the population, or 211,000, are on welfare; but this total could rise to 806,000, or over 34 percent of the population.

In my own State of Iowa, 3.3 percent of the population is now on welfare; and this could rise to 8.5 percent under the pending amendment.

The percentage increase that this amendment could cause for each of the States and possessions is set forth in table 2 on page A19 of the staff analysis, and I ask unanimous consent that this table be printed in the RECORD at this point in my remarks.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

TABLE 2.—INCREASE IN WELFARE RECIPIENTS UNDER ADMINISTRATION REVISED REVISION

	Federally aided welfare recipients, January 1970	Welfare recipients eligible under administration revised revision	Percent increase
Total United States	10,436,197	23,806,300	128
Alabama	255,400	665,800	161
Alaska	10,274	25,100	146
Arizona	72,440	204,600	183
Arkansas	115,000	369,700	222
California	1,655,400	2,323,400	41
Colorado	114,110	368,000	221
Connecticut	97,140	187,900	93
Delaware	23,860	55,000	130
District of Columbia	47,490	65,900	39
Florida	295,900	683,600	131
Georgia	328,400	1,025,500	212
Hawaii	29,072	62,700	116
Idaho	22,100	54,400	146
Illinois	446,100	806,300	81
Indiana	98,100	298,100	204
Iowa	92,300	235,700	155
Kansas	73,940	158,600	114
Kentucky	211,200	523,500	148
Louisiana	346,500	934,200	170
Maine	48,920	145,400	197
Maryland	157,850	262,800	67
Massachusetts	282,500	438,500	55
Michigan	316,200	646,400	104
Minnesota	108,120	320,300	196
Mississippi	211,000	806,100	282
Missouri	255,200	443,600	74
Montana	18,880	52,200	176
Nebraska	43,550	167,700	285
Nevada	15,570	37,000	138
New Hampshire	14,260	39,800	179
New Jersey	318,720	508,800	60
New Mexico	69,260	194,400	180
New York	1,227,400	1,979,300	61
North Carolina	194,600	960,600	394
North Dakota	16,583	96,900	485
Ohio	355,400	799,800	125
Oklahoma	188,700	366,200	94
Oregon	93,800	143,500	53
Pennsylvania	511,800	1,234,800	141
Rhode Island	45,810	67,200	47
South Carolina	83,900	490,800	485
South Dakota	22,110	107,400	386
Tennessee	205,400	741,800	262
Texas	478,800	1,521,500	218
Utah	42,760	55,100	29
Vermont	18,000	46,800	160
Virginia	109,400	431,300	294
Washington	153,450	312,300	104
West Virginia	115,580	275,300	138
Wisconsin	101,180	238,400	136
Wyoming	7,447	20,000	169
Puerto Rico	264,930	800,000	202
Guam	2,072	3,400	64
Virgin Islands	2,319	2,900	25

Mr. MILLER. On page A17, the analysis discloses that the U.S. average of all the States could be 12 percent on welfare under the pending amendment; moreover, that 15 States would find from 15 to nearly 35 percent of their populations eligible for welfare.

Now I understand that not everyone entitled to welfare would claim it, be-

cause we have found this to be true under present law. Many of those who would be eligible would be eligible for only a very small amount of welfare, depending on the level of income of the socalled "working poor" which the administration's proposal seeks to cover. As a matter of principle, I can support some assistance to the "working poor", because this appears to be essential in order to carry out a change in philosophy of welfare so that there will be an incentive to work rather than not to work.

During the hearings, I called attention on several occasions to the Secretary of Health, Education, and Welfare that the tremendous numbers of eligibles—especially in certain states—was of deep concern to many of us on the Finance Committee. I urged him to give us some optional changes which would reduce the number, while at the same time preserving the essentials of the new program.

I specifically suggested that by using a cost of living differential by regions of the country, and as between urban and rural welfare residents, in computing the total welfare package, not only would greater equity be incorporated into the total welfare program, but the number of eligibles would be substantially reduced.

It was not until the San Clemente conference with the President last September 3 that the Department of Health, Education, and Welfare came forward with even one option, and this was most unsatisfactory. Their analysis of the option showed that by merely dividing welfare eligibles between those living in metropolitan statistical areas and those living in nonmetropolitan statistical areas, nearly a half billion dollars could be saved. Such savings of taxpayers' dollars is important—especially if it achieves equity among recipients.

The trouble is that such a simplistic solution would not save as much money or be as equitable as it should. A metropolitan statistical area in one part of the United States will have a different cost of living than one in another part of the country. Why, for example should a welfare recipient in the Birmingham, Ala., area receive the same amount of welfare as one living in the New York or Chicago area? Furthermore, why should a welfare recipient living on a small farm receive the same amount as one living in a city of 25,000?

Even the Office of Economic Opportunity has established that for those living on a farm the poverty standard shall be only 85 percent of that for those living in the cities.

To point up the need for a cost of living differential in this new welfare program, I invite attention to table 1 of a report from the Bureau of Labor Statistics, issued on December 1969. This table reveals the differences in cost-of-living for a "lower budget" family of four among regions of the United States and between various cities within each region, and also between the cities and the nonmetropolitan areas—places with populations of 2,500 to 50,000—within each region. It will be noted that the differences are very substantial. For example, the cost of family consumption items is $5,593 in Boston, Mass.; but it is only $4,680 for nonmetropolitan areas in the Southern region. Of course, the difference in cost for heat, as between Boston and a smaller city in the South, would acount for a considerable amount of this. In Anchorage, Alaska, the cost is $7,673 and in Honolulu, Hawaii, $6,367.

These figures relate to a "lower budget" family which would be somewhat higher than for a welfare family living at the poverty line, but they point up what I have been saying about the need for a cost-of-living differential in this program. Is it equitable, I ask, for the same amount of welfare to be paid to a family of four, for example, in the same financial situation, living in a small town in the South as the amount to be paid in Alaska? It certainly is not. And we should never forget that welfare is supposed to be based on need.

I ask unanimous consent that the table be inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

TABLE 1.—ANNUAL COSTS OF A LOWER BUDGET FOR A 4-PERSON FAMILY,[1] SPRING 1969

Area	Total budget[2]	Cost of family consumption							Personal taxes
		Total	Food	Housing[3]	Transportation[4]	Clothing and personnel care	Medical care[5]	Other family consumption	
Urban United States	$6,567	$5,285	$1,778	$1,384	$484	$780	$539	$320	$619
Metropolitan areas[6]	6,673	5,364	1,803	1,418	457	796	557	333	638
Nonmetropolitan areas[7]	6,092	4,935	1,663	1,235	603	713	460	261	536
Northeast:									
Boston, Mass	7,035	5,593	1,867	1,583	475	776	556	336	759
Buffalo, N.Y	6,791	5,412	1,849	1,384	489	851	507	332	698
Hartford, Conn	7,163	5,804	1,927	1,631	498	842	556	340	664
Lancaster, Pa	6,445	5,185	1,842	1,303	434	791	479	336	618
New York-northeastern New Jersey	6,771	5,410	1,913	1,324	408	827	598	340	679
Philadelphia, Pa.-New Jersey	6,628	5,279	1,902	1,271	442	794	542	328	692
Pittsburgh, Pa	6,487	5,200	1,819	1,267	475	789	511	339	643
Portland, Maine	6,567	5,352	1,809	1,413	433	798	542	357	562
Nonmetropolitan areas[7]	6,290	5,073	1,779	1,186	617	732	502	257	572
North Central:									
Cedar Rapids, Iowa	6,653	5,342	1,687	1,579	446	808	496	326	655
Champaign-Urbana, Ill	6,857	5,570	1,754	1,711	453	774	554	324	614
Chicago, Ill.-northwestern Indiana	6,799	5,512	1,848	1,519	464	794	557	330	619
Cincinnati, Ohio-Kentucky-Indiana	6,278	5,079	1,758	1,260	478	778	471	334	568
Cleveland, Ohio	6,651	5,368	1,786	1,411	491	802	536	342	626
Dayton, Ohio	6,513	5,239	1,739	1,471	446	785	461	337	627
Detroit, Mich	6,543	5,268	1,817	1,310	480	788	538	335	626
Green Bay, Wis	6,255	4,952	1,680	1,334	436	748	448	306	677
Indianapolis, Ind	6,706	5,396	1,782	1,561	468	777	476	332	649
Kansas City, Mo.-Kansas	6,550	5,282	1,799	1,376	469	818	500	320	619
Milwaukee, Wis	6,721	5,275	1,726	1,483	455	784	511	316	788
Minneapolis-St. Paul, Minn	6,714	5,267	1,725	1,458	476	787	488	333	790
St. Louis, Mo.-Illinois	6,572	5,297	1,832	1,381	488	790	489	317	624
Wichita, Kans	6,537	5,269	1,755	1,444	464	789	501	316	619
Nonmetropolitan areas[7]	6,408	5,152	1,686	1,421	589	740	456	260	616
South:									
Atlanta, Ga	6,201	5,048	1,651	1,334	452	750	514	347	527
Austin, Tex	5,812	4,776	1,663	1,116	436	720	530	311	437
Baltimore, Md	6,491	5,176	1,678	1,420	492	746	509	331	671
Baton Rouge, La	5,997	4,911	1,672	1,210	477	727	505	320	474
Dallas, Tex	6,214	5,077	1,633	1,346	449	738	583	328	510
Durham, N.C	6,196	4,983	1,617	1,346	428	749	524	319	590
Houston, Tex	6,130	5,017	1,692	1,233	492	723	556	321	491
Nashville, Tenn	6,151	5,037	1,622	1,386	451	744	488	346	491
Orlando, Fla	6,033	4,944	1,606	1,323	440	727	514	334	474
Washington, D.C.—Maryland-Virginia	6,907	5,501	1,781	1,567	488	780	549	336	732
Nonmetropolitan areas[7]	5,712	4,680	1,583	1,128	597	671	438	263	439
West:									
Bakersfield, Calif	6,424	5,176	1,784	1,193	479	815	584	321	544
Denver, Colo	6,425	5,206	1,705	1,409	450	802	533	307	579
Los Angeles-Long Beach, Calif	7,030	5,628	1,787	1,509	467	817	709	339	648
San Diego, Calif	6,792	5,444	1,750	1,461	484	783	630	336	614
San Francisco-Oakland, Calif	7,309	5,832	1,850	1,676	491	866	602	347	701
Seattle-Everett, Wash	7,197	5,817	1,935	1,662	486	837	564	333	683
Honolulu, Hawaii	8,168	6,347	2,162	2,013	541	750	534	347	1,080
Nonmetropolitan areas[7]	6,561	5,230	1,728	1,359	618	789	477	259	682
Anchorage, Alaska	9,913	7,673	2,289	2,661	806	882	719	316	1,416

Footnotes on following page.

[1] The family consists of an employed husband, age 38, a wife not employed outside the home, an 8-year-old girl, and a 13-year-old boy.
[2] In addition to family consumption and personal taxes shown separately in the table, the total cost of the budget includes allowances for gifts and contributions, life insurance, occupational expenses, and social security, disability, and unemployment compensation taxes.
[3] Housing includes shelter, household operations, and housefurnishings. All families with the lower budget are assumed to be renters.
[4] The average costs of automobile owners and nonowners are weighted by the following proportions of families: Boston, Chicago, New York, and Philadelphia, 50 percent for both automobile owners and nonowners; all other metropolitan areas, 65 percent for automobile owners, 35 percent for nonowners; nonmetropolitan areas, 100 percent for automobile owners.
[5] In total medical care, the average costs of medical insurance were weighted by the following proportions: 30 percent for families paying full cost of insurance; 26 percent for families paying half cost; 44 percent for families covered by noncontributory insurance plans (paid by employer).
[6] For a detailed description see the 1967 edition of the "Standard Metropolitan Statistical Areas," prepared by the Bureau of the Budget.
[7] Places with populations of 2,500 to 50,000.

Note: Because of rounding, sums of individual items may not equal totals.

Mr. MILLER. Additionally, for 15 years, the Internal Revenue Service has been following a practice of imputing income to those who grow a substantial amount of the produce they consume. Where this is done by a family receiving welfare, it is obvious that the need for welfare is not as great as in the case of a family which does not do so.

The upshot of all this is that an amendment to the welfare reform bill was designed to cover these important areas of deficiency in the bill. It not only would direct the Secretary of Health, Education, and Welfare to make the studies needed to determine the cost of living differentials and the imputed income from growing a substantial amount of produce being consumed, with the assistance of the Department of Labor and the Treasury Department, but the adjustments in welfare would be put into effect by January 1, 1972.

This amendment was offered, along with several other amendments and the so-called "core" bill—representing several revisions to the House-passed welfare reform bill—by the Senator from Connecticut in the Senate Finance Committee. It was clearly understood that if the committee agreed to the Senator's motion, and it became attached to the social security bill, members of the committee would then have the opportunity to present further amendments to the welfare reform package. I might add that I had several other amendments besides the cost-of-living differential amendment, which was part of the package offerred by the Senator from Connecticut. Senator RIBICOFF's motion lost. I ask unanimous consent that a copy of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

VARIATIONS FOR DIFFERENCES IN COST OF LIVING AND FOR THE VALUE OF FOOD PRODUCED FOR HOME CONSUMPTION

(Senator MILLER's cost of living equalizing amendment)

Insert on page C107, after line 15:

"SEC. 108. (a) The Secretary of Health, Education, and Welfare shall, through arrangements with the Department of Labor and Treasury, with any other agency or organization, public or private, which he may find appropriate, conduct continuing studies to—

"(1) establish the variations which exist in the cost of living between urban and rural areas, different parts of the same States, and among appropriate regions in the United States, and

"(2) determine the monetary value to a family of producing food for home consumption.

"(b) On the basis of the variations in the cost of living established as a result of the studies conducted pursuant to subsection (a), the Secretary shall, on or before January 1, 1972, make such adjustments in any or all of the amounts prescribed in sections 442(a), 442(b), and 452(a) of the Social Security Act, as amended by this Act and in the amounts of food stamps provided under the Food Stamp Act of 1964, as may be necessary to insure that total combined public assistance, insofar as practicable, made equitable for recipients wherever they may reside in the United States.

"(c) The Secretary shall by regulations which become effective on or before January 1, 1972, prescribe a schedule of earned income which is to be imputed to any family which produces a substantial amount of food for home consumption, for purposes of determining eligibility for and the amount of family assistance benefits payable under part D and supplementary payments under part E of the Social Security Act, as amended by this Act. To the extent practicable, the Secretary shall include such adjustments and such schedule in the pretest programs authorized by section 105.

"(d) The findings of the Secretary which are implemented under the preceding subsection shall also be applicable, insofar as possible, to any payments to individuals or payments for medical care on behalf of individuals which are made on the basis of need under programs aided or assisted under the Social Security Act.

"(e) Before January 1, 1972, the Secretary shall report to the Congress and describe the adjustments which he proposes to make and the regulations which he proposes to issue pursuant to subsection (b).

"(f) There are authorized to be appropriated such sums as may be necessary to conduct the studies authorized by subsection (a)."

Mr. MILLER. Now, the Senator from Connecticut and the Senator from Utah have offered the pending amendment which some of us thought was the same package that had been offered in the Finance Committee. But it is not the same, and the changes were certainly not discussed with me. In the case of the cost of living differential provisions, the pending amendment merely directs the Secretary of Health, Education, and Welfare to make the necessary studies and then report back to the Congress. The directive to implement these differentials by January 1, 1972, has been deleted. My amendment No. 1099 would restore the original language.

And so we now have before us, a package called "welfare reform" which would treat all welfare recipients alike, whether they lived in Anchorage, Alaska, Boston, Mass., Chicago, Ill., a little town in Alabama, Puerto Rico, or on a small farm growing much of their own produce. This violates the fundamental principle of need as a basis of welfare. It is discriminatory and inequitable. It results in adding millions of people to the welfare eligibility list who do not need to be added, and it, therefore, is excessive in its cost to those who pay the taxes to fund it. On this one count alone, it should be rejected. And I would hope that the President will have this serious deficiency brought to his attention so that he will know how his welfare reform program has been distorted.

It simply will not do to say—as the Secretary of HEW did at page 600 of the hearings—that State supplement variations take care of the problem. These variations, where they exist, are anything but scientifically based, and this is because the States do not have the capability to do so. Only the Bureau of Labor Statistics has that capability.

There is another provision in the pending amendment which is inequitable. I refer to the "disregard" of income in section 443(b)(4) on page 10. This provides that welfare payments shall not be reduced to the extent of earnings of a family of $60 per month plus one-half of the earnings beyond that.

Senator CURTIS of Nebraska gave the Finance Committee several specific, real-life examples he had received from the Douglas County, Nebr., welfare office showing that, because of the present disregard formula for welfare, some welfare recipients have been able to draw welfare even though their income was considerably higher than that of other families not on welfare. Yesterday he presented these same examples to the Senate.

It seemed to me that most of the members of the committee were deeply concerned about such a situation, and when we came to the disregard provisions under the work incentive program, we amended them, as set forth on page 465 of the pending bill. Under our change, the first $60 of earned income of individuals employed full time are disregarded; for those working part time, the first $30 is disregarded; plus one-third of up to $300 additional earnings and one-fifth of earnings in excess of $300 in each case.

I do not know why the authors of the pending amendment did not draft the disregard provisions of their amendment to reflect this change; and their failure to do so will simply mean that there will be more eligibles for welfare who do not need it.

Another defect in the pending Ribicoff-Bennett amendment has to with section 464 on page 46, relating to the obligation of deserting parents. For some reason, this amendment was drafted to delete the provisions agreed upon by the committee, set forth in section 540 on page 467 of the bill. These make it a misdemeanor to cross State lines to avoid parental responsibilities. They were discussed by the committee with representatives of the Department present, who raised no objection to them at all.

The pending amendment provides for a disregard of income from vocational rehabilitation allowances, and since the welfare program is supposed to be geared to the needs of recipients, there seems no good reason to not take such allowances into account. It might be said that these are calculated to provide an incentive, but there is no need for such incentive if the work and training require-

ments of the welfare reform program are effectively administered.

There are, of course, all in addition to defects clearly pointed out by the Senator from Delaware in earlier remarks.

In fairness, I should say that some defects in the House-passed bill have been overcome. For example, the cash penalty for refusing to work has been increased and the penalty cannot be frustrated by an increase in State supplements. However, the eligibility for food stamps has not yet been coordinated with the penalty, and this should be done.

As I pointed out during the executive session the other evening, the only Members of the Senate who know any of the details of the Ribicoff-Bennett amendment and its implications are those of us who serve on the Senate Finance Committee, many of whom spent weeks and months of our time during the hearings and committee deliberations on the program. To offer this amendment on a take-it-or-leave-it basis, with so many Members uninformed about it and with such serious defects clearly in it, renders a disservice to the Senate and to the American people.

Running our sessions around the clock, coming in on Sunday and even on New Year's Day, convening the new Congress on January 3—all of these together do not alter the situation at all. This amendment needs some very important modifications or what now masquerades in the name of "welfare reform" will become "welfare inequity" plus a taxpayers' revolt. Because of the inconsiderate and foolhardy way this deeply important matter has been brought before us, with no opportunity to modify it whatsoever, I seriously doubt that a good piece of legislation is possible of enactment. I am willing to try. I have always been willing to try. But this willingness has not been reciprocated, and that is a tragedy.

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

Mr. MILLER. The Senator from Iowa is pleased to yield to his friend, the Senator from Wyoming.

Mr. HANSEN. Mr. President, I would like to compliment our distinguished colleague, the Senator from Iowa, for the statement he has just made. It has been my privilege to serve with him and to observe firsthand his great background of experience, knowledge, and understanding in a field in which I would suspect no Member of the Senate exceeds his expertise. As some Members of the Senate know, he is a tax lawyer. He worked for the Federal Government for several years before he eventually became a Member of this body. I have not met anyone, since I have been a Member of Congress, who is more expert on tax matters on this side of the Capitol.

I think we should heed well the important pronouncement he has made. I quite agree with him that to deny the Senate the opportunity to amend in any way or to consider in any way a whole series of amendments, which I think must be considered if we are going to come to any kind of workable piece of legislation, certainly does not auger well for good government.

It is unfortunate that the family assistance bill was brought before the House in such a way as to preclude any discussion or offering of amendments with alternative proposals, which the senior Senator from Iowa has tried to get considered in this body. He made many important contributions as a member of the Finance Committee.

I say now that if we were to adopt the pending amendment, we would not reform in a constructive way the mess in which welfare now finds itself.

I agree with the President of the United States that welfare must be reformed. It is extremely costly. It is not serving the purpose of encouraging people to move away from welfare into private employment. We would all like to have the objectives that have been spelled out by the President of the United States become fact. I do not think they will become fact under the terms of this amendment.

I doubt very much if anyone who has studied this proposal objectively would have any very real reason to believe that the President's goals would be achieved by the adoption of this amendment. I recall the observation made by the distinguished Senator from Connecticut when he said that had he known then what he now knows, he never would have recommended that the medicare and medicaid programs, which it is estimated will be $216 billion in the red when they have been in operation in 20 or 25 years, be adopted without first having been tried. That is the way I feel about the family assistance plan that is now before us.

I would hope that the Members of the Senate would study closely and heed the very profound observations made by my distinguished colleague from Iowa.

Mr. MILLER. I thank my friend from Wyoming for his generous remarks. I can also state that day after day the Senator from Wyoming was nearly always in attendance. I am sure he was in attendance as much as anyone on the Finance Committee through all the hearings and deliberations on the welfare reform proposal. I am sure he can verify the fact that the Senator from Iowa was second to none in the committee in making every effort to give the administration an opportunity to present its case and to work with the administration in trying to make some progress on this bill, even though there were some who felt so highly opposed to it that they in good conscience felt it could never be cleaned up to be a satisfactory program.

I might say that I conferred, whenever I had an opportunity, whenever I was approached, and on some occasions on my own initiative, with representatives of the Department of HEW, in an effort to point out the shortcomings I felt were in the measure, to work with them in trying to develop some ways of overcoming its shortcomings.

I might say that in some cases I was satisfied. I had questions about some of the features of this bill, and sat down and spent considerable time in trying to find out the answers to those questions; and on a great many occasions I would say that I was satisfied with the answers I received.

But the Senator from Wyoming will vouch for the fact that most of us on the committee were concerned about one thing, probably, more than anything else, and that was the thought of the tremendous increase in the number of eligibles for welfare, running up to as many as 25 or 35 percent of the people in a single State. The reaction seemed to be, "My God, what are we coming to in this country, when this is the kind of a program we might possibly adopt in the Senate?"

So one of the first things I tried to do during the hearings was point out, frankly and honestly, to the Secretary our concern over this matter. We asked, "How can we do equity; how can we have reform and at the same time not have such a tremendous number of eligibles for public assistance? Please give us some options so we can look them over."

What did we get? We got one, and not a very good one at that. When I came out with my cost-of-living differential amendment, everything was going to be just fine. That was going to be added on to the package offered by the Senator from Connecticut. I voted to add it on, and it was defeated.

What happened then? The amendment was torn to pieces before it was put on the pending amendment by the Senator from Connecticut and the Senator from Utah; and I have never yet received a very good answer, I might say; in fact, I do not think there is a very good answer to it.

Mr. President, I yield the floor.

Mr. RIBICOFF. Mr. President, much has been said as to the attitudes of various Governors concerning the family assistance program. I ask unanimous consent to have printed in the RECORD at this point various statements and indications in support of the family assistance program by Governors and Governors-elect.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

SUPPORT OF FAP BY GOVERNORS AND GOVERNORS-ELECT

In recent weeks we have received a great amount of support for early passage of FAP from both Governors and Governors-elect.

REPUBLICAN GOVERNORS' ASSOCIATION

On December 16, 1970, in Sun Valley, Idaho, Governor Peterson of Delaware presented the Family Assistance Plan and the Ribicoff-Bennett Amendment to the Republican Governors' association in Executive Session. The group voted to support the plan with 14 in favor, 2 opposed, and 3 abstentions. (See copy of telegram to Secretary Richardson enclosed.)

BIPARTISAN GOVERNORS' MEETING WITH THE PRESIDENT

On December 11, 1970, several Governors and Governors-elect met with President Nixon and later with Secretary Richardson and expressed their support of the Family Assistance Plan. Governor Ogilvie was the sponsor. The meeting was held at the request of the Governors because of their great interest in the legislation. Governors attending the meetings were Ogilvie, Cahill, Scott, Peterson of Delaware, Peterson of New Hampshire, Ray and Smith of Texas. Also attending were Governor-elect Shapp and Lt. Gov.-elect Dwight of Massachusetts.

GOVERNORS SUPPORT OF FAP BEFORE THE SENATE FINANCE COMMITTEE

Four Governors testified in favor of the President's Family Assistance Plan on September 10, 1970, before the Senate Finance Committee—Governor Licht of Rhode Island, Governor Ray of Iowa, Governor Holton of Virginia, and Governor McCall of Oregon.

INDIVIDUAL GOVERNOR'S SUPPORT

Governor Sargent—Massachusetts. Wired Secretary Richardson December 15, 1970, saying, "I support the Family Assistance Program." (See telegram.)

Governor Curtis—Maine. Notified Secretary Richardson by letter on December 11, 1970 of his endorsement of the Family Assistance Plan. (See letter.)

Governor Dempsey—Connecticut. Notified Secretary Richardson on November 27, 1970 that he continues to support the basic concepts of the Family Assistance Plan. (See letter.)

Governor Cahill—New Jersey. Wrote all Governors urging support of the Family Assistance Plan on November 19, 1970 and asking Governors to assist in getting a Senate vote during the post-election session. (See letter.)

Governor Evans—Washington. Wrote all Governors on August 27, 1970 urging the support of the Family Assistance Plan. (See letter.)

Governor Ogilvie—Illinois. Issued a press release strongly supporting the Family Assistance Plan and its final enactment this year. (See statement.)

Governor Rockefeller—Arkansas. On September 25, 1970 Governor Winthrop Rockefeller of Arkansas sent President Nixon the attached letter strongly endorsing FAP and requesting that Arkansas be selected for a pretest. This letter was released to the press and widely publicized in Arkansas. (See copy of letter.)

Governor Tiemann—Nebraska. At the express wish of Governor Tiemann, Robert McManus, Director of the Nebraska State Department of Welfare, has testified before the Senate Finance Commmittee that the State of Nebraska generally supports the Family Assistance Act.

BOSTON, MASS.

ELLIOTT RICHARDSON,
Secretary of Health, Education, and Welfare, Washington, D.C.

I support the Family Assistance Program and have wired both Senator Kennedy asking them to support the program in the final legislation. I would, however, like to see the following included: Family budget figure raised to $2200; a State hold-safe provision setting the 1971 budget as the flat-ceiling on State welfare spending; and a mandatory period be set up for State-Federal planning.

GOV. FRANCIS W. SARGENT.

STATE OF MAINE,
OFFICE OF THE GOVERNOR,
Augusta, Maine, December 11, 1970.

Hon. ELLIOT RICHARDSON,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR SECRETARY RICHARDSON: Thank you for your letter of November 13, 1970 regarding the revised Family Assistance Plan legislation.

We have already communicated with our congressional delegation indicating our endorsement of H.R. 16311, although we are mindful that the legislation has limitations, primarily from a fiscal point of view. We are one of the states which are experiencing a severe demand on our appropriated funds for categorical welfare; in fact, it is clearly going to be necessary to request an emergency appropriation from the legislature in order to complete the fiscal year. We envision the FAP legislation, particularly with its most recently proposed amendments, as being the only long-range answer to this dilemma.

I appreciate having the opportunity to comment on this important legislation.

Sincerely,

KENNETH M. CURTIS,
Governor.

STATE OF CONNECTICUT,
EXECUTIVE CHAMBERS,
Hartford, November 27, 1970.

Hon. ELLIOT L. RICHARDSON,
Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: This will acknowledge your letter of November 13, 1970, relative to the Family Assistance Plan.

Connecticut continues to support the basic concepts contained in the plan, namely, a national income floor, coverage for the working poor, national eligibility standards and federal administration. However, we continue to be concerned with the small amount of fiscal relief this plan provides States like Connecticut, which have already established high welfare standards.

I have asked our Welfare Commissioner, John Harder, to review the material submitted with your letter, and will submit any additional comments deemed appropriate upon completion of that review.

We endorse the need for welfare reform and look forward to the day when the Federal Government assumes complete responsibility for this national problem.

Sincerely,

JOHN DEMPSEY,
Governor.

STATE OF NEW JERSEY,
OFFICE OF THE GOVERNOR,
Trenton, November 19, 1970.

Copy of Letter sent by Governor William T. Cahill to all Governors on the Family Assistance Plan

DEAR GOVERNOR: I am writing to you today to solicit your aid in attempting to resolve what I regard as a seriously critical situation nationally, and one which I am sure has caused you deep concern in your own State. I refer to our Nation's public welfare assistance programs.

Nationally, welfare costs and caseloads have been soaring upward in geometric proportions. Secretary of Health, Education and Welfare, Elliott L. Richardson, announced only this week that welfare caseloads for the current year have already increased by a factor of 20% over last year, and at this rate the number of caseloads is more than doubling every five years.

The problem, as competent surveys and statistical studies have repeatedly indicated, is that as presently structured, our welfare system is not really aiding those who truly need and deserve assistance. It is totally lacking in an effective delivery system and unresponsive to the many profound changes which have taken place in our Nation since our original welfare programs were first developed. It is clear that the original system did not envision the high degree of urbanization that we have today; the dramatic increase in numbers and classes of people who would eventually be seeking assistance; the shift in emphasis from the very old to the very young, and the associated problems of increased unemployment; and the high degree of mobility which has come to characterize our modern society. The government's response to these critical changes over the years has been a patchwork process that has largely been a failure.

I feel that as Governors of the sovereign States, charged with administering the welfare programs, we must lead the way in the push for a total overhaul of the public welfare assistance programs from the bottom up. We now have an eleventh hour opportunity with the President's Family Assistance Plan now pending in the Senate. This measure, which passed the House earlier this year, presents a sensible approach to welfare reform, including, for example, wage incentives, job training, day care, assistance in finding jobs, penalties for not accepting reasonable employment, and a national minimum welfare standard of $1600. If passed, the act would become effective on January 1, 1972, and all States would receive an influx of substantial Federal funds as early as during the second half of fiscal 1972 to assist them in meeting the welfare problem head-on.

This is the last chance, probably for years, for us to achieve meaningful welfare reform. While I cannot guarantee that the President's welfare reform program will be without some flaws, I am nevertheless convinced that it presents a far more acceptable alternative to the present system. As Secretary Richardson stated on Sunday, "This isn't a conservative-liberal issue; it's a question of sensible reform of an existing mess."

I therefore ask you to urge the U.S. Senators from your State to give the President's welfare program their support if it comes up for a vote during the present post-election session.

Sincerely yours,

WILLIAM T. CAHILL,
Governor.

STATEMENT ON THE FAMILY ASSISTANCE PLAN

The Administration of the State of Illinois has carefully reviewed the Family Assistance Plan now under consideration by the Senate Finance Committee.

After extensive consultation and thorough consideration of the implications of the proposal, I am convinced that the program is fundamentally sound. The Senate has before it the greatest single opportunity to reform by one legislative act the way government treats poor people that any legislative body in this nation has had in three decades.

The President has adjudged our welfare system a "colossal failure." On the basis of my experience as the Governor of a major industrial state I must agree.

The present system is a waste of state and federal money. It is a system that no one likes. And for good reason.

I have heard Illinois residents complain of intolerable injustices in the system. Benefits are granted begrudgingly, without dignity and often arbitrarily. Desertion of families by fathers is encouraged. The present system builds in incentives not to work.

I have also seen another side. The system places state government in an impossible fiscal and administrative situation. I have seen astronomic growths in caseload insidiously eat up moneys planned for other important state programs. I have watched these incredible increases in our caseloads undermine the ability of my state to deliver services such as child care, job training and work referrals which are badly needed to get people off of welfare. These sky rocketing costs have diverted scarce dollars from housing, education and health programs which are essential to break the dependency cycle. I have experienced the frustration of seeing directives not carried out because the system is unwieldy and hopelessly complex.

To my mind the present welfare system is the single greatest threat to the continuing vitality and fiscal health of the state.

This archaic and haphazard system simply must be reformed. The Family Assistance Plan is the way to do it. Meaningful improvement can come only from the bold and comprehensive change mandated by this landmark legislation.

The Family Assistance Plan would benefit the citizens of Illinois and other states in the following ways:

(1) It would provide, for the first time, federal assistance for families in which the father works full time but does not earn enough to keep his family out of poverty. It would do this with the most effective mechanism I know—dollars, rather than services,

the effectiveness of which we have no adequate ways of measuring. I believe this approach gives the poor a freedom of choice in purchasing goods and services that will inspire those qualities of human dignity and motivation essential for true human renewal. Moreover, the Nixon plan giving an earnings supplement to the working poor builds in a direct dollar incentive to work. For many worthy citizens of Illinois, Family Assistance will provide deserved and significant new help.

(2) It will require fundamental changes in the administration of welfare which are long overdue. Enactment of Family Assistance would clear away what the President has described as a "federal welfare quagmire" and permit the states to revamp their welfare delivery system. Only if eligibility determination for financial assistance is separated from the provision of the myriad of social services, can better management be achieved. In Illinois, in anticipation of the enactment of legislation such as this, we have already taken steps to test out the basic precepts of the President's plan in a designated geographical area. We need and welcome the challenge and the opportunity this legislation provides.

(3) The plan will assist the states to meet the crushing fiscal burdens of welfare; figures now available show ADC costs for August were fully 43% over the costs just one year ago. This is a rate of growth that totally dwarfs our annual revenue growth of 6%. Its size means that we must either cut back severely on existing state programs in other important areas, or place further strains on a state revenue structure that is highly regressive compared with the federal. Neither of these alternatives is sound in policy or makes sense to the people.

I have repeatedly urged the federal government to come to the aid of the states with revenue sharing. For the same reasons, it must more fully fund welfare costs. The Family Assistance Plan is revenue sharing *now*. This is the real New Federalism.

Many shortcomings of the welfare system today exist because we have merely tinkered with its details and added band-aid solutions, thereby warping its underlying objective. The result is an unworkable system for moving people out of poverty into the mainstream of American life. It is my strong hope that well-intentioned efforts to improve the Family Assistance legislation will not be responsible for its failure. It is time for all persons truly interested in the improvement of our welfare system to come to the support of this legislation.

It is imperative that the states that bear the most direct responsibility for welfare have a major voice in shaping welfare reform policy. We all know that this legislation does not provide the full federal funding of welfare that the National Governors' Conference has sought. In my own budget message last April, I called upon the federal government to assume this cost and said "The greatest single contribution that the government could make to state and local government would be to pay *all* public aid grants." Nonetheless I am convinced that the Family Assistance Plan is a giant step in this direction. We must recognize and accept the administrative problems which the inherent in shifting from the entrenched system to this new departure. But we cannot let these considerations distract us from the benefits this change will bring. We should not wait for the achievement of perfection while the vicious poverty cycle in this country continues unabated.

No one piece of legislation could do everything I would like to see done in the field of social welfare.

The Family Assistance Plan is the right beginning. There will be other opportunities for further reform. I am convinced they will come only if we succeed in this initial effort. Only if we turn the corner with this legislation will we be able to meet the pressing demands for similar fundamental reform in medical care and other essential programs.

As the Governor of Illinois I stand four square behind the Family Assistance Plan and offer my services to assist in its passage. I intend to work with the Governors of the Midwest Governors' Conference as well as the chief executive of the large industrial states to see what can be done to move the Nixon Family Assistance Plan out of the Senate Finance Committee and into final enactment this year.

COPY OF LETTER SENT TO GOVERNORS FROM GOVERNOR DAN EVANS, WASHINGTON (ON FAMILY ASSISTANCE PLAN) AUGUST 27, 1970

Late in July, I sent you the impact of the Family Assistance Plan (HR 16311) and indicated some of the problems in the legislation as presently drafted. Subsequently, members of my staff met with representatives of the Department of Health, Education, and Welfare, and reached agreement on certain substantive issues. In my opinion, these changes would resolve, with certain exceptions, the major problems in the plan.

The major changes on which agreement was reached are:

1. Expenditures for Aid to Families with Dependent Children-Unemployed Parents and Aid to Families with Dependent Children-Foster Care will be excluded from the expenditure base for computing the "hold safe" requirement.

2. The wide discretion granted to the Secretary of Health, Education, and Welfare with respect to payment levels under State Supplementation apparently has already been discussed with the Senate Finance Committee. If this discretion is not modified by the Committee so as to make mandatory consultation with the states on these payment levels explicit in the law, HEW has agreed to include such a provision in the rules.

3. If sufficient funds are not available to the states, expenditures under Title XX can be limited on the basis of a state's own priorities although a balanced program of services will be necessary. Additional services could be provided by municipalities with a population of 250,000 or more if there were sufficient local funds. Non-federal expenditures for services must be at least as high as fiscal 1971.

4. Under Title XVI the recognition of the economy of shared living arrangements was considered by HEW to be implicit in computing the $110 standard. HEW agrees, however, that this requirement should be made explicit in the law.

5. Under the emergency assistance provision of Title XX, the intent apparently was that the states define the conditions and content, with the Secretary of HEW setting the outer limits. HEW agrees, however, that the law should be modified to indicate that "emergency" is to be defined by the state.

The representatives of HEW considered that our suggestions with respect to Title XIX would be more appropriately considered with the health insurance legislation to be introduced next February rather than in connection with the Family Assistance Plan legislation as such. HEW will work with the states on appropriate modification of Title XIX prior to the submittal of such legislation.

We still have a concern that a state might not be able to meet its fiscal obligations under the bill at some time in the future. HEW has agreed to work with us to develop language that will permit the Secretary to waive part of a state's liability, should serious fiscal problems develop.

Although we still have certain questions about some aspects of the law, e.g., the liberalized definition of disability, and the fragmentation of services that would be possible if cities of over 250,000 instituted their own services program, the above changes overcome our major financial objections to the legislation. We have always been in favor of the intent of the Family Assistance Plan, and, with these financial modifications incorporated in the legislation, we will give it our firm support.

One further area that you may wish to examine is the provision in Title XX of the bill which permits cities of over 250,000 to elect to operate their own social services program. This could make the equitable provision of social services extremely difficult in many states, and interposes another level in an already complex system. I urge that you carefully examine the impact of this provision on the ability of your state to deliver services effectively.

I trust that you and your staff will review the suggested changes and the impact on your state. Given these changes, the "hold safe" provision appears to become a substantive rather than nominal limitation on state expenditures. We have appreciated the positive attitude of HEW staff and consider that solid progress has been made.

We hope that you, like ourselves, will support the legislation as modified.

Sincerely,

DANIEL J. EVANS,
Governor.

SEPTEMBER 25, 1970.

Hon. RICHARD M. NIXON,
The White House,
Washington, D.C.

MY DEAR PRESIDENT NIXON: I am most impressed by what I have learned about the Family Assistance Program. I congratulate you on your courage and vision in presenting it to the people of this country.

I am urging that you give serious consideration to Arkansas as a demonstration state. Our state stands ready to work night and day with you in this historic undertaking. I have no doubt whatsoever that we can prove the capability such a program requires.

The people of Arkansas without exception, I believe, share in endorsing the first principle of FAP—to help people to help themselves.

With all good wishes,

Sincerely,

WINTHROP ROCKEFELLER,
Governor.

SUN VALLEY, IDAHO.

Secretary ELLIOTT L. RICHARDSON,
Department of Health, Education, and Welfare, Washington, D.C.:

At an executive session of the Republican Governors' Association this noon, I presented the matter of the Family Assistance Plan and the Ribicoff-Bennett amendment. The RGA voted to support the President's Family Assistance Plan with 14 in favor, 2 opposed and 3 absentions.

RUSSELL W. PETERSON,
Governor of Delaware.

Mr. CASE. Mr. President, as a cosponsor of the pending Ribicoff-Bennett amendment, I urge the Senate to act promptly to adopt the measure.

The debate over welfare reform and the proposed family assistance plan has gone on in the Congress for many months. Before the issue reached us in the form of legislative proposals, it had been debated over a period of several years by private citizens, advisory councils, welfare directors, and State officials.

So there is no lack of information on this issue, nor is there any need for further study or prolonged tests of the pending proposal, or alternative pro-

posals, to determine whether reform is needed. Those who have examined existing welfare programs know the system is inefficient, unfair, and inequitable.

There are no national standards for either benefits or eligibility. There is no uniformity in Federal cost-sharing, and the administration of public assistance varies widely from State to State.

As has been pointed out, what we have, in short, is really 54 different programs in 54 different jurisdictions throughout the United States. Each State sets its own standard of need. Each State determines who will be eligible. Each State decides how much it will pay. And each State gets a different share from the Federal Government.

Is it any wonder the system is not working and the people it is supposed to help are frustrated?

The continuation of a system so demonstrably inequitable and inefficient is not fair to the poor—especially those who need help and are not getting it under the categorical approach—and it is not fair to States and cities.

Welfare is no longer a local problem. We have become a highly mobile society and we have encouraged people to seek employment in urban centers where jobs and industries are located. The movement of people into cities and their inability to obtain employment, because of lack of skills and lack of opportunity, has caused welfare rolls to mushroom. Most of these people have no recourse but to seek help through the aid to dependent children program.

In my own State of New Jersey, three-fourths of all our public welfare expenditures go into this program. According to Governor Cahill, the average monthly number of welfare recipients rose from 106,000 to 306,000 during the past 5 years, an increase of nearly 200 percent. Net expenditures for this program—Federal, State, and county—rose from $59 to $216 million, a rise of approximately 270 percent. And State expenditures increased from $17 to $99 million, or a rise of 500 percent. I am told that total State expenditures for welfare—and medicaid—are expected to increase as much as 53 percent, or $100 million, next year alone.

Obviously, neither New Jersey nor other States experiencing similar skyrocketing costs can afford to continue to bear the financial cost of what must be recognized as a national problem. Help from the Federal Government is long overdue.

The family assistance plan does not do all I think it should, but it does represent a substantial improvement over the conglomeration of the 54 programs we currently have. Moreover, as now amended, FAP would provide, in addition to national minimum standards and work incentives, fiscal relief to the States on a permanent basis by freezing their future welfare costs to 90 percent of their 1971 costs.

The Ribicoff-Bennett amendment is the product of weeks of effort by the administration and various Members of Congress to develop a fair, workable bill. It represents, I believe, the best hope of moving toward welfare reform this year.

Of course, even if FAP is adopted, it will not provide the kind of immediate help needed by local governments. There will be a lag of at least 12 to 18 months before the new program is implemented by the States, during which time welfare costs are expected to continue to escalate.

That is the reason I recently introduced an amendment to title II of H.R. 17550 to increase the Federal share of the cost of medicaid and current public assistance programs from the present minimum of 50 percent to a new minimum of 72 percent.

The effect of my amendment would be to provide $2.3 billion in urgently needed Federal aid to three-fourths of the States, including those States bearing the heaviest burden of welfare costs. My amendment is not offered as a substitute for FAP but simply as a way of providing some relief until the family assistance program, if adopted by Congress, goes into effect.

I hope it will be possible to vote on both the Ribicoff-Bennett amendment and on my amendment before the Senate adjourns.

Mr. WILLIAMS of New Jersey. Mr. President, 35 years ago this Nation made a commitment to enable the elderly to live a life of dignity and self-respect in retirement. Enactment of the Social Security Act was a landmark in social legislation. It once again affirmed the high value we place upon human dignity throughout a lifetime.

Today social security protects workers and their families from loss of earnings because of retirement, death, or disability.

Without these benefits, many older Americans would be forced to go on the relief rolls or to depend upon relatives who frequently would not have the resources to support them.

And without these benefits 19 out of 20 beneficiaries would not even achieve a moderate standard of living.

Yet, the vast majority of older Americans are experiencing a retirement income crisis which is worsening, rather than improving:

Nearly 5 million elderly persons fall below the poverty line;

Over 2 million are on welfare; and

Only about 1 in 5 has a job, usually part time and at lower wages.

Today older Americans are twice as likely to be poor as compared to younger persons. One out of every four persons 65 and older—in contrast to one in nine for younger individuals—lives in poverty.

Even more disturbing, their aggregate numbers in poverty are now increasing, for the first time. Since 1968 the total number of elderly persons living in poverty jumped by nearly 200,000—from 4.6 to 4.8 million. In sharp contrast, the number of younger persons who would be considered poor declined by almost 1.3 million, about a 6-percent reduction.

These figures clearly show that piecemeal, stopgap measures are just not going to work. Today's retirement income problems cannot be solved by adding a few dollars every year or two to social security.

Immediate and far-reaching action is needed on several fronts.

The bill before us today has several provisions which will be of vital help to individuals living on limited fixed incomes.

Several provisions, in fact, represent a major step forward in dealing with the present retirement income crisis. They are identical or very similar to proposals I have advanced in my omnibus social security legislation and other proposals to help the aged.

A 10-PERCENT BENEFIT INCREASE

In May, the House of Representatives passed a 5-percent across-the-board raise, effective in 1971. This increase would, of course, be welcome by our Nation's 20 million older Americans.

However, our cost of living has been rising at an annual rate of about 6 percent—the most rampant inflation in nearly 20 years.

At this rate, the 5-percent benefit increase would be wiped out before a social security beneficiary received his first check reflecting this raise.

Spiraling inflation continues to rob the pocketbook of every American. But no group is hurt more badly than older Americans living on fixed incomes.

As prices go up, their meager purchasing power goes down—usually quite sharply.

For an average retired couple, a 10-percent benefit increase would mean an additional $118 in annual benefits above the House level, or approximately $10 a month.

MINIMUM BENEFITS

Another significant improvement in the Finance Committee bill is the substantial increase in minimum monthly benefits.

Minimum benefits for a single person now amounts to $64 a month.

The 5-percent increase authorized in the House bill would only have the effect of raising this present inadequate base by $3.20 a month—from $64 to $67.20.

This is only a token amount and would be completely unrealistic for a person subsisting in poverty.

The Senate bill would help to improve this measure substantially by providing a minimum monthly benefit of $100. This badly needed reform can be one of the most significant measures in the bill before us.

LIBERALIZATION OF THE EARNINGS TEST

Under present law, a person under 72 may earn up to $1,680 in annual income before his social security benefits are reduced.

For many senior citizens who need to work because of inadequate social security benefits, this limitation operates as a formidable barrier.

In both the House and Senate bills, the existing earnings test is raised to a more realistic level—$2,000 before social security benefits would be reduced.

In addition, $1 in benefits would be withheld for each $2 of earnings above the $2,000 cutoff point. Under existing law, this one for two feature only applies to a $1,200 earnings band—from $1,680 to $2,880. Thereafter, $1 in benefits is withheld for each $1 of earnings.

A 100-PERCENT BENEFIT FOR WIDOWS

Another far-reaching reform in both the House and Senate versions is my measure to provide 100-percent benefits for widows.

At present, they receive only 82 percent of the primary benefit of their deceased spouse.

One of the pressing reasons for making this urgently needed change is that approximately six out of every 10 widows living alone have incomes below the poverty line. Especially disadvantaged are the Nation's very oldest women.

Another compelling argument for this measure was advanced by Dr. Joseph Pechman of the Brookings Institute:

An increase in the widow's benefits to a full 100 percent of P/A (the primary benefit amount that had been payable to the husband) would more effectively aid the poor, per dollar of added cost, than any other change in the system, including a minimum benefit.

It is estimated that this change alone can provide an additional $260 in annual income for widows. Approximately 2.7 million widows and widowers will be benefited from this change.

AGE-62 COMPUTATION POINT FOR MEN

My proposal to provide an age-62 computation point for benefits for men—the same as now exists for women—has also been incorporated in both the House and Senate bills.

Under present law, 3 more years are used in computing benefits for a man than are used for a woman of the same age.

This difference in the treatment of men and women can result in significantly lower benefits being paid to a retired man than are paid to a retired woman with the same average earnings.

When the change in the committee bill is fully operational, the benefits for most men would be higher than under present law. And higher benefits would be paid to the dependents of retired men and to the survivors of men who die after age 62.

LIBERALIZED ELIGIBILITY REQUIREMENTS FOR DISABILITY INSURANCE

A number of improvements were also made in the Finance Committee bill to improve the present disability provisions.

For example, the Senate bill reduces the waiting period to qualify for disability benefits 6 to 4 months.

Moreover, blind persons will be able to qualify for disability benefits, provided they have worked under social security for 6 quarters.

UPDATING RETIREMENT INCOME CREDIT

In addition, the Finance Committee bill also incorporates my proposal to update the retirement income credit for retired teachers, firemen, policemen, and other Government annuitants.

The purpose of the credit is to place these pensioners on a substantially equivalent tax basis with social security beneficiaries.

Social security benefits are, of course, tax exempt. Government annuitants receive comparable tax relief by claiming a 15-percent credit on their qualifying retirement income—their pensions, annuities, rents, interest, and dividends.

But the credit no longer provides equivalent relief because it has not been updated for 8 long years. During that time, there have been three badly needed social security increases. And hopefully, we will soon enact a fourth raise to help bring retirement income up to a more realistic level.

My amendment—which was adopted in modified form—would help to correct this longstanding inequity.

It would do this by raising the maximum amount for computing the 15-percent credit from $1,524 to $1,872 for a single person and from $2,286 to $2,808 for an elderly married couple.

This could mean a possible tax savings of $52 for a single retiree and $78 for a married couple.

SECTION 225

One especially objectionable feature in the House-passed bill was section 225, which provided for a one-third cutback in Federal funding after 60 days for medicaid patients in hospitals or 90 days for persons in nursing homes or mental institutions.

This is in spite of the fact that two-thirds of all nursing home residents require more than 90 days' care.

This ill-advised proposal could have dealt a crippling blow to the availability or quality of care for medicaid patients.

Since medicaid patients are unable to pay for their own medical care, this crushing burden would fall directly on the States. And we know that virtually every State in the Union lacks sufficient resources to assume this additional substantial burden.

In the committee bill, there would be cutbacks in Federal funding for institutional care only when adequate professional review and medical audit functions are not effectively applied. However, States properly carrying out these functions would not be affected by any cutback provision.

FINANCING OF COST-OF-LIVING INCREASES

In spite of the overall worthiness of the bill, one especially controversial provision has arisen, and that is the method of financing the cost-of-living increase.

To pay for these increases, approximately 50 percent would come from raising the tax rates and 50 percent from increasing the taxable wage base.

The effect of this measure is that a large portion of this burden would be shouldered by people earning low incomes—people who can least afford a tax increase.

Since the payroll tax rate would be uniformly applied to all covered individuals, workers with low earnings would pay a proportionately higher percentage of their total income than higher paid persons.

Once again, this underscores the need for well-timed and well-conceived use of general revenues to help finance a portion of the social security program.

The advantage of this approach is that it would provide a more equitable means for financing this essential, but still imperfect program.

It would not result in burdensome payroll taxes being imposed upon today's workers. And it would make the tax structure for financing the program more progressive.

Mr. President, the overall study of the "economics of aging" by the Senate Committee on Aging—of which I am chairman—has helped make the case for badly needed reform in social security.

The bill before us today represents a significant step forward in many respects. But our task is still not complete.

Further reform is still needed and will be discussed in much greater detail in the Committee on Aging's final report on the economics of aging, which will be issued in the very near future.

A recent letter from Mr. Nelson Cruikshank, president of the National Council of Senior Citizens, makes a very perceptive analysis of some of the major provisions in the 1970 social security bill.

His comments about the financing of the cost-of-living increase, especially merit the serious attention of all Members of the Senate.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD for my colleagues to read.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
Washington, D.C., December 14, 1970.

Hon. HARRISON A. WILLIAMS, JR.,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: This is in reference to H.R. 17550 (Social Security Amendments of 1970) which we understand is being reported by the Senate Finance Committee and will probably be before the entire Senate this week.

As you know, this is a very complex bill containing many proposals for changes in the basic Social Security program in Medicare, Medicaid, and Public Welfare. In one way or another practically all these proposals affect the well being of the older people of this country and we would have preferred that there were time for us to make an analysis of all the proposals and to present our views in detail. However, it appears that in the short time remaining to this Congress this will not be possible.

There are some major provisions of this measure before you on which we would appreciate the opportunity of presenting our views.

CASH BENEFITS

The first of these is the matter of increasing the cash benefits under the Old-Age, Survivors and Disability programs. The House-passed bill provides but a meagre five percent across-the-board increase. The Finance Committee bill provides a 10% increase with $100 per month minimum benefit. While this represents a substantial improvement, it still falls short of meeting the economic needs of the elderly who, in the face of inflationary increases in living costs, are witnessing the erosion of their already meagre incomes.

About 9 out of 10 older people now receive Social Security benefits and are largely dependent on them as witnessed by the fact that one quarter of the married couple beneficiaries and one half of the non-married have other income of less than $40.00 a month per person. Average Social Security benefits are $117 a month for retired workers.

Inflation has hit older people the hardest because their incomes rise slowly—if at all—and because the greatest price increases have taken place in such necessities as home maintenance, insurance, taxes, medical care and transportation. The most seriously affected are older widows or unmarried women who form the largest single element in the older population. The average Social Security benefit for widows is $101 a month.

It is for such reasons that we appeal to you to give primary consideration to increases in cash benefits. Whatever disposition the Senate may make of the many other proposals contained in H.R. 17550—this is one on which we feel confident you will want to take immediate action. And we urge you to take such action as will assure that whatever comes out of conference will provide not less than a 10 percent increase with the minimum benefit of $100 a month.

COST OF LIVING INCREASES

Secondly, we have some very definite views of the proposals for increases in benefits geared to increases in living costs which we would like you to consider.

We are, of course, not opposed to increases whatever their basis. But we want to emphasize the position we have consistently taken, namely that cost-of-living percentage increases applied to the present low level of benefits as a base, will not alone meet the income needs of the elderly. To do this requires substantial improvements in present benefit amounts. Future needs could then be met in large measure by automatic increases based on a cost-of-living figures.

But if the steadily improving *standard* of living provided by the dynamic American economy is to be shared by the elderly, Congress must continue, as it has in the past, to review periodically the requirements and resources of the Social Security system and make such adjustments as appear necessary and feasible in the light of current economic and social conditions.

Both provisions for automatic adjustment and for continuing responsibility of the Congress in this area appear to be provided in the escalator provision of the Senate Committee bill. Except that in this bill the provisions for financing the increases are less equitable, in our view, than those of the House-passed bill which would finance the increased benefits by increases in contribution and benefit bases, also geared to increases in cost-of-living.

Consequently, we would urge that the provisions for financing the cost-of-living increases contained in the House bill be retained along with the provision for "intervening" by the Congress, as contained in the Finance Committee bill. We feel strongly that the burden of rising benefits geared to cost-of-living should not be borne by workers (and their employers) in the lower wage brackets, as would be the case under the financing provision of the Senate Committee bill.

RETIREMENT TEST

Finally, we support the proposed changes in the retirement test which are identical in both the House-passed bill and the Senate Committee bill. The liberalizations of the test both for the present and those for the future geared to cost-of-living, appear as moderate adjustments required by changing conditions. We are opposed to any proposals for eliminating the test entirely, or for more far-reaching changes than those contained in the present bill.

The National Council of Senior Citizens, like many members of Congress, I am sure, has been called upon to request elimination of the retirement test on the allegations that the Social Security program should not "prevent people from working." In response to these requests we made a thorough study of the purpose and operation of the test and concluded that it would be most unfair to the great majority of retirees if this test were to be eliminated. After wide distribution of the results of this study by every means available, our membership has supported our opposition to removal of the test.

The main reasons for this position are (1) most elderly are not able to work, even if jobs in the present labor market were available, (2) removing the test would be of benefit to less than 10 percent of the elderly and this would include those who need help least of all; professional people, business executives and others who for the most part do not rely mainly on Social Security benefits for their livelihood and (3) the cost which would run about $2.75 billion the first year and more in later years, would undoubtedly prevent increases in benefits for those much more in need.

We appreciate your giving our views consideration as this very vital measure comes before you for action. If we can be of any assistance in further clarifying our position, or in any other way, please feel free to call on us.

Sincerely and respectfully yours,
NELSON H. CRUIKSHANK,
President.

Mr. FANNIN. Mr. President, presentations by several members of the Finance Committee, from both parties, have illustrated the fallacy that the family assistance plan would create incentives for people to work rather than not to work. Supposedly workfare was the foundation of this program but it is now evident we need a pilot project to make it possible for information to be developed to prepare legislation for programs to accomplish this objective.

We need to determine what can be done to provide jobs for people under this program. At the present time we have a serious unemployment problem in this country and we must find a solution. Many of these people are on welfare.

Mr. President, the Secretary of Health, Education, and Welfare has estimated the current welfare caseload in the Nation at 12.6 million.

This is an increase of 2 million persons over the same date 1 year ago.

Secretary Richardson has also been quoted as saying that in some States the hike in welfare caseloads is up as much as 30 percent over last year. This means that caseloads in some areas are more than doubled every 5 years.

President Nixon has set the current welfare budget at $8.7 billion—yet it is expected that the actual cost this fiscal year will soar over $10 billion.

This welfare load already is a very substantial burden on the hard-working people of our Nation.

And yet, here we are discussing a program to double the number of persons who qualify to collect welfare payments.

This simply is not fair to those people in our society who work day in and day out to carry their own weight.

Mr. President, we have run the gamut of suggestions as to what income a person is entitled to as a birthright in this Nation. It ranges from $1,600 to more than $7,000—depending on which advocate of the guaranteed annual wage you may talk to.

What in the world has happened to our country?

Why are we so determined to travel down the same road that proved so disastrous to the British?

Our Nation became great and powerful by offering people opportunities—not by guaranteeing them handouts. Our people have prospered because of their sweat and toil and their willingness to sacrifice.

Perhaps it is a bit old fashioned, but I believe that some of the principles that made our country great still are valid. I do not see why we should pick the year 1970—or 1971—to switch to a socialistic philosophy which is contrary to our heritage.

Those who have promoted the various guaranteed annual wage programs over the years have dwelled on the plight of the poor. And I can appreciate this concern. I too am concerned about the plight of the poor. We certainly have not done enough for the aged and the ill who are deserving of much more consideration.

But let us talk for just a moment about the plight of the working man and woman and his family.

Throughout our history the bulk of Americans have been willing—and in most cases even thankful—to labor hard for their livelihood. They have been justly proud to carry their own weight and do an extra bit to help their Nation.

Millions have started work in their teens. Mostly they have had precious little education. Many have worked all their adult lives, 5 and 6 days a week at labor that is perhaps monotonous, perhaps tedious, perhaps physically exhausting. These proud masses have not sought—nor would most of them have accepted—a chance to freeload on their fellow workers.

Now, suddenly in the latter half of the 20th century, we have a strange, new movement afoot. There is a faction that contends that people have a right to freeload on their fellows, that no one has an obligation to help carry his share in paying the price of making society run.

Advocates of the guaranteed annual wage—or the family assistance plan as it is called in this case—make it sound as though welfare payments somehow materialize magically. They foster the old, worn myth that the State is something with endless resources that can provide for the needs and desires of everyone.

But we know better. Or at least I hope we do.

The Government has nothing to give to anybody that it does not first take from someone else.

If we double the welfare roles, then we multiply accordingly the amount of tax money that we must extract from the hard-working man to give to the nonproductive members of our society.

This is not a scheme to take from the rich and give to the poor.

It is a scheme to take from the middle- and low-income worker—already struggling against inflation—to give to the poor, whether the poor be deserving of help or not. Again, I say that I am not being critical of persons who have a legitimate claim to welfare, such as the aged or the ill who cannot work.

Mr. President, I am pleading for the man who is determined to do whatever he can to pay his own way in the best of American tradition. This is the man who would be the victim of the misguided legislation we are considering.

There is a lot of talk about the right of every man to live with dignity.

Too many of those people willing to live off the labor of others do not know the meaning of the word "dignity."

We have an unfortunate situation in

our Nation at the current time where many well-educated or well-trained men and women, eager to work, cannot find employment in their chosen field.

These people are having a hard time maintaining their dignity. But many of them are doing it, and doing it the hard way. It is dignity when an engineer takes a job as a cab driver because he is determined to support his own family rather than go on the public dole.

It is dignity when a cab driver who is out of work seeks any kind of manual labor to support his family.

Recently there was a newspaper article which indicated that a job lacked proper dignity because it paid a workman only $3 per hour.

To me, a man who fails to work at a job paying $300 a month in wages so that he can collect $300 a month in welfare has no dignity.

Mr. President, what we need is to reform our welfare system—not expand it.

The proposal we have before us just adds another layer to the same old mess.

We must have a program to encourage people to get off welfare. We must have something to break the pattern of generation after generation of welfare families. We must halt the proliferation of welfare provisions that encourage people to keep their hands out.

The Government is only the intermediary in this—the handout really comes from the man who has done his day's work. It is taken from the workingman and from the workingman's family.

What we need is a workfare program.

We need meaningful reforms that will adequately provide for those unfortunate people who cannot possibly support themselves. We need to kick the perennial freeloaders, those who can work but will not, off the welfare rolls. And we need to offer incentives to put the prospectively productive members of our society back to work.

There are those in our Nation who would sit back gladly and accept a free ride. They would feel not the slightest embarrassment or remorse. They believe people who work are suckers. These people are immoral.

And there are other disadvantaged people we are trying to inspire to work who would be irrevocably damaged by any guaranteed annual wage scheme. These people are willing to subsist, and to have their children subsist. They would be content with $2,000 a year; they would be prosperous with $3,000 per year; they would be overwhelmed with $4,000 per year.

These people are not immoral. Their mores—or lifestyle to use the modern cliche—has never looked upon labor as a virtue and they feel no scrupples about living forever on whatever is given to them. As I said, subsistence is the essence of their life. This program would be ruinous to them.

Mr. President, we already have seen the phenomenon of welfare recipients organizing to demand more and more from the Government. We have seen them "occupy" the office of a secretary of welfare.

Now, we have before us a plan to double the number of persons who would have credentials to join such pressure organizations and join in such disruptive tactics.

We would have roughly one out of nine persons in this country on welfare. This quarter of a million persons would be a tremendous political bloc. The politician playing to this group would have to offer more and more benefits. He would have to promise to take more and more from the assembly line workers, butchers, mechanics, office workers, and other productive members of society to give to those who not only can not work but those who simply do not want to work.

Mr. President, if this were a good program—and it is not a good program, but if it were a good program—now would be the wrong time to try to launch it.

Our Federal Government already is faced with a deficit of $10 to $15 billion—and perhaps even more—during the current fiscal year.

What we need at this time are programs to put people in jobs, not on welfare rolls. We have an unacceptably high rate of unemployment. Welfare is not the answer.

Those who have been trying to sell us the family assistance plan talk vaguely about getting welfare recipients eventually into jobs. Yet their program makes no provision for new jobs. No one is saying where these jobs are going to come from.

What escapes me, Mr. President, is the logic of some of the people who are 100 percent for expanding welfare and yet dead set against other legislation to protect American jobs. It is inconceivable that we can survive as a nation of welfare recipients after we have exported virtually all of our manufacturing jobs.

I think that the welfare reform issue is very closely tied in with the trade bill, Mr. President, and that is why I felt compelled to mention it at this point.

I certainly am not opposed to welfare reform.

In the Finance Committee, I voted for a pilot program to test out some of the reform theories. We would have a chance to see what incentives are effective in getting people off welfare and into productive work.

This is the only sensible way to approach the issue.

Voting for a multibillion dollar new welfare program without a pilot project is like voting for production of a multibillion dollar new airplane—we might take the SST as an example—without providing for testing of prototypes.

I want to see if the family assistance plan will fly.

And more important, I want to see if it is going to fatally pollute the atmosphere of our Nation.

The proposal before us is fraught with dangers. It is built on estimates and assumptions of doubtful value.

A trial run could either prove that the proposals are sound—or demonstrate that disaster would strike a full-blown program if it were attempted.

I firmly believe that the family assistance plan as now offered would be a disaster for the Nation.

This is not something I say lightly.

I have supported 99 percent of President Nixon's programs, but I most definitely oppose the program before us and everything offered so far by the administration.

President Nixon had a good idea—a work incentive program to cure the ills of the welfare system.

The idea obviously went astray in the Department of Health, Education, and Welfare. The program presented to us is not only a continuation of the same old misdirected welfare concept, but an expansion of the fiasco.

We have a program here which is aimed strictly at increasing the welfare rolls. It offers no real incentives to put people to work. It offers no machinery for encouraging or preserving jobs, or of getting welfare people into productive positions.

If this program is approved, I say again, it will be a disaster for our country.

Mr. MATHIAS. Mr. President, we are debating the most important domestic legislation of this Congress. I regret that we are doing so under the pressures of adjournment and under a tangled parliamentary situation. The administration's Family Assistance plan is so important that it deserves our most earnest and direct consideration.

The President has called this legislation the keystone of his entire program of domestic reforms. I was proud to cosponsor the original version of the plan last year and am pleased to join in sponsoring the current proposal. It is the product of years of study by many perceptive individuals, including the Vice President, who was among the first to advocate a Federal floor under welfare payments as a means of relieving the fiscal burdens on the States.

This legislation, if adopted, will have a constructive impact on millions of Americans, both those who, as taxpayers, are now forced to support the obsolete welfare system, and those who, as recipients, are subject to its inequalities and whims.

Especially important is the import of the Nixon proposal for the coming generation of Americans. We have an opportunity here and now to take a long step toward freeing millions of children from the tragic welfare cycle of dependence and poverty, and enabling them to grow up in a united family, in an atmosphere of dignity and self-reliance. In an eloquent address to the White House Conference on Children on December 13, the President spoke of the meaning of the Family Assistance plan for the next generation. I ask unanimous consent to include the text of the President's remarks in the RECORD at the conclusion of my statement.

Mr. President, the Family Assistance Plan is based on the premise that all Americans need money to live and incentive to work. Beyond that, it establishes national uniform eligibility standards, and narrows the present variations in benefits. It combines strong work incentives with work requirements. It will lift a great and growing financial burden from State and local governments, enabling them to turn their limited resources to other pressing public problems.

This legislation is not perfect; no bill of this scope could fully satisfy everyone. But it is a bold step forward and deserves Senate approval this year.

There being no objection, the text of the President's remarks was ordered to be printed in the RECORD, as follows:

REMARKS OF THE PRESIDENT AT THE WHITE HOUSE CONFERENCE ON CHILDREN

Mr. Secretary, Mr. Mayor, Mr. Chairman, and ladies and gentlemen, all of the delegates to this Conference:

Before I begin my prepared text, I would like to express my deep appreciation to all of you who have come to this Conference, and also for the very special entrance that was arranged on this occasion.

One of the great privileges for the President of the United States, of course, is to hear Hail to the Chief. I have heard it many times since I became President almost two years ago. I have never heard it played better than by the East Atlanta School from over here, an elementary school,

Speaking as one who played a very poor second violin in a high school orchestra, I appreciate all of the work and the talent that is represented therein by the leader who was able to develop those talents.

I am very proud tonight to share with six of my predecessors, starting with Theodore Roosevelt and most recently, Dwight Eisenhower, the honor of convening a White House Conference on Children. I take very special pleasure in welcoming all of you here.

Our concern at this Conference is with the well-being of 55 million individual human beings who happen to be children under the age of 14, and who represent one-fourth of all the people in America.

When I refer to them as 55 million individual human beings, I mean to put the emphasis precisely on that—in the fact that nothing is so intensely personal as the private world of the child; nothing so removed from the statistical abstractions of a chart or a computer.

In talking about our children, we are talking about our world and about its future, but in the most special, the most human, the most individual sense of anything we do or consider.

The refreshing little flower emblem that has been used as the symbol of this Conference is a reminder to us of one very simple and very basic truth: that the world of the child is different and very special, and full of promise and very much alive.

It also reminds us that whether we speak of a community of 200 people or of 200 million, the important thing to remember is that no two are alike.

I am sure some of you have heard the little television commercial, a musical one, that has the little ditty that goes "No one else in the whole human race is exactly like you."

Because of this, what is right for one child may be all wrong for another.

Here in Washington, in government, we have a tendency to think about things in the mass, about cities of more than a million or less than a million, of people over 65 or those under 21, about whole school systems or health delivery systems.

Just yesterday, I spent a great part of the day working on next year's Federal budget, on billions for this and billions for that, and how perhaps $100 million could be saved here in order to do something we want to do someplace else; trying to balance the needs and hopes of dozens of government departments and agencies that operate thousands of programs involving millions of people. Sometimes after a day like that, I find myself reflecting on both the necessity and then the impersonality of it all. Budgets have to be made and they have to be followed because that is the way the real world operates. And governments have to deal with great masses of people because this is the way governments operate.

But how far removed this can get us from the perspective of the individual person. How great a tendency there is in government to lose track of people as people, to get so wrapped up in charts and projections and columns of numbers that we lose sight of what ultimately it is all about.

If there is one thought more than any other that I would like to leave with you, all of the 4,000 delegates to this Conference, it is this: to remember that what matters is one person, one child, unlike any other, with his own hopes and his own dreams and his own fears, who lives at the center of his own separate and very personal world.

I am sure that each one of you is here taking part in this great Conference because you do care not only about children in the mass, but about the child. I hope you will help us in government to keep the focus on that one child,

One of the special glories of America is that we are a nation of individuals and individualists. We produce people, not automatons. We recognize diversity not as an evil but as a virtue. We turn not to one institution alone but to many to perform the great task of achieving a better life for all of us.

We recognize, of course, the role for government, for the church, the home, the school, the volunteer agencies that are so distinctive a feature of American life. And we do know that this is a case in which individual cooks, and additional cooks, do enrich the broth.

There is, of course, a large and vital role government must play in insuring the best possible opportunities for the child.

Tonight I would like to speak briefly to you about just one government program, a Federal Government program, presently being considered by the United States Senate, which I believe particularly deserves your support.

The great issue concerning family and child welfare in the United States is the issue of family income.

For generations, social thinkers have argued that there is such a thing as a minimum necessary family income, and that no family should be required to subsist on less. It is a simple idea, but very profound in its consequences.

On August 11, 1969, over a year ago, I proposed that for the first time in America's history we in this great, rich country establish a floor under the income of every American family with children. It has, in turn, been called by others the most important piece of domestic legislation to be introduced in Congress in two generations.

In terms of its consequences for children, I think it can be fairly said to be the most important piece of social legislation in the history of this Nation. I am sure you know the story of the legislation. In April, it passed the House of Representatives by almost 2-to-1. Then it became mired down in the Senate. It is still stuck there, but it is not lost. There is still an opportunity for the 91st Congress to change the world of American children by enacting Family Assistance.

In these closing days of that Congress, I want to emphasize once again unequivocally my personal support for the welfare reform this year, and to urge your support for welfare reform this year.

In the last 10 years alone—listen to this—the number of children on welfare in America has tripled to more than six million. Think of it—six million children—six million children caught up in an unfair and tragic system that rewards people for not working instead of providing incentives for self-support and independence; that drives families apart, instead of bringing them together; that brings welfare snoopers into their homes, that robs them of pride and destroys dignity. I believe we should change that.

The welfare system has become a consuming, monstrous, inhuman outrage against the community, against the family, against the individual, and most of all against the very children who are our concern, your concern, in this great Conference, the children it is meant to help.

We have taken long strides—not enough, but long strides—toward ending racial segregation in America. But welfare segregation can be almost as insidious.

Think what it means to a sensitive child.

Let me give you one example. My daughter Tricia does tutoring at an inner-city school here in Washington. She tells me of her deep concern each day to see the welfare children herded into an auditorium for a free lunch, while the others bring their lunches and eat in the classroom.

We have to find ways of ending this sort of separation. The point is not the quality of the lunch. As a matter of fact, she tells me that the free lunch is probably nutritionally better than the ones the others bring from home.

The point is the stigmatizing by separation of the welfare children as welfare children.

I remember back in the Depression years—and if this dates me, if you can remember, you can remember, too—of the 1930's, how deeply I felt about the plight of those people my own age who used to come into my father's store when they couldn't pay the bill, because their fathers were out of work, and how this seemed to separate them from others in our school.

None of us had any money in those days, but those in families where there were no jobs and there was nothing but the little that relief then offered suffered from more than simply going without. What they suffered was a hurt to their pride that many carried with them for the rest of their lives,

I also remember my older brother. He had tuberculosis for five years. The hospital and doctor bills were more than we could afford.

In the five years before he died, my mother never bought a new dress. We were poor by today's standards, and I suppose we were poor even by Depression standards.

But the wonder of it was that we didn't know it. Somehow my mother and father, with their love, their pride, their courage and self-sacrifices were able to create a spirit of self-respect in our family so that we had no sense of being inferior to others who had more.

Today's welfare child is not so fortunate. His family may have enough to get by on and, as a matter of fact, they may have even more in a material sense than many of us had in those Depression years. But no matter how much pride and courage his parents have, he knows they are poor and he can feel that soul-stifling patronizing attitude that follows the dole.

Perhaps he watches while a caseworker—a caseworker who himself is trapped in a system that wastes on policing talents that could be used for helping—watches while this caseworker is forced by the system to poke around in the child's apartment, checking on how the money is spent, or whether his mother might be hiding his father in the closet.

This sort of indignity is hard enough on the mother. It is enough of a blow to her pride and to her self-respect. But think of what it must mean to a sensitive child.

We have a chance now to give that child a chance—a chance to grow up without having his schoolmates throw in his face the fact that he is on welfare and without making him feel that he is therefore something less than other children.

Our task is not only to lift people out of poverty but from the standpoint of the child

our task is to erase the stigma of welfare, illegitimacy and of hardship, and to restore pride, dignity and self-respect for every child in America.

I don't contend before this sophisticated audience of critics that our Family Assistance Plan is perfect. Secretary Richardson, who has been before the Senate, will be able to answer questions that you may put to him because he has been before a very, very critical body.

But I am only going to suggest this: In this confused, complex and intensely human area no perfect program is possible, and certainly none is possible that will please everybody. But this is a good program, and a program immensely better than what we have now, and vastly important to the future of this country—and especially to the neediest of our children. It is time to get rid of the present welfare program and get a new one, and now is the time to do it.

For the United States Senate to adjourn without enacting this measure would be a tragedy of missed opportunity for America and particularly for the children of America.

I have dwelt at some length on Family Assistance because of its vital and even historic importance and because now is the time for Senate decision.

This represents, as I indicated, one of the things the Federal Government can do to give children a better opportunity.

There are others: our programs for the right to read, our emphasis on the first five years of life through the new Office of Child Development in the Department of HEW, on education reform, on food, nutrition, and in many others, where we are trying to meet what I believe is a great responsibility that rests with the Federal Government.

I know in this Conference you will have many new ideas for things we in Government, in the Federal Government, might do.

We shall do our best to meet our responsibility in those areas where the Federal Government can best do what needs to be done. But I would also stress that equally and often more important is what States and communities do, and the school, the church, the family, the mass media, the volunteer organizations, each of us as individuals. For the child is not raised by government; the child is raised by his family. His character is shaped by those people he encounters in his daily life.

I think especially of the millions of Americans who give their time, their energy and their heart to volunteer activities working with children. You know them in your communities—thousands, hundreds of thousands all over America.

Before becoming President, I served as National Chairman of the Boys Clubs of America. I saw from the inside the wonderful work organizations like the Boys Clubs and others do, and also the spirit and dedication of the people who make them possible. There are churches and service organizations, hundreds, thousands of organizations all across America, helping. They can help more.

And most important, these volunteer organizations can do what government cannot do: they can give heart and inspire hope, and they can address themselves not simply to children as a group but to that one special, precious child.

Before closing tonight, I would like to leave with you a few very personal reflections from the perspective of the office I hold.

A President of the United States always thinks about the legacy that he would like to leave the country from the years he serves in this office. I think often about that in terms of what I can leave for America's children.

I know that the first thing I would like to do for them is to bring peace to America and to the world. And here I speak not just of ending the war, but of ending it in a way that will contribute to a lasting peace, so that theirs, at last, can be what we have not yet had in this century—a generation of peace,

I speak not only of the absence of war, but also of a peace in which we can have an open world in which all the peoples of the world will have a chance to know one another, to communicate with one another, to respect one another.

The second thing that as President I would like to leave for America's children is a strong, productive and creative economy—one that can provide every family with a floor under its income higher than what is now the ceiling for most of the world's peoples.

I want to leave them an economy that provides jobs for all with equal and full opportunity, jobs producing not for war but producing for peace.

And beyond this, I want, as you want, America's children in the last generation of this century to have the best education, the best health, the best housing that any children have had anywhere, anytime.

I want them to enjoy clean air, clean water, the open spaces, to restore the heritage of nature that is rightfully theirs.

Although we will always have differences here in America, because this is a very diverse country, I hope that Government can help achieve a better understanding among the generations, the races, the religions, among those with different values and different life styles.

I would like to do all this and do it in the climate of freedom.

I want this generation of children to develop a new sense of patriotism.

Edmund Burr pointed out that patriotism translated literally means love of country. And he went on further to say that for us to love our country, our country must be lovely.

We do love our country—most of us—but we know it has many unlovely features. I want young Americans to learn to love America, not because it is the richest country, or the strongest, or merely because they were born here, but because America is truly a good country and becoming better, because it is truly a lovely country.

I am convinced that in my term as President we made some progress towards these goals that I outlined and I think that we by the end, will have made more progress. But even if all these goals could be fully achieved, it still would not meet our duty to our children.

No matter what Government does for people, no matter what we provide in the way of income, housing or food, we still have not reached the essential element as far as a full and meaningful life is concerned, because what is most important is that every person in this country must be able to feel that he counts.

We have to let 55 million very young Americans, as well as those a little older perhaps, know that what they do matters, that their ideas count, that the country needs their thoughts, their creativity, their contributions.

I recall Dr. Walter Judd once said that he loved his daughter very much, and then when she asked him to help her with her arithmetic, he really could do it much better than she could, the easiest thing for him to do would be simply to do it for her. But because he loved her, he would not do it for her. He helped her learn to do it herself.

While this conference will and should make recommendations as to what Government can do for children, about how we can make life better for them, let us remember that what is most important is to provide the opportunity for each of our children to participate, for each child.

It is not just a matter of what more Government is going to do for him, but how his own life is going to be enriched so that he can do something for his fellow man.

A sense of dignity, a sense of identity, of pride, of self respect—these no government can provide. Government can help to create better conditions. It can help remove obstacles to the child's development. It can mobilize research and provide services. It can offer advice and guidance. But all these only help to make success possible.

The love, understanding, the compassion, the human concern that touch the child and make him what he cn become—these are provided by people, people like you.

And the way we shape the character of the next generation we test our own character as people. And the vigor and the realism with which we approach the needs of the next generation, of each and every child in that generation, tests our devotion to humanity and our belief in ourselves.

I am confident we will meet that test. And I am grateful, very grateful, to all of you here for the concern you have shown, the dedication you have demonstrated, in helping us to do so.

Your recommendations at the conclusion of your conference on Friday will receive the most careful consideration by the various agencies to which they will be referred and by the President of the United States, not only because we in this Administration respect your view, but also because we share your concern. We share your concern about our Nation's children, our children. We share your concern that our children should receive the best that America can give them.

Now, ladies and gentlemen, having concluded my formal remarks, I would like to give you a very special invitation and explain the nature of it.

When I learned about this conference, I suggested to your Chairman, Steve Hess, that Mrs. Nixon and I would like to receive all of the delegates to the conference at the White House. He said, "There are 4,000."

I checked with our staff to see whether that would be possible, and they figured out that based on an experience over the past two years of moving receiving lines as fast as we possibly could, it would take six hours and 18 minutes to get 4,000 people through the line.

I said we couldn't do that because I thought the people at the end of the line might get tired by the end of six hours and 18 minutes.

But I do think you should know that tomorrow the Christmas decorations at the White House will be completed. Those who have seen them think they are the most beautiful they have ever seen.

We have various nights blocked out. Monday night is the Congress; Tuesday night is the Congress; Thursday night are the diplomatic children, and so forth.

But Wednesday night belongs to you.

We have arranged for a special tour. Mr. Hess and his staff will arrange the buses and all the other various means of transportation that are needed to get you there.

We have arranged a special tour of the White House to see the Christmas lights and we hope that some members of our family can be there at least part of the time to greet some of you.

Thank you very much. We wish you the very best.

SOCIAL SECURITY AMENDMENTS OF 1970

The PRESIDING OFFICER (Mr. BOGGS). The hour of 2 o'clock having arrived, the Chair now lays before the Senate the unfinished business which the clerk will state.

The assistant legislative clerk read as follows:

H.R. 17550, to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. LONG. Mr. President, it is clear to me, and I believe by now to a majority of the Senate, that if we are to pass a bill to provide for increases in social security payments even to offset the increases in the cost of living that have occurred during the past year, it cannot be accompanied by amendments relating to trade and to the family assistance program. Therefore, in order that 26 million social security beneficiaries who would be benefited by this piece of legislation not be denied those benefits, and in order that the least controversial provisions of this measure might be considered by the Senate and become law, which I believe is the minimum the public has a right to expect of us in Congress, I am going to make a motion to recommit and report back.

Mr. President, I move that H.R. 17550, the Social Security Amendments of 1970, be recommitted to the Committee on Finance with instructions to report it forthwith, after making the following modifications:

On page 319, strike line 11 and all that follows through page 404, line 25. (This is Title III, the Trade Act of 1970, and Title IV, the Catastrophic Health Insurance Program.) On page 482, strike out line 12 and all that follows through page 483, line 16. (This deletes the prohibition against use of Federal funds to undermine programs under the Social Security Act.) On page 488, strike out line 1 and all that follows through page 499, line 10. (This deletes sections 561 and 562 of Title V, relating to tests of welfare and workfare plans.) On page 514, strike line 8 and all that follows through page 519, line 7. (This is a veterans pension increase, already enacted in a separate bill.)

Delete all pending floor amendments, as follows:

No. 1169 (Ribicoff and Bennett), as modified (prior to printing).

No. 1168 Scott.

No. 1158 (Williams of Delaware and others).

The PRESIDING OFFICER. If the Senator will send the motion to the desk the clerk will report it.

The assistant legislative clerk read as follows:

Mr. LONG. I move that H.R. 17550, the Social Security Amendments of 1970, be recommitted to the Committee on Finance with instructions as set forth by me.

Mr. LONG. Mr. President, I make this motion on behalf of myself and the Senator from Delaware (Mr. WILLIAMS) with whom I have discussed this matter and with whom I find myself in agreement. A motion of this sort is necessary in order to expedite the action of this Congress.

Mr. WILLIAMS of Delaware. I am glad to join the Senator from Louisiana, chairman of the committee, as a cosponsor. To make the record clear, this motion would strike out titles III and IV, the trade amendments and the catastrophic health insurance part. It would also strike out those sections of title V which the Senator has enumerated and also the pending floor amendments, which are the Ribicoff-Bennett and the Scott amendments, and the amendment that was offered by the Senator from Georgia and myself dealing with trade amendments, and require the Finance Committee to report back sections 1 and 2 as the committee originally reported them to the Senate but with the modification as outlined for title 5. Am I correct in that understanding?

Mr. LONG. That is correct. I personally very much dislike to move to strike some parts from the bill after having voted for them. I would like to see them a part of the bill. Likewise, in committee I voted to add the amendment known as the Ribicoff-Bennett amendment. But this also provides to strike the catastrophic health insurance part, which is my own handiwork, and which I hope I may be permitted to say with some pride of authorship is perhaps the best thing in the bill. It was agreed on in the committee by a vote of 13 to 2. But, Mr. President, these are matters which in all probability the House would not accept in conference even if they did pass the Senate. I have been led to believe that would be the case if we went to conference.

I would not want the responsibility of the Congress adjourning without having a minimum achieved that can be achieved so far as social security benefits are concerned. The minimum would be the 5-percent across-the-board increase provided by the House bill although the cost of living has already gone up more than 5 percent this year. So I would think, in conference between the Senate and the House, that the House would agree to as much of a social security increase as would represent an increase in the cost of living, and perhaps they might agree to go somewhat further than that. I am confident the Senate will send back to the conference what it voted on before, when it voted the $100 minimum for social security and the necessary financing to pay for it. That would be in conference and I am confident the House would be willing to consider it, along with the Senate and House cost-of-living proposal, and the reforms in medicaid and medicare.

If my motion is not agreed to it would mean 26 million beneficiaries under social security will have been denied justice by the Senate and the House. I do not think the Senate wants that to happen. I do not. On that basis, I feel it is my duty to make this motion. We have had a test vote on the family assistance plan.

I know that there are enough votes to pass the trade package, if we could get to a vote. I know that we cannot get that to a vote, so it is not likely to happen. When I made the motion to table the family assistance amendment, only a few Senators voted to table it. If the motion were to be made again, I know there would be more, but it would serve no purpose to continue debate over that. I would hope that the trade advocates as well as the family assistance advocates would be willing to agree, quite apart from those two measures, to consider the good that is in the bill and that it deserves passage by the Senate and action by Congress before we go home.

Mr. President, I would therefore hope that the Senate would see fit to agree to the motion.

Mr. RIBICOFF. Mr. President, I oppose the motion of our distinguished chairman.

This, to me, is the tragic end to a noble cause. It is a noble cause that the President of the United States has advocated since he became President of our great Nation.

Frankly, I was surprised to see this proposal come from the Nixon administration. I applauded the President for his imagination and dedication when he pinpointed the family assistance proposal as the most meaningful vehicle with which to start the United States on the road to eliminating poverty.

I am at a loss to understand how anyone in an affluent nation such as ours could even question the objective of a powerful and rich nation to see to it that a family of four would have a minimum income of $1,600. I for one, believe that $1,600 for a family of four is the very barest minimum.

The President's proposal has been before Congress for some 16 months. It has been before the Senate for 8 months, having passed the House of Representatives in April.

The Ribicoff-Bennett amendment has been the pending business before the Senate for more than a week.

This proposal has been endorsed by six former Secretaries of HEW, as well as many public and private groups.

It has the support of the Democratic and Republican Governors across the Nation who have to live with the problem of welfare on a day-to-day and a year-to-year basis.

The proposal provides a new framework to replace the present disastrous welfare system. It provides a means for dealing with children, the aged, blind, and disabled. It is coupled with strong work requirements. It provides for fiscal assistance to the States.

One of the proposals in the amendment—which was a late starter, it is true—is a proposal that I thought was important, and the administration has agreed with me, that the time has come to give a sense of certainty to every State in the Nation.

Every State in the Nation is on the verge of bankruptcy. Their budgets show red ink year in and year out. There is not a Governor who knows from year to year what his budget requirements will be.

We have finally assured, in this proposal, each and every State that the amounts the States would be required to pay for welfare would never exceed 90 percent of their expenditures in 1971, adjusted for the cost-of-living increases.

Here is a measure that has been debated. It has been in the public press and in the public eye.

The Senate Finance Committee held days upon days of hearings. We spent days upon days in executive session. I cannot understand how we in the Senate

can go home by noon of January 3d without giving the Senate an opportunity to vote yes or no on family assistance.

The least we could do, it would seem to me, would be to vote upon the matter and show our constituents and the country how the Senate is divided on family assistance. Are we for it or against it?

I appreciate the objective—and it is a most worthy one—of the chairman, to at least pass the increases in social security by January 1. But in any event, the beneficiaries under social security will not receive their payments on January 1. They will not start receiving their payments until April 1 retroactive to January 1.

Representative MILLS, chairman of the Ways and Means Committee, and the ranking minority member, Representative BYRNES, have said publicly that any social security bill passed after January 3, 1971, would be retroactive to January 1, 1971.

The President of the United States has also made the statement and the commitment to the 26 million people who are under social security that if Congress passes a social security bill in 1971, he will advocate that it be retroactive to January 1, 1971. Consequently, not one single person of the 26 million beneficiaries will lose a penny by our delaying the passage of the social security proposals until early in February or March instead of at the present time. This matter is too important to be sloughed aside.

I disagree with the President of the United States on many of his proposals. I disagree with the President of the United States on many of his vetoes. But I am completely in accord with him on his concept that the time has come to reform welfare. The President of the United States has come up with one of the most imaginative programs in the entire social field. It is a matter that we must address ourselves to during the next decade. It would be tragic if we were to go home without voting up or down the family assistance program.

I for one would hope that the motion to recommit would fail.

Mr. MILLER. Mr. President, I am going to support the motion. I do so with mixed emotions.

I must say to my friend, the Senator from Connecticut, that I do not believe he has properly stated the case because the case is not merely one of voting up or down the family assistance plan.

The case is a matter of voting up or down an amendment that is far more than just a simple $1,600 family assistance proposition. It is a tremendously long package of legislative language which has been massaged and remassaged for weeks before the Senate Finance Committee. It does not even contain all of the provisions which many of us in the Finance Committee wanted to see in the measure. It is almost in the same form that was discussed by the Governors' conference when we had five Governors representing the Governors' conference before the committee. The consensus of those Governors was that they did not want this bill. What they wanted to have was this bill with modifications. Unfortunately, we do not have the bill with modifications—at least, not the modifications some of them were talking about.

We just have a long, well-intentioned amendment which is now locked in so that amendments cannot be offered to it. When I raised the point with the Senator from Connecticut the other day about opening this up to amendment, I was told that we did not dare do so because there would be many amendments and we would never get the amendments taken care of.

I do not know why we did not try it that way first instead of using a parliamentary tactic which now puts this matter before the Senate in such a position that those who would like to see something done about the miserable welfare situation cannot in good conscience vote for the measure because it is overloaded.

The Senator from Delaware, the Senator from Nebraska, and I have pointed out some of the serious defects that exist in the measure as it is now pending before the Senate.

I might say furthermore that I do not think it is calling a spade a spade to talk about no one being able to live on $1,600 a year. That is not the proposition before the Senate at all. What we are considering is a total welfare package which amounts to perhaps up to $3,500 to $4,000 a year.

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. BOGGS). The Senator will suspend for a moment. The Senator from Massachusetts is correct. The Chamber is not in order.

The Senator may proceed.

Mr. MILLER. What we are talking about is a total welfare package of which $1,600 is merely a part. If one wishes to be realistic about it, we are talking about a package consisting of $1,600 for a family of four, plus food stamps, plus State supplements, plus medicare, and in many cases, plus public housing, with a total welfare package coming to $3,500 to $4,000 a year for a family of four. So let us not talk about nobody being able to live on $1,600 a year, because nobody is being asked to live on $1,600 a year.

I deeply regret that a parliamentary maneuver was entered into by the proponents of the pending amendment which has placed it before the Senate without the Senate having an opportunity to offer a single amendment to it, to modify it so that some of those serious deficiencies which have been pointed out, and which Senators can read about in the RECORD, could be removed from the pending amendment.

I think the record will bear out that I was one of the members of the Committee on Finance who worked day in and day out to try to give this measure a chance, to try to perfect it, and to put in modifications of the kind the Governors' conference wanted. Unfortunately we were on the losing side when we sought to add the measure as an amendment to the pending bill.

I might say further that at the time the vote was taken in committee the understanding was that, if it were added to the pending bill, the committee during the next several days would have an opportunity to go over it paragraph by paragraph and to work some modifications into it. We never had that chance. So when this amendment was being talked about as prospective legislation to the social security bill during debate before the full Senate a good many of us hoped it would be offered in a manner which would enable us to offer modifications to it by way of amendment. But those who promoted this amendment saw fit, for their own best reasons, not to put it before the Senate that way and to use a parliamentary device, legitimate though it may be, under which the Senate cannot do a thing about it except vote it up or down.

Mr. President, this is too important a measure to be put before the Senate on such a simplistic basis. The Senate is far more sophisticated than that. Welfare recipients are deserving of far better treatment than that. Those paying the bill, the taxpayers, are deserving of far better treatment than that.

I think the chairman has well gaged the temper of the Senate by stating that if this is going to be the way it will be handled, we are not going to get a vote on it, so let us get on about our business and preserve what can be preserved, and then we will hope we can do something about the welfare package next year.

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

Mr. MILLER. I yield.

Mr. LONG. Mr. President, I am sure the Senator heard the statement made by the able Senator from Connecticut, as I did, that the President, the chairman of the Committee on Ways and Means in the House, and the ranking member, have indicated that if this bill dies, they would send us early next year a social security bill seeking to make payments retroactive to January 1.

It is well to point out that if this bill should pass, even this will be retroactive, because beneficiaries would get their increases on April 1.

If the Senate does not pass this bill and the House sends us a new bill next year, there is no reason why Senators who are trying to do something about jobs in their States would not offer a trade amendment on that bill, or why that bill might not become involved in a controversial family assistance plan, again modified, and by the time that battle is finished in the Halls of Congress it might be August before those people get checks, retroactive though they may be. They would be another 5 or 6 months waiting for something to which they are rightfully entitled.

Furthermore, some of those people will die between January and August, with the result that those people never would get the increase to which they are entitled.

So I would say to the Senator that when one looks at the facts of life that exist today, what is practical and can be done, if the Senate insists on continuing to tie up this bill with trade legislation and a family assistance plan, a social security bill will not become law this year. If Senators are determined to have their way about family assistance and trade legislation, there is no reason

to think the same determination will not prevail in the next Congress, with the result that Senators could be equally as adamant, so the bill might not become law next year.

Mr. MILLER. Mr. President, the Senator made a very valid point. He might have gone further and pointed out, apart from the things he has been discussing, that the Committee on Finance, after many long days, made some real and constructive improvements in the medicare and medicaid provisions and old-age assistance provisions; and if these are scuttled they will not take effect for some time. These are the kinds of changes that should take effect "yesterday." That will be delayed also.

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

Mr. MILLER. I yield.

Mr. LONG. Is it not true that the Ribicoff-Bennett amendment, pending at the desk, does not go into effect as far as any beneficiary is concerned, until January 1972, anyway; and as far as the 14 million people it would add to the welfare rolls, they do not start getting those benefits until July of 1972; and there is nothing to keep Congress from passing it during the 18 months between now and the time the beneficiaries would get those checks?

Mr. MILLER. The Senator is correct, but in fairness I should respond by pointing out we all know it will take probably 1 year for the department to crank up the machinery necessary to put a far-reaching welfare reform plan into effect. In fact, this is one reason why the Senator from Connecticut was very adamant about a pilot testing program, because such a program could isolate some defects, not only in administration, but also defects, perhaps, in the law, which would enable us to take some action on this before it went into effect finally.

I think the Senator's real point is that there is more of an immediacy problem in social security, medicare, medicaid, and old age assistance than a welfare reform program which will not take effect until January 1, 1972, at the earliest.

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

Mr. MILLER. I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I asked the Senator to yield so I could reply to our distinguished chairman instead of a point raised by my distinguished colleague from Iowa.

The chairman is correct that there is nothing to prevent those interested in trade legislation from placing an amendment in the social security bill or the family assistance program.

I am deeply bothered that we have tied together so many programs in one bill. In all candor, there is not a single program in this huge bill that legitimately does not deserve extensive debate that would extend over 2, 3, or 4 weeks, because they are all complex matters.

But the family assistance program was before us for 16 months; it passed the House, as the trade bill passed the House, but we had full hearings on family assistance before the Committee on Finance. When it came to trade we had hearings that lasted 2 days. Trade is a very important factor in our Nation. I believe those interested in trade legislation should have a full set of hearings. A trade bill legitimately should come from the Committee on Finance, standing by itself. It should be given early priority, just as the family assistance program should be given early priority.

And I wonder if the time has not come to consider the rule of germaneness, instead of making it possible to put every possible amendment onto every piece of legislation.

One of the great tragedies that has taken place in the last few weeks in this body is that we as a body have shown our complete impotence to take care of problems that a democracy must deal with. Here we are as a legislative body going toward the 21st century with the rules and regulations and procedures of the 19th century. We are acting in the Senate today as if this were the age of Daniel Webster, at a time when problems keep pushing against us for solution and every institution in the world is under attack and every institution is being pushed for change. Whether such institutions live or die depends on whether those in charge of the institutions have the intelligence and foresight to understand the changes that they themselves must put into effect to assure that our institutions live. At a time when our institutions, when our Government, when corporations, when labor unions, when universities are being pushed for changes, there is no reason for us to sit here in our smugness and think that, because we have done things a certain way for 150 years, that is good enough for the future.

There is much soul-searching to be done by us. This is an institution which has proven its value, but if this body of 100 men and women are unable to understand each other and the great changes being faced by the United States and the world, we are dealing a blow to our precious heritage of free government. The Senate is a great institution. But it will not stay great and it will not be great if we continue to do in the future as we have done in the past month.

Mr. MILLER. Mr. President, I might add just a footnote to what the Senator from Connecticut has so eloquently said, and that is that if we are going to make a change in the rules, one of them should be in a rule which prohibits a major piece of legislation, such as the one we are now considering, from having one single amendment filed to it. I would suggest there are those who might refrain from following that rule, but if it were a rule, it would be a rule which was legal, and I would like to see the present rule changed. So if we are going to make some changes, let us make changes across the board, instead of making one change here or there.

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

Mr. MILLER. I promised to yield to the Senator from Vermont (Mr. AIKEN). I will yield to the Senator from Connecticut later.

Mr. AIKEN. Mr. President, I would like to see most of the Senate version of H.R. 17550 enacted into law, and I would vote for most of it. I would vote for the Ribicoff-Bennett amendment if I had had the chance and felt that by approving those provisions we were not killing the whole bill.

However, I believe that if we undertook to act on the whole bill now we would not accomplish any of it. There is no possibility of its becoming law, and every one of us here knows that. I do not want to go home and face the people, many of whom depend almost wholly upon their social security checks. I do not want to go home and face those people who are so dependent and so helped by the medicare law, or would be helped by the medicare amendment proposed, and tell them that I voted to kill their social security increase and their increased benefits from medicare because I could not get everything I wanted. I think that would be a pretty shameful thing to do.

So I am going to vote for the Long motion, although, as I have said, I would like other parts of the bill. We are coming back into a new session some time next month and will have a chance to act on these other sections of the bill then. But I certainly hope we do not have to go home now and tell these people who are dependent upon social security and medicare that we turned our backs on them because we could not be big shots and get everything we wanted at this session.

Mr. MILLER. Mr. President, I yield to the Senator from New York (Mr. JAVITS).

Mr. JAVITS. Mr. President, I appreciate the sincerity and the truth of what the Senator from Connecticut (Mr. RIBICOFF) said to the Senate a few minutes ago, but I do think a few points should be touched on as to what faces us, and one is the key place of the so-called rule XXII controversy, which will break out again in January, and, second, the key place of the administration in everything that is happening here.

On the first, with respect to rule XXII, I agree with the Senator from Connecticut that if rule XXII is not changed, we are governed by a two-thirds vote, and not by a majority vote, and until we are governed by majority vote, with reasonable opportunity for debate, we will run into these roadblocks. Not very often, but on occasion I have used the provisions of rule XXII. That is symptomatic and characteristic of the fact that the reform will have to be a basic reform, a reform of the rules which we will all accept. With others, I will be one of the prime movers in January to reform rule XXII. I rose only to emphasize the key part of the rule. We modified it once. Obviously it was not enough. It was one of the reasons why I joined others in this procedure, although I began to doubt whether we should keep on the same old track, in the plan to challenge the existing rule XXII, which we will again try to change in January.

As to the administration, I hope very much the administration will play its part in the next few days. We need to know whether the administration will accept an assurance that FAP will be one of the first matters considered in the next session. We need to know whether the administration agrees with me, with the Senator from Connecticut (Mr. RIBI-

COFF), and others, that it is a great mistake to discuss this trade issue, on which people like myself may well get licked. I give the Senate my assurance that in the new session we will make no effort such as we are making now with respect to the consideration of the bill. If the country, after an opportunity to talk it out and hear it out in terms of hearings, wants quotas, then I certainly will not be so un-American as to put myself in the position of thwarting its will, although I think my country would be making a great mistake.

So I hope we can come to an accommodation, not only on our part, but on the part of the President who has a very important part to play here.

If the Senator from Iowa (Mr. MILLER) will indulge me 1 minute further, I call my colleagues' attention to the fact that the New York Times, which has not been overly kind to the Republican administration, as we all know, nevertheless wrote an editorial the other day pointing out that the lameduck session, much to its surprise, and to mine, had accomplished some good, such as enactment of the broker-dealer bill which is critically important to the security of our country.

I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE LIVELY DUCK

The unusual post-election session of Congress was expected to be a lame duck, but it has proved much more lively than lame. The productivity of both houses has been obscured by the spectacular impasse which the Senate Finance Committee created when it merged several unrelated bills into one huge unmanageable package.

In the last month, Congress has enacted or reached virtually final action on nearly a dozen significant measures. The Housing bill is considerably more ambitious than the Nixon Administration desired this year and its new provisions for the financing of new towns may have considerable impact on this nation's future urban growth.

The Occupational Health and Safety Bill is an unexpected triumph for the House-Senate conference committee system which has been the subject of much justifiable criticism of late. Only the sunniest optimists really expected a bill to pass this year. But after several arduous sessions with Administration, trade union and industry lobbyists hovering about, the conferees reached compromises on several bitterly contested issues. For the first time, workers can now look forward to effective, federally enforced safety and health standards where they work.

The manpower bill which President Nixon unwisely vetoed is another significant accomplishment. As almost any Mayor could tell the President, there is no alternative to federally financed public service jobs to meet the double crunch of rising unemployment and unbalanced municipal budgets. It is difficult to reconcile Mr. Nixon's veto attack on dead-end WPA-type jobs with his solicitude for the survival of financially shaky aerospace companies. Apparently, one man's Lockheed is another man's leaf-raking.

The House and Senate also reached agreement last week on the Air Pollution Bill with its stringent requirement of a pollution-free automobile by 1975 and its tough standards for new power plants and manufacturing plants.

Until recently, Congress's recent approval of a sizable Federal program to assist family planning would have been regarded as a breathtaking accomplishment. It is highly significant that population control has now ceased to be politically controversial. Congress in the last several days has also completed action on bills to insure the brokerage accounts of small investors, extend aid to the bankrupt Penn Central Railroad, improve the law-enforcement assistance provisions of the Crime Control Act of 1968, and amend the food stamp plan.

Only the food stamp bill remains in doubt. Representative Poage, Texas Democrat, and his conservative colleagues on the House Agriculture Committee finally made some substantial concessions on their atrocious bill, although it remains inferior to the compassionate, constructive bill put through the Senate by Senator McGovern. Forty years after the Great Depression began, the most durable illusion in Congress is that poverty is due to an individual's moral failings. No amount of government coercion or food stamp blackmail can make men work who either cannot or will not work.

Yet if this lame-duck session has stepped lively and accomplished more than might have been predicted six weeks ago, the failure of the Senate to overcome the irresponsibility of its Finance Committee casts a dark shadow over the session and, indeed, over the good repute of representative government in this country. Whatever the fate next week of the welfare reform or the import quota bill, the Senate leadership in the new Congress has to look squarely at this problem and seek effective answers, whether they be revised procedures in the Senate or new members on the Finance Committee or both.

Mr. JAVITS. Mr. President, other things can happen, as the Senator from Vermont pointed out, if we give them a chance. So, in spite of my deep feeling for FAP, I, too, am beginning to have the feeling that I shall vote for the motion in order to do something instead of accepting the certainty that we can do nothing. But, in order to do it and make it successful and make it whole to the American people, I feel the administration must play a part, and I hope very much it will.

I thank my colleagues very much.

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

Mr. MILLER. Mr. President, may I just make a comment to the Senator from New York?

Mr. JAVITS. I yield to the Senator from Iowa.

Mr. MILLER. I know that the Senator from New York feels very strongly about rule XXII and the need for a change. Perhaps I did not quite accurately hear what he said, but I gained the impression that he might be suggesting that rule XXII is un-American.

There are a good many Members of the Senate who feel very strongly about rule XXII, who also feel very strongly about majority rule. Of course, we all know that a mere simple majority of 51 Senators here in the U.S. Senate may well not reflect more than about a third of the people of this country—perhaps only 25 percent. If we are really interested in the most important majority, which perhaps is the majority of the people of this country, we might find 18 Senators who could stand here and represent the majority of the people of the United States; but I do not think most of us would want them to decide issues in the Senate.

It seems to me that rule XXII has weathered the storms over the years. I know when I first came to the Senate, and we invoked cloture, I think it was in 1961, that was the first time in about 35 years that the Senate had invoked cloture. But in the last 10 years we have invoked cloture nine or 10 times. So that shows that when there are really important measures, and especially if they have bipartisan support, we can get the job done when the time comes.

The Senator from New York well knows that every time he files an amendment to rule XXII, he always finds an amendment to his amendment filed by the Senator from Iowa, agreeing to a change to three-fifths of the Senators, provided that a majority of the Members on both sides of the aisle have joined in it. The reason, of course, is so that a ruthless majority will not be able to choke off debate by the minority.

I would like to see a change in the cloture rule, but it would have to be coupled with that proviso. I would suggest to my friend from New York that, strongly though he may feel about a change and the need for a change in rule XXII, we have some colleagues who do not want any change at all, and I do not think we should attribute to them any less love of the Senate and love of our country than we ourselves share.

Mr. JAVITS. Mr. President, will the Senator yield for a clarification?

Mr. MILLER. I yield.

Mr. JAVITS. I did not apply the word "un-American" to rule XXII, or to anyone who believes in it, which I do not. The proper word is really "irrelevant." I happened to apply it in terms of my own feeling that to block arbitrarily a vote, even on trade quotas, which I think would be a disaster to our country, would in my judgment be against the national interest in trying to get things done.

What is relevant to rule XXII is that no proposal that I know of, including the one which, with the Senator from Michigan (Mr. HART), I espouse, the so-called Douglas clinch, does not have a provision that before cloture on anything there be a minimum of 4 weeks' debate, and up to 6 weeks' debate.

It seems to me that if we want to get things done, ultimately, after debate, elucidation, education, and public discussion, we must come to a vote. That is the rule that is hamstringing us in terms of getting the public business done. That is all I said.

Certainly no Senator has a right to make a moral judgment as to whether this or that is un-American. Calhoun felt that the idea of a concurrent majority was essential to the future of our country, and had I been in the Senate then, I would not have considered him un-American. This was his considered best judgment as to what was in the highest and best interests of our land. I grant him or any other Senator full moral equality with myself as to judging what is best for our land.

I do not feel that any Senator who favors the filibuster rule is un-American or against American tradition, or anything like that.

Mr. MILLER. I appreciate the clarification. I ask the Senator, is not what he

is really saying this: That with the short time remaining for the Senate between now and the last day of this Congress, it would be, to use his language, against the best interest of the country to be arbitrary?

Mr. JAVITS. That is correct.

Mr. MILLER. And he indicated that after we had time, which we will have early next year, to debate this matter at great length and analyze it forward and backward, then, but not until then, we would be able to say we had not acted arbitrarily?

Mr. JAVITS. That is exactly right. And, for example, to add just one word, Brimmer of the Federal Reserve gives us figures as to what it will cost the consumers of this country to put quotas on foods and textiles. No one here has been able to test those figures either up, down, or sideways, except in the most cursory and on-the-surface manner, because we simply have not had the time and opportunity to do it in depth.

Mr. HOLLAND. Mr. President, will the Senator yield to me?

Mr. MILLER. I yield to the Senator from Florida.

Mr. HOLLAND. I thank the Senator, and compliment him as well as the Senator from New York, because I, too, agree that what we have to consider now, with the very short time remaining, is how to get worthwhile things done; and that is what should occupy the attention and time of the Senate during the few days and hours remaining.

I am not going to talk about rule XXII. I think the Senate knows how I feel about it, and yet I doubt if many Senators remember that a number of years ago I suggested on this floor that rule XXII not be applied to defense measures, and that a simple majority be permitted to bring debate to a close with reference to matters vital to the Nation's defense.

But, Mr. President, to come back to the motion of the junior Senator from Louisiana, the Senator will remember, though I cannot go into the details of our closed session of some 2 or 3 weeks ago, that the Senator from Florida then made substantially the same suggestion as has now been made by the Senator from Louisiana. Of course, I agree with him, and, of course, I shall vote with him. I think that the thing we should do is recommit this overburdened legislation—overburdened by amendments—back to his committee, with adequate instructions to report it, so that an immediate conference can be held with the House of Representatives, and particularly so that the much-needed increases to the recipients of social security can speedily go into effect.

I am told there are something like 26 million recipients of social security. Some Senators spoke of the need of doing something for all the States. I cannot think of anything which would help the people in every State—thousands and thousands of them, even in our smaller States—to a greater degree than to help them out somewhat through the improvement of their social security payments.

So I commend the Senator from Louisiana, and I shall support his motion.

Mr. President, while not saying anything adverse about the amendment of the Senator from Connecticut, I call attention to the fact that it is 139 pages long, and I call attention also to the fact that the distinguished senior Senator from Delaware has pointed out obvious defects in it, which cannot be reached under the parliamentary situation.

I was an original sponsor of the trade amendment in the form of a separate bill, offered by the Senator from South Carolina (Mr. HOLLINGS) and others. I am interested in that amendment. But I think that, putting first things first, the motion of the Senator from Louisiana for recommittal with instructions should be agreed to, and I think that the record ought to be perfectly clear now as to who it is, if anyone, that will hold up payments to the recipients of social security in the increased amounts that the social security portion of this bill provides.

It will not be the Senator from Louisiana. It will not be those who support his motion. It will not be those who want to support his motion if no vote is permitted because of lengthy discussion. It will be those who, by one means or another, oppose the motion of the Senator from Louisiana. The Senator from Florida stands ready to support it and then to support the shortened bill when it comes back, so that it can go to an immediate conference, and he hopes that the Senate will do just that. It is the only way we are going to get something done which is of immense importance to 26 million American citizens, many of whom are living under circumstances in which they need more money simply to live, simply to exist.

The Senator from Florida commends his distinguished friend, the Senator from Louisiana, on his motion, and hopes that Senators will permit it to be voted upon shortly, and that we shall then move ahead along the course suggested by the Senator from Louisiana.

I thank the distinguished Senator for yielding. I simply wanted to support him in his position and also to support that part of the statement made by the Senator from New York in which he made it clear that if we are to get anything done, that is the only way we are going to get it done.

I thank the Senator for yielding.

Mr. MILLER. I appreciate the comments of the distinguished Senator from Florida. As usual, he has cut to the heart of the problem and has done his level best to get on with the business of the Senate. Had it not been for him, I am afraid we would not have gotten to the business of the Senate on a great many previous occasions.

Mr. President, I yield the floor.

Mr. KENNEDY. Mr. President, I have been listening to the debate for the last hour or so, and I still find that those who are expressing sympathy for the proposal that has been put forth by the distinguished Senator from Delaware and the distinguished Senator from Louisiana, in terms of effectively stripping all the provisions of this bill, with the exception of social security, are singularly unconvincing.

I think the arguments of the distinguished Senator from Connecticut still remain. It is a fine hour, when everyone stands up here and talks about the importance of increasing social security. There is not a Member of the Senate who has not understood that for the last year or the last 2 years. Suddenly, in the final few hours of this Congress, they say, "We know what has to be done; we have to take care of the social security recipients," and therefore try to say, "If you don't vote for this, you're really against those who need social security." In effect, that is what is attempted to be done.

The Senator from Connecticut has pointed out—and I must say it has been interesting, because with the exception of himself, and sometimes the participation of the Senator from Utah (Mr. BENNETT) and the distinguished Senator from Oklahoma (Mr. HARRIS), only a few voices have been raised by the President's own party in defense of this proposal. I might add that the President deserves credit for that proposal because there is a great need for it.

We perpetrate a fraud upon the American people by suggesting that we will not act and act responsibly to increase social security, or that we cannot do so or will not do so in the next session of Congress. The fact remains that I think we have a responsibility and an obligation to act on the President's program on family assistance. I do not think it is persuasive to say, "We are not really getting into the question of whether it will become law. We do not have to take statements made by the members of the opposite party that suggest we are not going to act." This body has a responsibility to act on this matter. We can wrestle around here all hours of the day and night listening to the parliamentary gymnastics of our good friend, the Senator from Delaware, and other different proposals, always expounding the thesis that they are ready to vote; but as we know, the fact remains that they are not ready to vote. It is an obstructionist tactic, and we are denying our responsibility to the American people in not being able to act.

It is as clear and precise as that, Mr. President; and I think the Senator from Connecticut has pointed this up very well, not only in his comments this afternoon but throughout the debate on this issue over the past weeks.

I would hope that those who are in the White House, who have threatened to call Congress back on January 4, would instead use their influence to try to marshal the kind of support for the votes to see whether we can find some way to meet our responsibility to the millions of Americans who are living in the most destitute conditions and are crying out for some kind of help and assistance.

I ask the distinguished Senator from Connecticut, is it not true that, in effect, if this family assistance program is killed, under the amendments that have been taken by the Finance Committee, we will be thrown back to some punitive and degrading features in the welfare system—for example, the residency requirement, and the man-in-the-house rule?

Mr. RIBICOFF. The Senator is correct. I was under the impression that the chairman struck out those provisions of the bill that had to do completely with welfare, but this is not so.

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

Mr. KENNEDY. I yield.

Mr. LONG. This motion does not strike what the committee proposed to do with regard to residency requirements.

The committee proposal with regard to the residency requirement would say that the State from which the welfare recipient is receiving welfare benefits would continue to pay him for 1 year after he leaves that State, during which time he would acquire residency to have benefits paid by the subsequent State.

The Senator will note that the number of people receiving AFDC assistance increased sharply after the Supreme Court decision on residency and the man-in-the-house rule. I suspect that the Senator will find that a great many of those people are on the welfare rolls twice—once in one State and once in another.

Mr. KENNEDY. Mr. President, as I understand——

Mr. RIBICOFF. The Senator is correct. I was under the impression that what the Senator was doing was striking out all but the social security provisions, and the argument was that we were going to make sure that 26 million Americans were going to get the social security provisions. But, apparently, the Senator has not done this. He is putting up to a vote, eventually, the most retrogressive, the most reactionary, the most punitive type of welfare legislation in the entire history of the country, and it is a disservice to the U.S. Senate; because I think most of us, including myself—and I thank the Senator for bringing it to our attention—were under the impression that what was being done was merely giving us an opportunity to vote on social security, which apparently is not the case.

Mr. KENNEDY. Furthermore, would the Senator from Connecticut enlighten me on this: Are not these the provisions about which the Supreme Court has expressed an opinion in terms of their constitutionality or their basis in law?

Mr. RIBICOFF. Certainly.

Mr. KENNEDY. So, in effect, we not only are stripping away all these other provisions, but also, we would be getting the reprehensible features which the Senator from Connecticut has just identified.

Mr. RIBICOFF. The Senator is correct. The Supreme Court of the United States struck down both the man-in-the-house rule and the residency requirements. By some legerdemain, the Finance Committee wrote in, by a change of language, restrictions trying to avoid the Supreme Court decisions. I would be shocked and surprised if the Supreme Court would sustain the action of the Finance Committee, which, in my opinion, is just as wrong as the provisions stricken down by the Supreme Court of the United States.

Mr. KENNEDY. Will the Senator agree with me that if we were to vote for the proposal to strip these other provisions from the bill, in effect, we would be taking some kind of action that would show almost tacit approval?

Mr. RIBICOFF. Without question. But, in fact, I believe that a majority of the Senate is filled with compassion. I believe that a majority of the Senate wants justice to be done to the poor of our Nation. What we would be doing under the guise of helping people on social security would be to punish millions of Americans without their knowledge. That is what we would be doing by this action.

Mr. KENNEDY. It would certainly appear to me that by this action the entire membership of our party should have a fair knowledge in their own minds of what we are doing. As I mentioned before, I do not think we have to hear time and time again about the need for social security. Everyone knows there is a great need for it and we should act on it. We are willing to, and we must act on it. But also, as the distinguished Senator from Connecticut has pointed out, we would be instituting the kinds of adjustments and changes which I think are unconstitutional and which I feel are reprehensible and which I think would be doing a great disservice and complicating further the already terribly complicated welfare program.

Mr. LONG. Mr. President, I suggest that the Senator consult the Parliamentarian about the motion to recommit. Everything that is germane to that part of the bill would remain subject to amendment. Any Senator can make his motion to strike out or to amend anything that remains in the bill. The motion to recommit was, made in order to put the bill in such a shape that it could be passed. If the Senator does not like a provision, such as the residency requirement provision, all he has to do is move to strike or to amend it.

But now we have been debating for days on the trade amendment, and on the family assistance amendment. We are still debating an amendment to the first amendment which is an amendment to the trade amendment and we will never conclude debate. We will reach adjournment without any action. This is the 28th day of December, and 1 day between now and the time we adjourn is Sunday, which means that we have only 5 days during which the Senate can act, and that is assuming we can arrive at an agreement between House and Senate, and then agree to what the conferees have done.

It would be my hope that if this motion is agreed to we could get a time limitation on the various amendments. We could get a limitation of 1 hour to be equally divided, perhaps, or if a Senator wants to pick out some particular amendment he does not like, we could make it 1 or 2 hours, and provide time on each amendment and vote on them and bring the matter to a conclusion.

I am satisfied that positions on the trade amendment are such that we will not reach a vote on the trade bill, nor on the family assistance program. Therefore, we should try to see that as much as we can be done is done to provide these benefits for the people.

The Senator mentions that we did not strip this bill to titles 1 and 2. I would hope that we would not want to take out all the good that is in the other titles of the bill, all that we provide for little children, such as the increased matching for day care purposes from 80 to 90 percent. I would hope that we would not strike out what the bill provides for the aged, such as the minimum of a $130 income for the aged on public welfare, if they have no other resources. I hope the Senator is not against that, or what we provide for with regard to migrant workers, the bill requires States to have a program with 75-percent Federal matching for the expenses of caring for migrant families with children. I hope he is not against that. I am sure that he would be for it.

There are many other things which are good in this bill and they should be voted on. There are some things we should do to tighten up on the welfare mess. For that is what it is, a welfare mess. A majority of people who talk about welfare call it that. Among other things the mess means that we have millions of people on welfare who do not belong there.

A woman in Louisiana was recently arrested. She was on the welfare rolls four times and was applying a fifth time when she was arrested. There was a young girl in California, who was a member of what is called "Cheaters, Incorporated," I believe, and she had gotten on the welfare rolls 10 times in Alameda just to show how easy it was, and she was not eligible at all. These kinds of things should be corrected somehow. Some effort was made by this committee to try to do something about these things.

The Senator says the residency requirement is vicious. Well, whatever the Senate wants to do is all right with me. What we said on the committee was that it was all right to be on the rolls just one time, and in one State, but if they leave from one State and go to another, then the State from whence they came would pay for another year until they had achieved a residency requirement in the other State.

The General Accounting Office took a sample of 600 cases in New York and some 14 percent of these were totally unqualified. Even New York itself agreed that 11 percent were not qualified, and that they should be looked into. That is what, from the viewpoint of a lot of people, is meant by the welfare mess. There are millions on the welfare rolls who do not belong there and the only way to correct it is to put only those on who belong there.

I hope that we can do all the things the bill seeks to accomplish; that is, to help the 26 million people who need social security, and to provide for migrant workers, and to provide for children and day care centers, and to help the old people of this country. All these things should be done.

I am frank to say that I do not think any responsible committee looking at the welfare mess would fail to note that there are many people on welfare who have no real claim, title, or justification for being there. Nor do I think a responsible committee would want fathers who desert their children to be free from supporting their children.

As to the Federal court decisions, one decision says that we cannot even insist

that the mother tell us who is the father of her child.

Mr. TALMADGE. If the Senator will let me interject there, there is another court decision where the welfare investigator cannot even go into the home to investigate the family status.

Mr. LONG. That is correct. Imagine that. Here is the court telling us that Uncle Sam has to support the child, yet the mother can refuse even to tell us who she thinks the father of the child might be.

I believe that, as a part of correcting this welfare mess, we should tighten up on the loose ends and perhaps loosen up on the tight ends. We can do a lot better by putting people on the rolls who belong there and taking those people off who do not belong there.

In any event, if there is anything the Senate does not like about this bill, they can vote on it, and that will be that.

Mr. SCOTT. If the Senator would yield me a moment, because I have not taken my share of this debate yet, and some Senators have been overburdened with the responsibility, I would like to say in response to my friend, the assistant majority leader, that I would not worry about the blame for the delays. There is plenty of blame to go around for everyone. Everyone can dip in and have some, because the reason we have taken so long and the reason we have not been able to act is due to a multiplicity of fears and the many concerns among various Senators, some so-called free trade Senators who are determined not to let this matter get to a vote for fear some trade legislation will get in it.

Other Senators have an interest in textiles, but not in shoes, or in shoes but not in textiles. Some do not care whether they wear anything or walk in anything whatsoever.

There are some that do not want the family assistance program. There are others who do.

Some Senators want social security in its pristine and virginal form as it left the committee—if that was a virginal form, which I must doubt. Other Senators wish to make certain amendments.

The Senator from Massachusetts and I, I believe, will vote the same way on this amendment. We will vote against recommittal to strip the family assistance program from the bill.

I would like to see it there.

We are confronted with a condition and not a theory. The condition is that we are not getting anywhere. The theory is that we wish we would, but we have 100 different opinions on the matter.

We are worse off than the character described by the late Stephen Leacock who got on his horse and galloped off in seven different directions.

I think it is not necessary to say that one Senator is holding up the bill. In my judgment, everyone is holding everyone else up.

The Senate, instead of increasing the level of its edifice in the public regard, is engaged in holding up each other and mysteriously—perhaps not so mysteriously—lowering its edifice in the public mind.

The Senate is in a mess. It is about to vote on a motion to recommit which probably will pass. When it does, we will go on to the matter of social security and decide whether we will accept that measure or not.

Mr. President, I hope that, should this come down to a point where we can discuss only social security and its amendments, we will adopt and accept it and send to the other body—if we can find them—a workable bill. I think that we shall have to hurry because the stories are that the other body is in a mood to be rather peripatetic by tomorrow night. While they cannot adjourn without us, they can leave without us. We are having trouble getting a quorum, or will have. Therefore, I would hope that the motion to recommit would not pass. My own judgment tells me that it probably will. If it does, let us at least get as much business done as we can. But, more important than anything else, let us have, before we drop this bill, an assurance from the chairman and the ranking minority member of the Ways and Means Committee of the other body that they will bring it up promptly in the beginning of the next session and act promptly on it and send it over here.

I would then hope that the majority leader and I could deliver certain assurances to this body which I have not had a chance as yet to discuss with him. However, he is on his horse and will be here in a few minutes. I hear the gallop of approaching hooves at the moment. I think that we will be able to make some statement about the matter.

Mr. President, last year, on the floor of this Senate, I had the privilege of introducing the Family Assistance Act of 1969 (S. 2986). At the time, I noted that "This bill constitutes one of the most important domestic initiatives which the Nixon administration will undertake," and that it was vitally essential to the successful implementation of the President's stated goal, to "assist millions of Americans out of poverty and into productivity."

Nothing that has happened during the intervening 14 months—none of the testimony offered during committee hearings or the seemingly endless spate of words that have been written about this legislation—has caused me to alter my position. On the contrary, I am more convinced than ever that a complete overhaul of our welfare system is long overdue.

The family assistance plan is the vehicle through which this can be accomplished. It represents an idea whose time has come.

Our present welfare system is collapsing of its own weight. Only within the past decade, the cost of the program of aid to families with dependent children—AFDC—has tripled while the number of recipients has doubled. And yet, in spite of our largess, there is no end in sight.

In my own State of Pennsylvania, in the 1-year period from April 1969 to April 1970, there was a 23.7 percent increase in the number of AFDC recipients and a 51.9 percent increase in the amount of payments. Where will it all end?

Worse, still, inequities built into the system continue unabated. How can we justify a program in which the State of residence is a more important criterion than the state of need in determining the level of benefits?

What we have today is a program impossible to administer equitably, which imposes an increasingly heavy financial burden upon the taxpayer, and which does not do the job it was designed to do in the first place.

We have long since passed the time when anyone would suggest that a solution to the welfare problem lies in making assistance difficult to get and unpleasant to take. But it appears that unconsciously, at least, this is exactly what we are doing. Unlike the quality of mercy that blesses both the one who gives and the one who receives, public welfare today demeans both.

The present welfare system, designed as a temporary expedient, emerged from the depression of the thirties to cope with the problems of the thirties. It is an anachronism that should long since have been laid to rest.

It was established as an optional State program to provide assistance to specific categories of the financially indigent—the blind, the disabled, the aged, and dependent children and their guardians. Initially, able-bodied male workers were not eligible for assistance.

Despite the fact that large-scale unemployment, such as was witnessed in the thirties, is not an issue today, the poor are still with us. Moreover, notwithstanding our substantial economic growth, we now accept the fact that there will always be poverty and unemployment even in the midst of plenty. Even in 1968, a good year in terms of employment opportunities, monthly unemployment averaged 2.8 million workers.

The program of aid to families with dependent children, to which I previously referred, was designed primarily for families in which the father was absent or incapacitated. It has since been amended to provide, at the State's option, assistance to families with unemployed fathers. However, only half the States have exercised this option. The result is that some families receive more from AFDC benefits than families headed by employable men receive from earnings.

The net effect has been to encourage the breakup of families in order that they might qualify for public assistance. If ever a program ran counter to the intent of those who enacted it as well as those charged with administering it, this is it. It is completely indefensible.

What we have created, in effect, is a two-headed monster which, on the one hand, encourages family breakup and, on the other, penalizes those who work. I have yet to hear a satisfactory explanation of why income from employment and receipt of public assistance should be mutually exclusive.

Our present hodgepodge of welfare systems also suffers from a lack of uniformity. Welfare programs are actually State programs that receive Federal matching funds and operate within loose Federal guidelines. The not surprising

result is that systems differ from State to State in such essential features as coverage, benefits, and administrative practices.

With all of these negative features, it is a wonder that the program has survived this long. But there have been two factors working in favor of the status quo—inertia and the lack of innovative, viable alternative which goes to the heart of the problem instead of treating the symptoms.

We now have for our consideration what has aptly been termed the most innovative social legislation of the past 30 years. All we have left to contend with is our inertia.

Some may justifiably argue that change is not necessarily progress—and with that philosophy I must agree. But let us look at what the legislation does contain.

The family assistance plan now before the Senate calls for payments to all families with children having incomes below stipulated amounts. At the same time, it encourages employment by requiring registration for work or training, while permitting recipients who are employed to retain a portion of their earnings. These features, together with the establishment of national eligibility standards and some measure of Federal administration, make this legislation more than change just for the sake of change.

I am particularly pleased that the Governor of Pennsylvania, the Honorable Raymond P. Shafer, and the Governor-elect, Milton Shapp, have given their wholehearted endorsement to the Family Assistance Act of 1970.

While much of the discussion concerning this legislation has focused on its impact on families with children, we should not lose sight of title XVI which provides for grants to States for aid to the aged, the blind, and the disabled. One of its provisions calls for cash assistance in an amount which would guarantee an income of $110 per month per recipient. In addition, the earnings exemption for the disabled has been liberalized, making it consistent with that already in effect for the blind.

There is only one aspect of this bill in which it is vulnerable—it is not perfect. I submit, however, that if we wait for perfection, we will be discussing these same issues next year, and the year after that, and the year after that, ad infinitum, while welfare costs and human misery grow apace. And, even then, we would only be postponing the inevitable.

While perfection is an ideal toward which we must always strive, it is not a realistic goal in terms of any legislation, and certainly not in terms of an undertaking as massive as this.

I suggest, therefore, that the question should not be: "Is it perfect?" but rather: "What is the alternative?"

With whatever imperfections it contains, the family assistance plan does provide fiscal relief for financially hard-pressed States; it does raise benefit levels for recipients in areas where they are the lowest; it does combine work requirements with work incentives; it does reduce inequities inherent in our present welfare system; and it does establish a national minimum payment, national eligibility standards, and national methods of administration. This is no mean achievement.

For the first time, all States will be governed by the same set of rules, and each will have the option of contracting for Federal administration of both the supplementary payments and the adult category programs. In addition, the Federal Government would reimburse States for any costs resulting from this legislation in excess of 90 percent of their actual expenditures for calendar year 1971, plus a factor for cost-of-living increases.

What is the alternative? If there is one, why has it not been produced since the President introduced FAP in August 1969?

There is one additional aspect of welfare reform that has not been emphasized sufficiently. Ordinarily, when we speak of the failure of the welfare system, we buttress our remarks with statistics which show the astronomical increase over the years in caseloads and cost. But there is a conspicuous lack of statistics reflecting the failure of welfare in terms of the waste in human resources.

When the President addressed the Nation in August 1969 on the need for welfare reform, he noted that "poverty is not only a state of income. It is also a state of mind and a state of health." It is this state of mind and state of health to which I want to address myself briefly.

Recently we have witnessed a crescendo of concern regarding our natural resources, and certainly no one would dispute the importance of this precious heritage. But what more important resource than its children does any nation possess? And how would one weigh our efforts in preserving this resource in terms of its collective state of mind and state of health?

In a statement last April, the President remarked:

> We all know how the present welfare system breaks up families, demeans human dignity, and condemns poor people to a lifetime on the dole.

We know that it is not unusual for succeeding generations of the same family to become so enmeshed in the welfare morass that it becomes increasingly difficult to escape. Is this to be the birthright we bequeath to children born into poverty?

As we contemplate the cost of implementing this program, may I suggest that we also consider the cost of rejecting it. The legislation before us provides both the obligation and the opportunity for meaningful welfare reform.

It has been written that "the fathers have eaten sour grapes and the children's teeth are set on edge." How many children born into poverty during the past 35 years have been reared in an atmosphere of bitterness and despair? I venture to say it is more than any one of us would venture to admit. This is a burden that no child should be asked to bear, a legacy no parent should be forced to bestow. It is our responsibility to provide a better heritage for future generations.

One year ago, I introduced the Family Assistance Act of 1969. In reviewing my remarks of that time, I am impressed by the similarity with the situation today. Only one element has changed significantly in the past 14 months—the urgency of the occasion. If we do not act quickly, we will not have the opportunity to act at all in this Congress.

We are told that there is a time to keep, and a time to cast away—a time to keep silent, and a time to speak. May I also suggest that there is a time to discuss and a time to act.

And the time to act is now.

Mr. JAVITS. Mr. President, there has been some comment about the support for the President's initiative in respect to the family assistance program from the Republican side. In my judgment, there are a number of us who are deeply convinced that this is a very essential reform and that it represents a really historic first by the President and a breakthrough equivalent to his espousal of dealing with hunger in this country, or even superior to that.

We have all been distracted, I by my deep feelings about the trade bill and others by other matters. That has not been made clear. There is, in my judgment, a vast amount of support on the Republican side for the President's initiative.

I hope that that matter will not be lost on those who write and on those who speak, because it is a fact. The tumult which has been created has been such as to make it almost impossible to voice that in a deliberate way, even by one so convinced as I am.

So, before we lock this up, I think it is very important to make that clear.

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

Mr. JAVITS. I yield.

Mr. RIBICOFF. Mr. President, I think the Senator from New York is wrong. I think that the press is exactly right. The Republicans have not given the President of the United States support on this program. Let us not have ourselves misunderstood. What support the President has had in the Finance Committee and what support he has had on the floor of the Senate has been on this side of the aisle. I do not want to stand here and say that I am the only one fighting for the program. I have been out here naked fighting for the program. There has been no help or succor from the Republicans or from the administration. We now have this motion to recommit which is altogether different from the motion that we thought was going to be made, without casting any reflection on anyone.

We now have a motion to recommit. I am curious how the Senators on the other side will vote on that motion to recommit.

The President of the United States and the Vice President went up and down this country asking for men to be elected that would support and help him. I would like to see the Members of the Senate support and help him.

Support for the President's program has come from this side of the aisle. The job that the President has to do is with the Members on the other side of the aisle, instead of beating the Members on this side of the aisle over the head.

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

Mr. SCOTT. Mr. President, I had agreed to yield to the Senator from Colorado first. However, I will yield to the Senator from New York.

Mr. JAVITS. Mr. President, I do not think that what the Senator from Connecticut has said in any way changes the matter and makes me wrong. The fact is that I said that in the tumult of this debate such support as there is over here has not been evidenced. There is support, in my judgment, for the family assistance plan. That plan has an excellent chance to win a majority of the membership of this side of the aisle.

It happens that only the Senator from Utah (Mr. BENNETT)—out of great loyalty, fine and noble gentleman that he is—felt that he could support this plan in the committee. However, I do not think that is evidence of the degree of support over here.

Second, I point out to my friend, the Senator from Connecticut, that this motion is amendable. If he does not like what is in it and if I do not like what is in it, we can amend it. There is no cloture on time. It is completely amendable and debatable.

I hope very much that we will join together to amend it so as to deal with the things that we consider to be unfair, so that we will be able to resurrect something from this bill other than just the social security aspects of the matter.

Mr. RIBICOFF. Mr. President, I give great credit to the President of the United States for proposing the program. In all candor, I do not know of any Democrat who, if he had been elected President, would have proposed it. It took a lot of courage and foresight for President Nixon to propose this program. He is subject to a lot of criticism by people who will say that these people do not deserve help.

The President had the courage and foresight to see that any society that has a trillion dollar gross national product has a certain overhead that it pays for any failures. And when we consider the 14 million people who would be helped under this program, we realize that the President was right. There are those who say that no family of four ought to have less than $1,600 a year.

I wonder if any Senator would stand up and say that no family of four is entitled to $1,600 a year.

I believe in what the President of the United States was trying to do. I do not support him because he is a Democrat or a Republican. I happen to believe in this program. I believe that the President was on the right track in proposing this most imaginative program in which he showed great compassion, a program which is likely to start us on the road toward eliminating poverty. I think it deserves more help and support from the members of his own party.

What is so ironic to me is that in the closing days we want to expedite the business of the Senate and it could be expedited by saying that what we will do is to vote on social security, because the leadership in the other body has said they will not address itself to anything but social security. What our chairman has done by his motion has been to bring this matter completely back into controversy, in which we forget the progressive parts of the President's program and substitute the most reactionary element in the last 30 years in social services in this Nation.

So now we start all over again in a vast debate in which Members on this side of the aisle have undone what they supposedly have tried to do to simplify the work of the Senate so we can go home.

Several Senators addressed the Chair.

Mr. SCOTT. Mr. President, I yield to the Senator from Iowa.

Mr. MILLER. Mr. President, the RECORD should be clear that the Senator from Iowa joined the Senator from Connecticut in his motion to get his amendment attached to the social security bill. I think the Senator from New York should understand that. There were two of us, at least, and there might have been a third. So the Republican side has not been wanting.

But the matter is not as simple as the Senator from Connecticut puts it.

He is suggesting, "Here is an amendment. Vote it up or down." But it is filled with defects. It is a disservice to the Senate to put it up to the Senate in that way. We should have a chance to work our will on amendments to the bill.

The Senator from Connecticut, by his parliamentary maneuver, in putting the matter before us in that shape, is not being helpful to the President.

Mr. RIBICOFF. Mr. President, may I say to the distinguished Senator from Iowa, if I may reply, the only reason it is in that shape is that the Senate refused to accede to the requests of the Senator from Delaware to enable the Ribicoff-Bennett proposal, to be put in the first degree. I said I would accede to this arrangement after discussion with the Senator from Delaware; and we mentioned the reason we wanted it opened up was to give the Senator from Iowa and the Senator from Oklahoma an opportunity to introduce between them, 10 to 12 amendments which they had. When this request was refused we had no alternative and this was the only way to get the family assistance program before the Senate. It was not what we wanted. We had no alternative, after consultation among the minority leader, the Senator from Utah (Mr. BENNETT) and me.

Mr. MILLER. Mr. President, had it not been for the Senator from Connecticut offering the amendment in the second degree, in the first place, the efforts of the Senator from Delaware would not have been necessary at all. So the foundation for our trouble was laid when this amendment was placed at the desk in the second degree, and the Senator from Connecticut was the one who did that.

Mr. RIBICOFF. The foundation for the trouble was when the trade amendment was placed before the family assistance amendment, and when it became subject to filibuster, and the only way we could remove the filibuster and get the President's family assistance program considered, was to use a parliamentary procedure.

Mr. SCOTT. Mr. President, I yield to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I thank the Senator for yielding. I would like to say two or three words.

First of all, I think this proves conclusively not only that coming back here after the election was a mistake, but that coming back here at this time was a horrible mistake. Many of the things that have been discussed here are really superficial. They do not get down to the basic things that are wrong here, and wrong in Congress.

There is no need and there is no reason, save and except the family assistance plan that we should have been in session after Labor Day of this year. If we would not sit around blindly and accept the "stuff" that is dished out to us, not only by word of mouth, the press, radio, and so forth, that Congress is just getting so complicated we have to be here all year, and if we would start using our heads, we would not accept such a mess of potage as that kind of statement.

We lost our chance to get out of here in a reasonable time. We would have performed one of the greatest services to this country if we could get our business done at an early time in the year and not accept blindly the statement that we are supposed to stay here all year, and if we would reassert what I think is one of the greatest aspects of this Government, and that is the right of the people at home to see their Senators and Congressmen in their own communities, to get their interpretations of what has happened, and to subject them to questions in their own communities during the fall. That cannot be done so long as we operate on the absurd basis we have.

This surpasses rule XXI. I am never going to vote for anything below 60 percent, and anyone in a smaller populated State who does is foolish for the simple reason that anyone who subjects himself to cloture based on majority rule is having a blind faith in human nature which this Senator certainly does not enjoy. So I do not think we should.

Now, here we are at this hour. No one can fault the President's courage in attempting to get out the family assistance plan. While we have been flagellated and somewhat castigated by the Senator from Connecticut, I think the Senator from Iowa has adequately answered that.

By the same token, those Senators on the committee, whether they were on the Democratic side or on the Republican side, would have been fulfilling less than their duties of office, and they would have been doing less than they swore to do when they stood at the desk of the President of the Senate if they had not devoted their best ability to working out a bill which was a workable bill, in fact.

We know that there are many bad things in the present welfare system. Glen Billings, a county commissioner in one of our large counties, which adjoins Senator HANSEN'S wonderful State told me in my office 1 week before Christmas that if the present welfare load increased in his county at the rate it increased the last 3 years, it would equal the total county budget. It is a challenge to all of us.

Here we are 3 days, 4 days, 5 days, perhaps, to adjournment. I know the Senator from Connecticut feels strongly about his position. But there are others of us in the Chamber who have worked for things for many, many years in the Senate, who are being thwarted this minute by a filibuster in this Chamber, which I think is to the detriment of the people of this country, which will destroy one entire industry in this country, and which will destroy a whole area of scientific and technological advancement. We have feelings, too. We feel as strongly about this as the Senator from Connecticut feels, but we have to face the facts. We have a troika here. I would like to see a family assistance plan worked out. I am convinced, and I say this frankly, that the bill that has been reported to us does not contain many things, because questions have been raised here again and again to which there has not been provided full answers.

I would have been happy to have seen a pilot plan reported so that we could try it out in some section or area and find out what it is going to cost and whether this Government can sustain it, and whether out of this multiplicity of welfare plans and "do good" programs which we have passed, overlapping, overlapping, and overlapping again in this country, we could bring some sense and order in one family assistance program. This is what I would dearly hope the Senate could do. But I am a practical man, too.

In these last few 4 or 5 days, I know we are not going to resolve the free trade measure, in which the Senator from New York is so interested. I know we are not going to resolve the family assistance plan. I do think we have some commitments—at least some of us—with respect to social security which we could fulfill.

Therefore, I expect, whether there is a rollcall or not, to vote for the motion to recommit, with the assurance and understanding which I understand the Senator from Louisiana has given, or is willing to give, that as soon as this matter may properly be brought before his committee, they will attack it again.

My personal feeling is that we owe every member of that Finance Committee a debt of gratitude. I do not care whether they supported the plan or whether they were against certain phases of it, no committee has applied itself so diligently to a given portion of legislation as that committee has in these last 4 months. I may be off a month, but it does not matter. They have met night and day, they have met morning and afternoon, and if we do not get the family assistance plan this year, if we do not work it out in a form which is acceptable to the Senate as a whole, we still owe the members of that committee a debt of gratitude. The members of that committee, with every bit of power they had, and consistent with the very multitudinous questions, technical questions, and legal questions involved in it, have done a job for all of us upon which we can build in the coming year.

I hope we are able to do this. I hope we are able to resolve it. At least if we take action which we can take, we can expect to do it.

When we get to rule XXII, we will talk about that in January.

I say again that every one of the members of the Finance Committee—I do not care whether they were for it or against it—who attended the meetings and heard the 350 or 400 witnesses, deserve the thanks of the Senate, whether we are able to resolve it at this moment or not.

Mr. President, I told the majority leader that I thought when we came back we should have a quorum call some time during the day, and I would hope to have an opportunity at a later time to suggest the absence of a quorum in order to find out who is present for business.

Mr. SCOTT. Mr. President, I yield to the Senator from Florida.

Mr. HOLLAND. I thank the Senator. Mr. President, the Senator from Florida is not in politics. Six days from now he leaves the floor of the Senate. He is not interested in any political implications in connection with any of the several issues bound together in this bill.

The Senator from Florida cannot be charged with opposing the President, because no less an authority than Congressional Quarterly has said that the Senator from Florida has supported the President more than any other Senator on this side of the aisle since the President has presided as such. The Senator from Florida has no apology to make for that. He has voted with the President when he has thought he was right.

The Senator from Florida has not only great respect, but deep affection, for the Senator from Connecticut, and I think the Senator from Connecticut knows that. But after looking at the charts Presented by my distinguished friend, the senior Senator from our oldest State, Delaware, the other day—charts prepared not by him but by the statistical staff of the Health, Education, and Welfare Department—the Senator from Florida knows perfectly well that there are provisions in this 139-page amendment offered by the Senator from Connecticut which need to be corrected and which cannot be corrected under the parliamentary situation now prevailing.

The Senator from Florida has not participated in either of the filibusters that have been going on, on either the trade bill, which he supports, or the family assistance plan, which he would like to support if it were a more perfect measure. But the Senator from Florida, trying to be realistic and hoping the Senate will do something in support of its own reputation, suggests there is one chance for us to get something done in connection with the package and that is to support the motion made by his distinguished friend from Louisiana, and that is that the bill be recommitted with instructions to report it back with only certain titles remaining, let the Senate pass on that measure, and send it to conference.

What does it mean? It means that over 26 million citizens who are now existing, many of them, on pitiful social security payments, will be recognized by the Senate as having a need to have sympathetic care shown for their condition.

If more were possible, if we had time, it would be a different situation, but we do not have the time. We have 5 days for the passage of a bill, for the conference, and then for the passage of that conference report if one ensues.

The Senator rom Florida, being one who has supported the President in larger measure than any other Democrat in the Senate, simply says that he could not vote for the measure now offered by the Senator from Connecticut, much as he is in support of many of its provisions, because of the difficulties so clearly shown by the charts which the Senate saw the other day, which make it so clear that the measure has to be changed, has to be modified, has to be amended before he expects the rule of reason to be applicable to the poor people of our Nation.

So, Mr. President, the Senator from Florida hopes, speaking as a realist only, without reflection on anyone, that the Senate decides to be realistic, decides to vote to return this measure to committee with instructions which have been mentioned, so the Senate may quickly, as I believe it will quickly, work its will for the modification of the bill.

The Senator from Florida praises highly the Senator from Louisiana, because it was not an easy thing for him, with very great interest in some of the measures in the bill which will have to be eliminated under this motion, having reported the bill in a much different condition, to make this motion. I think he knows what I think every other Senator on the floor who is a realist knows, and that is that the only way open to us whereby we can get something done is to follow that course.

One more word. I was a little amused to hear some of my friends say we are trying to put the blame on somebody. I am not trying to put the blame on anybody. I am just putting it where it belongs. If the course offered by the distinguished Senator from Louisiana does not prevail and if nothing is done on the bill, it will simply mean that the 26 million people who are recipients of social security will know they were unheeded and unattended to and will believe that the Senate has gone home, at a time when we should be saying Happy New Year, offering them a stone instead of the bread they have asked for.

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

Mr. HOLLAND. I yield to the Senator from Louisiana.

Mr. LONG. It was suggested by the Senator from Massachusetts and also by the Senator from Connecticut that there was something antipoor or at least something unworthy in leaving in portions of title V. These sections of title 5 which I seek to save are worth $1 billion to the poor of this country. That is why I did not move to strike these sections.

As a matter of fact, after the Senator from Delaware (Mr. WILLIAMS) proposed that we limit this measure to titles I and II, I urged him to join with me in saving certain parts of title V. Those provisions include $300 million in higher welfare payments for the aged; $500 million in additional Federal funds for child

care, increased matching for family planning, funds for migratory workers, and for persons training under the work incentive program; and $200 million to encourage the provision of jobs for welfare recipients.

Mr. President, here is a provision of the bill calling for additional help for poor people, for children, the disabled, the blind, the aged, and for aiding persons who hope to better themselves through employment to bring them better income.

But the fact is that in several instances the court incorrectly construed the statutory language we ourselves wrote, along with the Committee on Ways and Means, and we have sought to set straight in precise terms what Congress meant. I would hope that this would not prevent the Senate from voting for the motion, because everything that would remain in the bill would be subject to amendment, and if the Senate does not want any part of it, the Senate would be at liberty to strike it out.

Mr. SCOTT. Mr. President, I yield to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I sought the floor in my own right.

Mr. SCOTT. Very well; I yield to the Senator from Kentucky.

Mr. HARRIS. Does the Senator intend to hold the floor for some time?

Mr. SCOTT. No; after yielding to the distinguished Senator from Kentucky, I was about to suggest the absence of a quorum. I was trying to get to a vote.

Mr. HARRIS. Mr. President, I have an amendment.

Mr. SCOTT. So, if I may yield first to the Senator from Kentucky, then I shall yield the floor.

Mr. COOPER. Mr. President, as was stated a moment ago, we face a condition, not a theory. Does the Senator from Pennsylvania consider that there is no possibility of our being able to vote "yea" or "nay" on the family assistance plan during this week?

Mr. SCOTT. My answer to that is that, acting for the administration and out of my own desire as a Senator as well, I have been doing everything in my power to bring about a vote up or down on the family assistance plan. I am for it. I am sure it is imperfect, as is most of our major legislation, but I would like to see it enacted.

I think we have exhausted, in this Chamber, every possible means known to me. If it were possible to get cloture, I would have done that. I am convinced it is not only impossible to get cloture, but it is difficult, at this late date, to get 16 Senators willing to even sign a motion for cloture.

I regret very much that, as I see it, we are not going to be able to get a vote up or down on this plan. I think we should have it.

Mr. COOPER. I think so, too. I must say, after sitting here for the last 2 weeks, not taking any part in the debate on this particular measure, that it has become apparent to me, as I think to everyone, that we cannot get cloture on any part of the bill, and we cannot get a vote up or down except on the motion to recommit, and then a vote upon the social security part of the bill if it is reported.

I doubt that a single Senator would vote against the social security measure. Certainly I shall vote for social security. But if the question is raised as to whether a vote for recommitment is an indication of opposition to the family assistance plan, then I intend to vote against the motion to recommit. Of course, I am for social security, like everyone else in the Senate, but I wish to make it clear that I am also for the family assistance plan.

I speak with some feeling about this matter for it is a subject of long concern to me. I do not intend to bore the Senate, but in 1930, I was elected as county judge of my rural county in Kentucky, chiefly an administrative position. I was 28 years of age and found myself the head of my county in a depression. For 8 years I served, and there poured into my office people, hungry and sick, as in every other area of this country, with no hope, no source of help except their government.

Whatever has been said about the WPA program of that time, it was a great program. It gave work and sustenance and hope to people. It did a great deal of constructive work. I have traveled through every section of my State since that time—once or twice a year—and particularly in the section which has become familiar to everyone as "Appalachia." I have seen, since 1938, program after program, proposed to lift up the poor on welfare. They have been good programs, as far as food is concerned—school lunches, milk, surplus commodities, and finally the food stamp plan.

However, with all of these programs, and the costly poverty program, the people have not broken out of the awful and ugly cycle of welfare without work or purpose. It involves a deterioration of the human spirit and mind. There is forming in my State, as I am sure is true in the great cities of other States a class of our people who are separated and alienated from the rest of society.

I do not know what is wrong with the family assistance plan bill. I am sure it can be improved. I am sure it ought to be corrected. But I know when corrected, it ought to be passed, to turn away from the present system of goods, food and clothing, necessary, as they are, and turn on people in the direction of training, education, work and self-sufficiency.

I believe it is going to be terribly difficult for them to break out of the cycle. We will find many cannot learn because of their long disassociation from education. Many of them cannot eat properly, because there is no one to tell them how to use nutritious foods. It will be hard for many to get work, because they are not trained and educated to perform useful work in our technical society. But the change from welfare to training, education, and work must be made.

From the moment I heard President Nixon make his speech on television over a year ago, I must say my heart and my spirits lifted up. I thought I saw at last something in the making to help our people in our own country.

If we cannot help people in our own country, we cannot expect to help others anywhere in the world. So I hope very much that this plan will be corrected properly and will be enacted. It will not be enacted this session, but early next year. I hope that the plan or the test plan of the Senator from Connecticut, will be enacted.

Mr. President, to indicate that I am for the family assistance, I shall vote against the motion to recommit.

Mr. SCOTT. Mr. President, the Senator from Kentucky pretty much expresses my opinion.

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

Mr. SCOTT. I yield.

Mr. CASE. I commend the Senator from Kentucky, who needs no commendation from the Senator from New Jersey or anyone else, but I do. As the Senator from Pennsylvania has said about himself, he expresses my views to a "T," and my answer will follow his on this motion.

Mr. SCOTT. Mr. President, I am about to address a question to the distinguished majority leader.

I would like to say that had we had an opportunity to vote on this matter up or down, I am as convinced as I can be, based on the length of my experience in this body, that a majority of Senators on both sides would have supported the family assistance plan.

I ask the distinguished majority leader, as I said I would do when he was on his way to the Chamber, I have expressed the opinion that if this bill does not pass in this session, that as soon as it comes over from the other body next year we in this body would seek to refer it to the Finance Committee, and that we would, following proper and complete hearings, do all within our power as the joint leadership to expedite action by the Senate on this family assistance measure. I would appreciate the comments of the distinguished majority leader on this point.

Mr. MANSFIELD. Mr. President, in response to the statement just made by the distinguished minority leader, first let me say that it is my intention to vote against the motion to recommit. Second, let me say that the President has placed great stress on this particular domestic program. There is a need for much to be done. I have some grave questions about it in my mind, but I am willing to resolve my doubts in favor of what the President seems to be so personally and intensely interested in achieving.

It has been pointed out that the welfare rates are skyrocketing, and that the number of people on welfare is increasing at a tremendous rate.

If the motion to recommit carries, I wish to give the distinguished minority leader and the Senate my assurance that I shall do all I can as a Senator to bring the matter up for debate and consideration once it is reported out of the Finance Committee and placed on the calendar. It is my understanding that the distinguished chairman of that committee has indicated an interest in taking the matter up if the House acts and after it has acted. That is within the purview of the committee. I do not think it is something which, if gone into, should be

gone into hastily, even though there have been extensive hearings this year.

So I am assured by what the distinguished Senator from Louisiana has told me—I hope I am free to state this—that after a bill is reported by the committee and passed by the House, hearings would be held here as expeditiously as possible. When a bill is reported by the Finance Committee, I assure the Senate that I will be glad to join with the Senator from Pennsylvania in doing all I can to expedite debate, consideration, and disposal.

I reiterate that I think the President deserves this much courtesy and this much in the way of consideration.

Mr. SCOTT. I thank the distinguished majority leader.

I yield the floor.

Mr. HARRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. PEARSON). The Senator will state it.

Mr. HARRIS. Is the pending motion subject to amendment?

The PRESIDING OFFICER. The instructions are subject to amendment.

Mr. HARRIS. Mr. President, a further separate parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRIS. If the motion of the Senator from Louisiana is adopted, would the bill thereafter reported to the Senate be subject to amendment by the Senate?

The PRESIDING OFFICER. That is correct.

Mr. HARRIS. Would the bill be subject to an amendment in the form of a modified version of the Ribicoff-Bennett amendment?

The PRESIDING OFFICER. That is correct.

Mr. HARRIS. Mr. President, first, let me say that I do not in any case intend to support the motion of the Senator from Louisiana. I believe that the Senate ought to act on both social security and welfare reform. I am hopeful yet that we can, if this motion is rejected, get a vote on the Ribicoff-Bennett amendment. It is an improved version of an amendment which was rejected in the Senate Finance Committee—improved, I think, because of determined opposition. It has not been improved enough. If it were adopted by the Senate, it would be my hope to amend it, either through later motions to strike and insert or by other means, to improve it further still. I think it needs to be acted upon. The time is at hand for real welfare reform. I hope, therefore, that this motion will not be agreed to.

The thing that has us in so much trouble is the trade section of this bill, which I vigorously oppose. I oppose it both on the substance of the issues involved and on the procedural question involved. This section is totally nongermane to the principal issues involved in this bill—social security and welfare—and I would hope that the Senate would at last decide to put aside this nongermane section, the trade section. It is much too late in this session, with only two days of hearings in the Finance Committee, to try to write this kind of major trade legislation, the most important trade legislation we have seen proposed in this country since 1962.

So I would hope that that section could be dropped, and the Senate could proceed to consider social security benefits and welfare reform. I twice moved in the committee to strike the trade section from this bill, and I hope that that may yet be done by the Senate; and then the Senate, with proper deliberation, with proper hearings, could take up the whole matter, the very complicated matter, of trade early next year and act upon it.

I think that those who support the general provisions of the trade portion of this bill can be reassured by the statement of the distinguished Senator from New York—which I would echo—that there would not be an attempt to delay, through a filibuster or by extended debate, final consideration of some trade bill during the early part of next session, after the proper consideration had been given in the committee and on the floor.

Furthermore, I think Senators should be aware that, as has just been stated by the Presiding Officer, the adoption of the pending motion would be a nullity; because if the motion to recommit is agreed to by the Senate and the bill comes back here as a social security bill, it is then subject to an amendment which, as a matter of fact, I already have had printed, which is an improved version of the Ribicoff-Bennett amendment—improved by amendments which I feel need to be made to it. So we would be doing nothing at all. It is time for the Senate to get down to business on this issue and to made its decisions and adopt real welfare reform in this session. I do not believe we will save any time by proceeding with the motion to recommit with instructions.

Furthermore, as has been pointed out by the distinguished Senator from Massachusetts and the distinguished Senator from Connecticut, the motion of the distinguished Senator from Louisiana does not just strip this bill down to social security, medicare, and medicaid. The bill, as would be reported back to the Senate if this motion is successful, would still include welfare provisions. But those welfare provisions would not be the kind of innovative welfare reform, the kind of progressive welfare changes, that many of us feel are desperately needed. Instead, they would be the kind of regressive and punitive welfare amendments which the Senate on occasion in the past has rejected because they tend to demean those who receive welfare, making it much more likely that they will continue in the cycle of dependency by making them at least second-class citizens and attempting to punish them for their poverty, rather than offering the kind of helping hand we should offer.

So, Mr. President, I now move to amend the motion of the Senator from Louisiana by adding to the instructions a provision that title V also be stricken, and I should like to be heard on the motion.

Mr. LONG. I ask for the yeas and nays, Mr. President.

Mr. HARRIS. Mr. President, I should like to be heard on my motion.

The PRESIDING OFFICER. The Chair inquires of the Senator from Louisiana whether he is asking for the yeas and nays on the amendment.

Mr. LONG. I am asking for the yeas and nays on the Senator's amendment to motion.

The yeas and nays were ordered.

Mr. HARRIS. Mr. President, I send to the desk the modified version.

The PRESIDING OFFICER. The clerk will state the modified amendment.

The assistant legislative clerk read as follows:

On page 405 strike lines 1 through 25 and strike all on pages 406 through pages 498 and on page 499 strike lines 1 through 17.

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

Mr. HARRIS. May I first say what the amendment is, and then I will be pleased to yield to the distinguished Senator from New York.

This amendment would add to the instructions under the Long amendment the instruction that the entire title V of the reported bill be stricken as well as the other provisions which he would strike under his proposed instructions.

I reiterate that I do not in any case intend to support the motion to recommit, but these are issues we will have to face in the Senate at one time or another if the motion to recommit is successful. These issues will have to be faced then; and if the motion to recommit is adopted, I would hope it would be adopted in its best form.

This amendment would strike the committee provision which would institute a type of 1-year residency requirement in the face of the Supreme Court opinion to the contrary, would strike that provision of the committee bill which would resurrect the onerous man-in-the-house rule, would strike from the bill the provision which would require a return of the amount paid to the welfare recipient who does not prevail in hearings, a provision which would certainly deter challenges of illegal regulations by recipients and others, would strike the committee provision which would overturn another Federal case having to do with adding eligibility requirements wholly unrelated to the needs of poor children, would strike the committee provision which would tend to abrogate the right of privacy guaranteed to citizens under the Constitution as it relates to welfare recipients; and would strike the committee provision which would do away with the present system which allows the declaration method for determining eligibility, with spot checks.

I will go into any of these provisions which Senators may want to discuss. I had hoped that the distinguished chairman of the committee would agree to this amendment. The amendment which I have offered would do another thing: it would strike from title 5 also the provision which was added in committee on the motion of the distinguished chairman, the Senator from Louisiana (Mr. LONG), setting up a Federal Child Care Corporation. I opposed that proposal in committee. I do not believe it is a good

proposal from the standpoint of the children involved. It would set up a Federal corporation to provide child care or day care for children, including the children of welfare families. It would leave out, in my judgment, two basic fundamental requirements of any proper child care program; that is, parental involvement and community control. The day has long since passed when poor people or black people or other minorities will be willing to allow a private business corporation made up of outsiders to come into the neighborhood and take over child care or day care for their children. I am desperately afraid that is what could happen under a private enterprise franchise system which is permissible under this child care corporation proposal.

Therefore, I think the thing to do, if the motion to recommit is adopted, is to strike all of title V and then take up the issue later on, if the motion to recommit is adopted. As I said before, I certainly hope it will not be, but if it is, then I want it to be in its best form.

I now yield to the Senator from New York (Mr. JAVITS), without losing my right to the floor.

Mr. JAVITS. Mr. President, I wish to express my satisfaction at the Senator's amendment. That is what I indicated in debate before to our colleague from Connecticut, who has taken such a laudable and fine lead in respect of the President's plan for family assistance. I think, if we are not going to be back exactly where we started, the confluence of two things is necessary; first, another controversial provision—to wit, title I—should remain in the bill if we are going to try to avoid the height of controversy; and some accommodation satisfactory to the President and satisfactory to Senators RIBICOFF and BENNETT and others who are also interested in family assistance. Otherwise, no matter what we do on a motion to recommit, we will be back exactly where we started, and we will only have demeaned ourselves by marching up the hill and marching right down again.

I shall support the Senator's amendment.

Mr. HARRIS. I thank the Senator from New York for his comments.

I now yield to the Senator from Connecticut without losing my right to the floor.

Mr. RIBICOFF. Mr. President, I want to commend the Senator from Oklahoma. I shall vote against the Long proposal to recommit. I shall definitely vote for the amendment of the Senator from Oklahoma to the motion of the Senator from Louisiana. The Senator from Oklahoma is absolutely correct, if we are not going to vote on the family assistance and have another look next year at the welfare reform, what the Senate certainly does not want to do is to adopt some welfare changes which do not go forward as the President desires, but go backward against the recommendations of every student in the field of welfare, and every former Secretary of Health, Education, and Welfare, Democratic or Republican.

So I hope that this body will vote for the motion of the Senator from Oklahoma and will vote against the proposal of the Senator from Louisiana.

Mr. CURTIS. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. HARRIS. I yield.

Mr. CURTIS. Did I correctly understand the distinguished Senator from Oklahoma to say that, should the Senate by a majority vote recommit the bill to eliminate family assistance and trade that, notwithstanding that majority expression on the part of the Senate, he would instigate another motion and the Senate would be back debating family assistance?

Mr. HARRIS. No, the Senator does not understand me correctly. What I did was to inquire of the Chair whether, if the Long motion were to be adopted, a modified version of the Bennett-Ribicoff amendment might thereafter be offered to the newly reported bill, and the answer of the Chair was in the affirmative. So I said to the Senate that that is one reason why we should get down to business on the pending bill, rather than go through the process of a motion to reconsider, because what will be done could be, in my opinion, a nullity, based upon what the Chair has said.

Mr. CURTIS. I understood what the Chair said was that the Senator would have the right to offer an amendment. There is no question about that. But if the Senate, by majority vote, expresses itself in favor of eliminating these controversial sections, would the Senator from Oklahoma, in the face of that vote, offer another amendment on family assistance should the Long amendment prevail?

Mr. HARRIS. Does the Senator from Nebraska think that a motion to reconsider which strikes trade and many other provisions of the bill and the pending amendment relating to welfare reform is exactly the same question, yes or no, as voting on a modified version of the Ribicoff-Bennett amendment, yes or no? It would not be.

Mr. CURTIS. It has this difference, that the Senate would, by majority vote, direct a certain course, to wit, that a portion of the bill go forward. My question merely amounts to this: Would the Senator from Oklahoma feel that he would be bound by a majority vote of the Senate if they so voted?

Mr. HARRIS. I would be bound in every respect by what the Chair holds is binding as a result of what the Senate had done. Senators can interpret whatever the Senate does in the way they want to interpret it. I may interpret it my way, but the one interpretation that really means anything is what the Chair says, and he has just ruled that a modified version of the Ribicoff-Bennett proposal would thereafter be in order. And I say to the Senate, therefore, that there is no use going through this process, that we should get down to business on the pending bill.

Mr. CURTIS. I do not think the Chair would compel the Senator to offer the amendment. My question was, Would the Senator offer it in the face of a majority vote of the Senate?

Mr. RIBICOFF. If he did not, I would. Let me make it perfectly clear that I had discussions on this proposal with the Senator from Delaware and I was under the definite impression, after my discussion with him, that we were going to strike out titles III, IV, and V. I was shocked to learn that that was not the case, that a portion of title V was retained, so that under the circumstances I do not think any such agreement would be binding. If the motion were defeated by the Senate and another proposal was adopted, I would feel honor bound, therefore, to reintroduce this amendment, the family assistance program, the Ribicoff-Bennett amendment.

Mr. CURTIS. That answers my question.

Mr. HARRIS. Mr. President, let me wind up briefly. I would be glad to agree to a time limitation on the consideration of my amendment if there is any desire that that be done. Someone may want to propose that at some later time. I do not want to hold up the Senate very long. However. I want to say a word in support of my amendemnt.

The amendment I have offered would take out those provisions which seek to go backward, insofar as the rights of welfare recipients are concerned.

I want to address myself briefly to the regressive welfare provisions of the committee bill which the motion I have offered would strike. I opposed these provisions very strongly in the committee, as did other members of the committee.

I will only mention two or three of them.

First of all, there is the provision in the committee bill which would reverse the progress recently made concerning the declaration method of determining eligibility. Mr. President, when Mitchell Ginsburg some time ago became head of the welfare program in the city of New York, he began to acquaint himself with what one might call the eccentricities of the welfare laws in that city and State, and elsewhere around the country. He found, for example, that there was a very detailed investigation that went on in regard to whether or not a welfare applicant had told the truth as to whether he had any insurance with some cash value.

The city of New York had a very detailed and complex system of following up that declaration that the welfare applicant had made, that he had no insurance with a cash value, by a series of letters and other checks with insurance companies around the country.

Dr. Ginsburg asked those on the welfare staff of the city of New York what that elaborate system of checking the declaration on the welfare application cost.

He was told that that system of checking and investigating prior to the time the welfare applicant was able to receive assistance, during the past year, had cost the city of New York some $125,000, as I recall it.

He then asked how much money the city of New York had gained as a result of the elaborate investigation system.

The answer was that the city had gained $7,500, as I remember it.

Dr. Ginsburg said to cut it out. He said, in effect, "Let us not continue this investigative program."

Someone asked, "What about the cheats?"

Dr. Ginsburg said, in effect, "We cannot continue to spend $125,000 a year in order to pick up $7,500 of net revenue."

Mr. President, that kind of case can be duplicated all around the country. Welfare caseworkers over the years have become almost a hated enemy of a lot of welfare recipients around the country. It is not right that they should be, but they have been made investigators and law enforcement police and almost everything else. In addition to being social workers and trying to help people get a chance to get out of poverty and to get off welfare and to be self-sustaining and to get a job, instead of rendering the kind of social services that case workers mostly would like to do and are trained to do, they have for so many years been engaged in trying to enforce the law against those whom they are supposed to serve.

The declaration method of determining eligibility was instituted during the past administration in HEW and has been carried on during this administration. The tests of that system have shown that only 1.8 percent of such applicants were found to be ineligible. Maybe there is less chiseling and cheating by those who apply for welfare than by those of us who fill out income tax returns. Why would not the same system of checking be done in each case? Why would not that apply in both cases?

I will mention only two other provisions that my amendment would strike from the committee bill if it were adopted by the Senate.

One is the so-called man-in-the-house rule. The Supreme Court of the United States in the cases of King against Smith, Lewis against Martin, and Shapiro against Solomon struck down those rules which would base eligibility, not on actual resources available to the children or to a family, but on an imagined income from people not legally obligated to support the children involved.

The clear import of those old rules was that a welfare recipient was a second-class citizen who did not have the same rights as other citizens.

We support a welfare system—and many of us support a reformed welfare system—not only because of the morality involved, because we want to do what is right insofar as we can toward a lot of people who are less fortunate than ourselves, but also because it is in our own self-interest to do so. Mr. President, if we do not help provide a decent standard of health and a decent standard of life and enough to eat for the little children in this country, for all the little children in this country, we pay for it many times over in increased welfare, in the continuation of the welfare cycle, in remedial education and training, in narcotic addiction, and in prisons.

Mr. President, the costs of prisons and of crimes are far more than it would cost us to do the right thing in the initial instance and provide for a decent standard of living for every child, which I think, is the right of every child in America. If I am correct in feeling that it is in our own self-interest to provide for a decent standard of living for every child in our country, then we would be defeating our State purposes, if, by our rules and our laws, we demean those who receive welfare assistance, if we degrade them and hold them up to public shame and ridicule, as was true under some of these old rules and laws that the Supreme Court has now stricken down.

We would now go back to those old rules, those old, degrading, and demeaning rules which in many instances make second-class citizens out of welfare recipients, that tend to take away from them rights that other American citizens enjoy. That is why the amendment I have offered to the motion of the Senator from Louisiana would strike out those regressive portions of the bill.

It would strike out that portion of the measure which attempts to get around the opinion of the Supreme Court in the case of Shapiro against Thompson, which knocked down the 1-year residency requirement for people in need of public assistance.

America is one country where whether a little child is born in Mississippi, Oklahoma, or New York decides if that little child, that American child, is entitled to the same kind of chance for a decent life and the same chance for decent health, and the right against hunger, and the right to live in a decent home and to go to a decent school.

Mr. President, years ago there were some who said that if Oklahoma or Mississippi had an inferior system of education or, if Oklahoma or Mississippi discriminated against little black children in their school systems, "That is the business of Mississippi," or "That is Oklahoma's business." There were some who said, "That is not our business in the Senate or at the Federal level."

In my view, that was wrong on moral grounds, but it has proved to be wrong on practical grounds, as well, because that child born in Mississippi or born in Oklahoma did not necessarily stay in Oklahoma or Mississippi. That child may move to Detroit, to New York, or to Chicago, and if he goes there scarred by ravages of a segregated and discriminatory educational system or if he goes there with the handicap of an inferior education, that has been shown to become the concern of every one of us, as a practical matter, and we pay double for it. Those of us who live in other States, other than those States where that inferior education or discriminatory education was first provided, pay our part.

The Supreme Court said that everyone in this country is a citizen of this country and they said that every citizen of this country is entitled to the same kind of equal treatment under the law, and they said that residency requirements of 1 year cannot be set up, as has been done in many State welfare systems. They said that is unconstitutional.

The welfare system in New York City, for example, is held up as one that is supposed to draw people into that State. There is a myth that people go from place to place, across State lines, in order to get into a State with a more generous welfare system. That is a myth, and the facts show that it is a myth. People do not move from State to State because of the difference in welfare laws or the difference in welfare programs. In New York, a check showed that less than 3 percent of those who applied for welfare had lived in the State for less than 1 year.

People move from one place to another hoping for a better job. So often, especially now when fewer jobs are available, with a needlessly slack economy, with job lines needlessly long, they find that chance is not there for one reason or another, and many of them apply for welfare. Only about one-third of those eligible for welfare have applied in the past but many of them are becoming more pinched as the economy becomes tighter and tighter.

With a 1-year residency requirement there was case after case of a young mother with children in whose home the gas had been turned off, the electricity had been turned off, the children did not have shoes or clothing to go to school. They had applied for welfare but were told that the residency requirement prevented them from being eligible, other forms of relief had run out, and here were little children who were desperately in need but who were not eligible as welfare recipients because of the residency law.

The Supreme Court said that is not constitutional. I agree with the Supreme Court as a matter of law and as a matter of substance.

Now, the Committee on Finance, over my objection, comes in with a modification of that rule and says that these people can stay under the old State's system for 1 year and then be eligible under the new State's system. That is an attempt to get around what the Supreme Court said is illegal, and if it is agreed to there will be a snarl and mess about whose checks go where and who the recipients are.

I hope the Senate will agree to the amendment I have offered to the Long motion and not agree to the Long motion, but get down to the business of welfare reform and social security.

I made the motion in committee to increase to 10 percent the 5-percent benefit increase which had been voted in the social security bill by the House. I joined vigorously in the motion of the chairman to raise the minimum benefit to $100. Those two provisions in that bill should be agreed to and there are other very good provisions in that bill which should be agreed to. I believe they will be agreed to by the Senate.

I hope we will have real welfare reform. The welfare restrictions contained in title V are not real welfare reform; they are totally inconsistent with welfare reform. It would be a step backward to adopt them. The other provisions we would strike in title V can be put back in by amendment to the bill if it comes back in amended form, or, as I would prefer, by adoption of an improved version of the Ribicoff-Bennett amendment.

Mr. LONG. Mr. President, every provision the Senator seeks to strike would be subject to amendment if the motion to recommit carries. The Senator is saying he is not going to vote for the motion to recommit and he would have no obligation to go along with anything the motions suggests or provides, if it carries. He has already said he is going to vote against it, even if he gets his way, so what is the use of trying to humor the Senator.

On the other hand, I believe it would be well to point out with respect to those who might be inclined to vote for the motion that the whole purpose of the motion is to dispose of these two issues which are keeping us from voting on the bill. One is the family assistance plan and the other is the trade bill.

When one votes for the motion there is an implied understanding that, having done that, if we want to pass the bill we will proceed to table further versions of family assistance and the Trade Act, to keep those off the bill in the event it is so reduced.

If the motion were agreed to the Senator could move to strike any part of that which remained in the bill, and that would be entirely in order. The motion would suggest that anyone could amend or strike from the bill something he did not like.

Unfortunately, the Senator will not let us get to that point. Now, he is filibustering the bill.

Mr. HARRIS. In what way? I believe I offered to have a time limitation on the amendment.

Mr. LONG. The Senator keeps talking about the matter. The Senator made a long speech.

Mr. HARRIS. I will ask a question now, if the Senator will yield for that purpose.

Mr. LONG. I yield.

Mr. HARRIS. Mr. President, I ask unanimous consent that further debate on the pending amendment to the Long motion be limited to 30 minutes, equally divided between the Senator from Louisiana and me.

Mr. LONG. May I suggest it be 10 minutes equally divided.

Mr. HARRIS. I am pleased to agree to that.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. LONG. Mr. President, let me just make it clear that the Senator in his motion——

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield myself 5 minutes.

The Senator in his motion would strike out every single provision that helps the people who need it most. For example, if his motion passed, under the provision for 10 percent social security increases and a $100 minimum, States would be required to consider every item of income that would go to a needy person. So when social security beneficiaries received a $10 or $20 or $30 increase in their social security checks, as the case might be, the States would be required to proceed to cut their welfare checks by the same amount that the social security checks had been increased.

I am sure the Senator would not like that to happen, but that is what would happen if the Senate agreed to his amendment.

We have provided that there will be a $130 minimum for people who are not even drawing social security, if they have no other income. That provision would be stricken out by the Senator's amendment.

There are other provisions relating to migrant families with children. I have seen the Senator vote to help migrant families, but his amendment would strike the provision wherein the Government would put up 75 percent of the cost of helping migrant families.

There is provision for 90 percent rather than 80 percent matching funds for training people and providing them with work under the work incentive program. That provision would be striken out.

There is a provision for more generous matching funds for child care. That provision would be stricken out. The matching formula for child care would be moved up from 75 percent to 90 percent. That provision would be stricken.

There is provision for tax credit for those who hire people who are on the work incentive program, which is designed to train people and get them jobs. That provision would be stricken.

Altogether, there are benefits amounting to $1 billion for people who need it most.

If the Senator wants to propose amendments to strike what remains in the bill point by point, I think we ought to do that when we get around to voting on recommitting the bill, which he is against. If we do not do that, it will not be possible for the Senate to make any kind of decision with regard to the people who the Senate believes should not be the rolls and whom the Senate believes would be benefited by an erroneous court decision. That is something which should be decided, but it will not be decided in the event the amendment carries, because we will never get around to voting on it.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HARRIS. Mr. President, I yield myself 2 minutes.

The Senator wants to make things go faster, and the best way to do that is to take out these provisions which I have listed. The other questions which are raised by the distinguished Senator from Louisiana are irrelevant because I have already asked the Chair about it, and the Chair has responded that if the Long motion is agreed to and the bill is reported back to the Senate, it will be amendable. We could then take up in an affirmative way, as I think we should, the items the Senator has set forth.

I do not think the committee went as far as it could with regard to migrant workers. I think that issue should be brought up as an affirmative matter.

I do not think the committee did the right thing in relation to child care, as I said earlier. I would rather strike that provision from the bill and take it up in an affirmative way, if the motion is going to be agreed to, by later amendment. The other provisions which have been mentioned obviously are provisions which can be offered, if the motion is agreed to, by amendment; and I say now they will be.

We ought not, on the one hand, say we are not going to have any welfare reform, which is the import of the motion of the Senator from Louisiana, and then turn back again and say, not only are we not going to have any welfare reform, but we are going to go backward. My motion would prevent us from doing that.

Mr. LONG. Mr. President, I yield 1 minute to the Senator from Utah (Mr. BENNETT).

Mr. BENNETT. Mr. President, it seems to me that if we are ever going to get this matter handled, it would be better to clear the decks. I have been opposed to the motion to recommit, but I realize that, because of the lateness of the hour, because we have to go to conference with the House on this and on several other bills, we should not continue this futile exercise. I would have to oppose the amendment of the Senator from Oklahoma, because it just confuses the issue. It divides those who might have supported the action of the Senate Finance Committee. It is an overkill because, obviously, he is taking out some provisions which he would not want to be taken out.

Reluctantly, I am going to vote for the proposal of the Senator from Louisiana, even though my name is on the other amendment, because I realize we have reached the time and place now where, if we are going to be able to salvage anything, we had better proceed in the way he has indicated.

I have been assured, as have other members of the Senate Finance Committee, that when we meet again in the new session, if we can quickly get a bill over here from the House, we will have a much better opportunity than we have had in the closing weeks of this session to consider the whole problem more carefully.

So I hope the Senate will reject the amendment of the Senator from Oklahoma.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. HARRIS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Oklahoma to the motion of the Senator from Louisiana.

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. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator

from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON), and the Senator from Rhode Island (Mr. PASTORE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Illinois (Mr. PERCY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from South Dakota (Mr. MUNDT). If present and voting, the Senator from Oregon would vote "yea" and the Senator from South Dakota would vote "nay."

If present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

The result was announced—yeas 27, nays 42, as follows:

[No. 445 Leg.]

YEAS—27

Bayh	Javits	Pell
Brooke	Kennedy	Proxmire
Case	Mathias	Ribicoff
Goodell	McGovern	Schweiker
Griffin	McIntyre	Scott
Harris	Metcalf	Stevenson
Hartke	Mondale	Tydings
Hughes	Moss	Williams, N.J.
Jackson	Nelson	Young, Ohio

NAYS—42

Aiken	Dole	Packwood
Allen	Ellender	Pearson
Allott	Ervin	Prouty
Baker	Fannin	Randolph
Bellmon	Fulbright	Saxbe
Bennett	Gurney	Smith
Bible	Hansen	Sparkman
Boggs	Holland	Spong
Byrd, Va.	Hruska	Stennis
Byrd, W. Va.	Jordan, N.C.	Talmadge
Cannon	Jordan, Idaho	Thurmond
Cook	Long	Williams, Del.
Cooper	Mansfield	Yarborough
Curtis	Miller	Young, N. Dak.

NOT VOTING—31

Anderson	Gore	Mundt
Burdick	Gravel	Murphy
Church	Hart	Muskie
Cotton	Hatfield	Pastore
Cranston	Hollings	Percy
Dodd	Inouye	Russell
Dominick	Magnuson	Stevens
Eagleton	McCarthy	Symington
Eastland	McClellan	Tower
Fong	McGee	
Goldwater	Montoya	

So Mr. HARRIS' amendment was rejected.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. HARRIS. Mr. President, I send to the desk an amendment to the pending motion of the distinguished Senator from Louisiana and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 467 strike lines 7 through 25.
On page 468 strike lines 1 through 25.
On page 469 strike lines 1 through 25.
On page 470 strike lines 1 through 25.
On page 471 strike lines 1 through 25.
On page 472 strike lines 1 through 25.
On page 473 strike lines 1 through 25.
On page 474 strike lines 1 through 25.
On page 475 strike lines 1 through 25.
On page 476 strike lines 1 through 25.
On page 477 strike lines 1 through 25.
On page 478 strike lines 1 through 25.
On page 479 strike lines 1 through 25.
On page 480 strike lines 1 through 25.
On page 482 strike lines 1 through 11.
On page 483 strike lines 17 through 25.
On page 484 strike lines 1 through 25.
On page 485 strike lines 1 through 40.

Mr. HARRIS. Mr. President, I would hope that the distinguished Senator from Louisiana could accept this amendment to his motion. It does not deal with anything other than the modifications in the present law, some of which previously have been acted upon by the Supreme Court, that the Finance Committee decided to agree to in regard to welfare restrictions. This amendment does not strike the entire title V as the previous amendment would have done. Therefore, it is not subject to the objections which the distinguished Senator from Louisiana voiced in regard to striking the more wholesome, in my view, provisions of title V. It relates only to those welfare restrictions.

I would just say, in support of the amendment, that if it is the hope of the distinguished Senator from Louisiana that the adoption of his motion to recommit with instructions would shorten things down and the Senate could decide upon social security, medicare, and medicaid alone in this session, the Senator would be defeating his purpose if, having foreclosed, as as practical matter, a vote on welfare reform, he nevertheless proposes to the Senate very serious, very complicated, and highly controversial welfare restrictions, as his motion, unamended, would presently do.

So I would hope that perhaps the Senator could take this amendment; and that would have the effect, should the Senator's motion be adopted, of at least limiting the debate or tending to limit the debate to the items the Senator had in mind.

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

Mr. HARRIS. I yield.

Mr. LONG. If the Senator would refer to page 546, the table of contents of the bill, would he designate the sections to which his amendment makes reference? For example, is he referring to section 540 or 541?

Mr. HARRIS. I could give the Senator a list of these items, but I do not have it from the table of contents. I will just hand it to him.

May I say, while the Senator is looking at it, that the amendment would not relate to the child care provisions of the bill nor to the other provisions of the bill to which the Senator voiced his objections earlier, concerning the other amendment. This amendment would relate only to those restrictions on the present welfare law, the restrictions which the distinguished Senator from Connecticut and I and others objected to very strenuously in committee—to refresh the Senator's memory—and the provisions to which the Senator from Massachusetts strongly objected on the floor of the Senate today.

Mr. LONG. Mr. President, section 546, to which the Senator made reference, is one that would be deleted by the motion I have at the desk, which is pending.

I wonder whether the Senator really feels, from his point of view, that it is regressive to have a definition of employment, for example, as exists in section 551 of this bill, which I understand is one he would strike.

Mr. HARRIS. Mr. President, there is no use in us playing games of any kind. My intent is clear. If the Senator agrees with my intent, we can rapidly work out the matter if there is any defect in this

amendment, which was drawn rather hurriedly.

May I say, in my own defense, that I had known that the Senator from Louisiana was going to make a motion to recommit with instructions, but it had been my understanding—and I did not get that understanding from the Senator from Louisiana, I hasten to say—that his motion to recommit with instructions to strike certain portions of this bill would also strike the restrictive welfare provisions of the bill, to which I strongly object, as the Senator knows.

Coming to the Senate floor and finding that that was not the case, I had to draw an amendment hurriedly. I drew one earlier—because of the problem in quickly trying to write out each page number and section—to strike the entire title V. The Senator objected to that. So now I have tried to make the amendment more specific, to strike only those welfare restrictions to which I have referred.

If the amendment is not precise enough, that can be worked out quickly, if the Senator feels he can agree to it.

Mr. LONG. I have felt that the Senate could vote on these various provisions that the Senator finds objectionable. It had seemed to me that the way to do it would be to recommit the bill with instructions to report back. The Senator apparently is not willing to let us vote in that fashion; but it seems to me if it would be well for the Senate to vote on these measures. I believe it is possible to ask for a division, since the Senate would vote on the individual issues anyway, and that way we could see what the sentiment of the Senate is with regard to the matters that the Senator would like to strike.

I would like to ask the present occupant of the chair if it is not correct that a Senator may insist on a division, in which case we would vote separately on each proposition that is offered.

The PRESIDING OFFICER (Mr. SPONG). The Senator is correct in that the Senator may demand a division of an amendment to the extent that the amendment is susceptible to division.

Mr. LONG. For example, sections 540 through 551, I would take it, would be subject to a division which would permit us to vote on each one of those sections in turn.

The PRESIDING OFFICER. Would the Senator give the Chair the page numbers?

Mr. LONG. Each one is a separate amendment. For example, the first one is numbered amendment 275 and I would like to ask that there be a vote on committee amendment 275 first. I would like to ask, Mr. President, that we vote individually on section 540 and then on sections 541, 542, 543, 544, 545, 550, and 551. These are all separate provisions.

Mr. HARRIS. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield?

Mr. LONG. I will yield, but I would like to have the response of the Chair first; then I shall be happy to yield.

The PRESIDING OFFICER. The Chair has previously ruled to the Senator that he has a right to ask for a division in these instances. Now the Chair has not as yet gone over these to say that all of them are susceptible to division, but in the interests of time we are doing that here and now. The Senator from Oklahoma has asked the Senator from Louisiana to yield and the Chair asks the Senator from Louisiana if he does.

Mr. LONG. I would like to ask that the Senate proceed to vote on the first amendment, committee amendment No. 275, section 540 of the bill.

The PRESIDING OFFICER (Mr. SPONG). The Chair rules—is that on page 467?

Mr. LONG. On page 467.

The PRESIDING OFFICER. The Chair for the moment holds that is susceptible of division.

Mr. HARRIS. Mr. President, I take it that the distinguished Senator from Louisiana made his original motion to reconsider with the idea that it might shorten the Senate's consideration of these matters. I do not see how that is consistent with his present request that we divide up the amendment which I have offered to his motion and vote on it as many separate times as we possibly can. His own motion to reconsider with instructions is subject to exactly the same kind of request for a division, Mr. President, and I feel rather strongly that the Senator from Louisiana should not decide what package the Senate will vote upon. He should not be able to put together a package and say, "Let us vote 'yes' or 'no' on his whole package."

The Senator from Louisiana says he does not want the Senate to vote on welfare reform because that would take too much time, but instead he is going to hold us several votes on welfare restrictions. I say that will take too much time, Mr. President.

I now yield to the distinguished Senator from Connecticut without losing my right to the floor.

Mr. LONG. Mr. President, I object.

Mr. BENNETT. Mr. President, who has the floor?

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

Mr. HARRIS. I thought I had the floor in my own right. I did not ask the Senator to yield to me.

The PRESIDING OFFICER. The Chair asked whether the Senator from Louisiana yielded to the Senator from Oklahoma. The Chair asked him that in his ruling.

Mr. HARRIS. I always appreciate the Chair's help, but not particularly in this instance.

[Laughter.]

Mr. RIBICOFF. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I will yield to the Senator in a moment, but it seems to me that we have an important issue here. The Senate should vote on it. It is one thing for a Senator to say that these are restrictive provisions or backward steps. But it is another thing to start out by putting people on welfare when they do not belong there, and then, when we find they do not belong there, we have to put everyone else on welfare to be equitable. If we are considering taking that approach to welfare legislation, that is not a very logical situation. Another Senator might say that he does not like the 1-year residency requirement, or this and that other committee provision. The committee worked many long months on this subject trying to bring to the Senate a responsible bill.

The first amendment I seek to deal with relates to men who desert their families. The Secretary of Health, Education, and Welfare said that this should be a crime and the committee amendment says it is a misdemeanor for a man intentionally to cross a State boundary for purposes of denying his family support, when desertion occurs, we have to tax taxpayers who are working to support their own families so that they will have to pay not only to support their own families but also to support through taxes the family of the man who deliberately and intentionally crosses the State boundary to avoid discharging his obligations to his family, I do not think we should permit a father to avoid his responsibilities with regard to his family by crossing a State boundary, and thus impose on the taxpayers the duty of supporting his child.

The Secretary of Health, Education, and Welfare is not regarded as a flaming conservative. However, with regard to this issue, his attitude was that we should do something about fathers who impose such heavy burdens on the taxpayers by crossing State boundaries in the way I have described. Does the Senator not think that this should be a misdemeanor? Does the Senator not think we should call upon the Federal Government to sue the man and collect what the Government had to pay because the man crossed the State boundary to avoid his obligations to his family—knowingly and with the intention of doing so?

It is my understanding that about 16 percent of the families receiving welfare are cases where the father deserted the family.

If the father crosses a State boundary to get beyond the reach of that State law, why should it not be a misdemeanor? Why should he not be sued for support of his family? Why should we not vote on it? Let Senators decide what they want to do about a father who deliberately abandons his children and refuses to support them with the result that the Federal Government and the State have to combine their resources to support that family. If Senators think that we should not do anything about it, let them so vote.

Secretary Richardson said he would support such legislation.

He said:

> We would support legislation which made it a Federal crime to cross State lines for the purpose of evading parental responsibility.

The answer is not to put a lot more people on welfare, but to put somebody in jail or at least to try to prosecute him for deliberately abandoning his family. Why can we not vote on it?

Mr. RIBICOFF. Mr. President, how ironic the situation is to have the chair-

man of the committee pleading for a vote on these amendments which have had limited discussion and practically no debate. I believe that we should vote on practically every measure before the Senate without a filibuster.

The family assistance program is the No. 1 issue in the President's program. We have been debating it for 1 week and the opportunity for a vote has been denied to us.

I am for granting a vote on every measure of the Senator from Louisiana up or down. But if the Senate is willing to vote on the proposal for welfare restrictions being suggested by the chairman of the committee, I think there is also the obligation to have an opportunity to vote on the family assistance program.

I am going to give the Senate that opportunity, because if the motion to recommit and report back is adopted, I will then reintroduce the family assistance program as a substitute for title V. I hope that those Senators who have been calling for a vote on restrictions will then be willing to have a vote on the family assistance program and give the President and the Senate a chance to vote up or down on the family assistance program.

I am all for voting on the amendments of the Senator from Louisiana. But I hope that the Senator will accord the Senate and the President of the United States the same courtesy and will give the Senate an opportunity to vote on the family assistance program shortly.

Mr. LONG. Mr. President, I have not made a speech on either the family assistance program or on the trade bill.

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

Mr. RIBICOFF. I yield.

Mr. MILLER. Mr. President, will the Senator from Connecticut tell us that if he does intend to offer his amendment on the family assistance plan in such a way that the Senate can work its will on modifications to clean out the deficiencies that have been pointed out on the floor of the Senate?

Mr. RIBICOFF. Mr. President, I will offer the family assistance plan that was originally the Ribicoff-Bennett proposal, but will now be the Ribicoff proposal, as a substitute to title V.

That will be an amendment in the first degree. It will be subject to amendment, unless the Parliamentarian rules otherwise.

So, may I say to the Senator that if a Senator thinks that by adopting a proposal of the Senator from Louisiana, he is just going to have a clear-cut vote for social security, he could not be more wrong. What the Senator from Louisiana did, instead of giving us an oportunity to vote on social security—and I was willing to abide by it—was to go back to title V with restrictive amendments. Then, out of a sense of fair play, we should give the Senate a chance to vote on welfare reform.

Mr. LONG. Mr. President, permit me to explain, with reference to what the Senator has said, that the Senator discussed this matter with another Senator and not with the Senator from Louisiana the possibility of a motion to recommit and report back. The Senator from Connecticut was of the impression that a motion to recommit and report back would eliminate title V.

I had no knowledge of that. I am sure the Senator will affirm the fact that so far as he knows, I had no knowledge of a plan that a motion to recommit was intended to eliminate title V.

When I heard the suggested motion, my first thought was, "Goodness, you would not want to eliminate title V from this bill. You would be striking out $1 billion of help for the poorest people in the country, those who need it the most."

I would be willing to agree, in the spirit of compromise and would go along with this amendment to strike out all these sections that the Senator from Oklahoma would like to strike, but only if we are not confronted with an effort to add family assistance and the other programs to the bill.

Mr. RIBICOFF. Mr. President, the Senator from Delaware is present. I want to explain the chronology. The Senator from Delaware has been opposed to family assistance, and I have been for it. But we have been living for 8 years in that committee in a complete sense of comity.

I have the highest respect for the Senator from Delaware, and I trust that he has the same respect for the Senator from Connecticut.

During all of these weeks, we have been trying to arrive at some way in which we could resolve the differences that confront the Senate, and especially with respect to the family assistance program.

The other day the Senator from Delaware told me that he intended to make a motion to recommit—I think that was on Tuesday, or the day before we adjourned—and report back, striking out titles III, IV, and V.

In a subsequent conversation with the Senator from Delaware, he said to me that he was under the impression that the Senator from Louisiana was going to join with him on his motion to recommit. I therefore took it to mean just that.

The chairman of the House Ways and Means Committee and the ranking minority member have said publicly a number of times—and it has come back to me from others in authority—that under no circumstances would they go to conference on the trade bill, the family assistance, or catastrophic illness.

I do not believe in doing useless things. I recognize that we ought to wind up the Senate's business and we ought to come back to the family assistance and family welfare next year, and that in the interim we should pass the social security bill and amendments to clarify the medicare and medicaid measures, with which the Senator from Delaware and I have been laboring for the past 2 years, which are noncontroversial and the chances are that the House would go along with them in the social security conference.

I was nonplused to find that when the motion to recommit was submitted, we were again on title 5 and the welfare restrictions.

I am willing to forego voting on amendments and on the family assistance program and come back next year.

But I cannot see why we are here now on other welfare restrictions.

This is the same matter that the Senate refused us a vote on with respect to the President's program. If we are on welfare, then we have no alternative. If the Senator wants to vote item by item on the welfare restrictions, the Senator should be willing to give us the courtesy of an opportunity to vote on family assistance, because if the House refuses to go into conference on welfare reform, the President's program, the same conferees will refuse to go into conference on the welfare restrictions now advanced by the Senator from Louisiana.

I want to make the situation clear to the Senate because instead of shortening the session and taking our differences and cutting the Gordian knot, we are back where we started and nothing has been achieved. I was under the impression, after talking to the Senator from Delaware, that we were finally working out of the situation in which we had been.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS of Delaware. The Senator from Connecticut pointed out last Tuesday that after proposing a series of unanimous-consent requests which were objected to, I stated that I was ready to make a proposal to recommit the bill and to strike all of sections 3, 4, and 5. Section 6 already had been disposed of otherwise. That section referred to veterans' benefits. I tried to get a vote on that motion last Tuesday. I was asked not to press the matter to a vote until the chairman came, back since due to weather he could not be here. I believe the Senator from Connecticut asked that that matter not be voted on at that time, and I accordingly withheld my motion.

Mr. RIBICOFF. The Senator is correct. That was out of courtesy to the chairman who was delayed in New York because of a snowstorm.

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. RIBICOFF. I said to the Senator, because he had not been in communication with him, that I thought it was not proper for the Senate to take up a motion to recommit because of the absence of the chairman who could not get back to Washington. So I asked that the matter be held up. Otherwise I would not have held up a vote on the motion of the Senator from Delaware.

Mr. WILLIAMS of Delaware. Then this morning the Senator from Louisiana, as he had a right to do, presented his motion which would keep part of title V. Section 5 represented committee amendments, and I can see his logic there. They represent major reforms of the existing welfare program, and I had hoped they could be retained.

I wonder, in the spirit of getting on with this bill, whether we could not work out some kind of an agreement with the Senator from Louisiana and the Senator from Connecticut—and this is just a sug-

gestion—to strike those three sections without prejudice, and if Senators wanted votes on those amendments, up or down, we could proceed to their consideration. I would like to see this matter closed out and the social security bill passed and sent to conference. It does not appear that we shall get legislation here to increase social security benefits unless we take this step.

I make that suggestion as one who supported a good many amendments of the Senator from Louisiana and some I voted against. I also supported some amendments of the Senator from Connecticut, but we are confronted here with a problem of getting a vote. We had one case pointed out where one person would get three or four different checks from different welfare agencies. I suggested a simplified system to guard against this abuse whereby every welfare recipient would use his social security number. In that way there would be a check against these duplications. That is an amendment which would be most constructive, and I do not think there would be any controversy on its adoption. There could be others, but they could not be offered in their own right and voted on up or down. I would like to see some agreement worked out which would untangle us from this dilemma.

Mr. LONG. Mr. President, in view of the conversations I have heard from other Senators in the Chamber, I modify my motion to include the amendments of the Senator from Oklahoma.

Mr. RIBICOFF. Mr. President, will the Senator yield so that I may suggest the absence of a quorum.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. 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. LONG. Mr. President, as I said before suggesting the absence of a quorum, I modify my amendment to accept the amendment the Senator from Oklahoma has offered.

The PRESIDING OFFICER (Mr. SPONG). If the Senator from Louisiana will suspend for a moment, the Chair for the record would like to refine its earlier ruling on the inquiries made by the Senator from Louisiana. The Chair stated at that time that the amendment by the Senator from Oklahoma could be divided to the extent that it was susceptible to division. Upon examining the amendment of the Senator from Oklahoma, the Chair has noted that the amendment, rather than written by section, is written by page; and so, if the Senator from Louisiana were to pursue his earlier course of action, it would be susceptible to division only in three instances.

The parliamentary situation, as the Chair now understands it, is that the Senator from Louisiana wishes to accept the amendment of the Senator from Oklahoma. We would say that to accomplish what the Senator from Oklahoma initially sought, whether there is to be any division or not, it is necessary for him to modify his amendment as originally submitted to the desk to include all of page 481.

Mr. HARRIS. Mr. President, I do so modify it.

The PRESIIDING OFFICER. The amendment is so modified.

The Chair now understands that the Senator from Louisiana now accepts the Harris amendment as modified, as a modification of his instructions.

Mr. LONG. Mr. President, I would like to explain that, based upon the colloquy we had on the floor, there was something of a gentlemen's understanding between two of my fellow Senators, of which I was not aware, involving these particular sections. I discussed the matter with the Senator from Delaware when he mentioned that he felt the motion should be made, and that the Senate should agree to it, including the motion to strike title V. I pointed out that I believed it would be a very grave mistake. I felt that while our liberal friends might desire to strike some part of it, certainly if we were to strike sections 501 through 530, there was involved in those provisions assistance amounting to almost $1 billion to the poor who needed it the most and that that part should not be stricken. It was my feeling that the other sections should be voted on on their merits.

I subsequently learned, partly from the colloquy and partly during the quorum call we had thereafter, that it was the understanding of the Senator from Connecticut that those sections would not be in the bill.

The Senator from Connecticut, who has been one of the champions of the poor and the downtrodden in this country, himself would be the last to strike certain provisions in the beginning of that section which would be highly beneficial to the poor.

So I believe in this fashion we should be able, and I hope we would be able, to agree to the motion to recommit, and that would still leave to Senators the privilege of moving to strike or to amend certain sections, as an amendment to the bill, or to offer something relevant, which was not objectionable, or even to offer something that was not relevant; but it does involve a determination on the part of the Senate to pass on such of that as remains.

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

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, I think the statement of the chairman puts an entirely different light on the entire problem, because he is correct that, sections 501 to 530 are basic improvements, in which substantial benefits are given to the aged, the blind, and the disabled, as well as many people on welfare. The other sections that were suggested to be stricken by the Senator from Oklahoma were restrictive. That is why I was at a loss to understand why we would not vote on welfare reform but would on welfare restrictions. There is a difference, and I am glad the chairman has agreed to accept the modification of the amendment of the Senator from Oklahoma.

May I say this in conclusion? As far as I am concerned, I am going to vote "no" to the motion of the Senator because I still think that the Senate should have the opportunity to vote on family assistance. I recognize the realities of the situation. As long as the restrictions are removed, if the Senator from Louisiana should prevail, then I would not consider the family assistance plan at this time, because to do so would amount to going down to defeat on the social security benefits for 26 million Americans and $1 billion worth of increased welfare payments to the people who are at the bottom of the economic and social scale in this country. In addition, the resulting filibuster would render the Senate useless to perform its tasks. But again I am encouraged by my conversations with the Senator from Louisiana and the Senator from Utah, who next year will be the ranking minority member on the Finance Committee, that they will do everything possible to expedite the hearings on the family assistance plan, and I hope on trade as well, because each is important.

I would hope that we on the Finance Committee will recognize our obligation and will not tie social security and catastrophic illness and trade and welfare to one bill. I would hope that we would have the responsibility by leaders in Congress to see that there will be full and separate hearings and markups on each bill, bring them to the floor, and have them debated to the fullest extent possible. I will say to each and every Senator know that the family assistance plan is complex and complicated and a real change in the philosophy of this country and that it deserves long and careful debate. That also goes with respect to trade.

Since I have assurance from the Senator from Montana, the majority leader, the Senator from Pennsylvania, the minority leader, the ranking minority member of the Finance Committee, and the chairman of the committee, I think we can get along with the business of the Senate.

Mr. BENNETT. Mr. President, will the Senator from Louisiana yield so I may respond?

Mr. LONG. I yield.

Mr. BENNETT. Mr. President, to the extent that my efforts will be useful to the processes, I will do everything I can in all three of those areas. I am interested in seeing a correction of our trade situation. I am very interested in following through with the President's proposal to improve our welfare program. I am not sure that this social security bill as we pass it will be the final one. We probably will have more social security amendments.

What gives me hope is the fact that next time we should avoid the time pattern that brought us to this impasse. It is my understanding that we have assurances from the chairman and the minority leader of the House Ways and Means Committee that they will get the legislation over to us early so that we will not be caught at the end of the session, and we should have time in 2 years of the next Congress to give ample time to all three of these matters and I hope make

very substantial contributions to their improvement.

To the extent that I can make any contribution to that, I shall be very happy to do so.

Mr. LONG. Mr. President, I yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, we have only 5 days remaining in this session of Congress before we are required to adjourn by the Constitution. It was obvious some days ago that at the rate we were moving, we were spinning our wheels, we were going to wind up getting nowhere, the 26 million retired Americans on social security would be denied their raises, and the three million people drawing public assistance—the needy blind, the aged, and the totally and permmanently disabled—would be denied the benefits which this bill would give them.

It seems to me that now the Senate is beginning to make progress. But we can only make progress if we recognize the realities of what is possible this late in the legislative session.

Each of us is interested in practically every provision of this bill. I have the honor to represent a State that is heavily dependent upon textiles. Some 250,000 Georgians make their living either in the garment industry, or in textile mills, or in producing the cotton that s sold to the textile mills. There are 2,400,000 Americans similarly situated throughout the country. They are losing their jobs at the rate of 100,000 a year.

The Senate, by overwhelming votes in 1948, in 1968, again in 1969, and again in 1970, has attempted to take corrective action in that regard. The House of Representatives heretofore has refused to accept our efforts in conference. This year the other body sent us a bill of its own. There was substantial opposition in the Senate to the House-passed bill, but the Senate Finance Committee, once by a vote of 9 to 3 and again by a vote of 11 to 6, has determined that these people ought to have some relief and some protection. The Senate, by a vote of 55 to 31 on a motion to lay on the table, also indicated its desire to take affirmative action.

Knowing the realities of the situation, I do not think it is possible at this time to get a trade bill, and for that reason I shall reluctantly vote for the motion of my distinguished chairman, the Senator from Louisiana. I am happy to see the spirit of compromise on the part of the distinguished Senator from Connecticut and others who recognize that at this late date in the session, the Senate is not going to take action to add another 14 million people to the welfare rolls of this country without giving the matter adequate and thorough consideration.

I think, therefore, Mr. President, that in this spirit of compromise, even at this late date, it will still be possible for the Senate to approve a bill to benefit those millions of elderly Americans who are in need and in dire straits. Some of them go hungry most of the time, because they cannot make ends meet on the mere pittance they receive on public assistance or the small social security benefits that they get at the present time.

For that reason, and only for that reason, I shall support the motion of my distinguished chairman. I ask him now if it will be possible for the Senate Finance Committee, early in the 92d Congress, to take action on trade legislation in order that we can do something to correct our hemorrhage of dollars and gold, our unfavorable balance of payments, and the loss of the business that we are exporting to foreigners throughout the world. It seems to be the policy of many Senators to export all of our jobs and put all our people on welfare. But if we are going to export our jobs, it simply will not be possible to put our people on welfare, because we will not have the tax resources to support the welfare program.

Will my chairman hold hearings on it next year, so we can get early action on the trade bill?

Mr. LONG. Mr. President, I discussed this matter previously with the Senator from Georgia as well as the Senator from Connecticut. Both of them have made the point that we should hold hearings at the earliest possible date consistent with our other duties, because of the pressing need to act in this area.

I can assure the Senator that we will hold hearings at the earliest practicable time, to begin to develop answers to this vexing problem.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I support the position taken by the chairman of the Finance Committee. What the distinguished Senator from Louisiana is attempting to do is to bring some order out of chaos. He is attempting to strip from the social security bill all of the nongermane amendments.

If we are going to have a social security bill, we can only have that bill, as I see it, at this late stage in the session, if we take off all of these other amendments and strip it down to the social security bill, in order to give the social security recipients an increase in their benefits.

Many of the amendments that will be stricken off of the bill if this recommital motion is carried will be amendments which I have supported. Others will be amendments which I have opposed. But be that as it may, if we are going to bring a social security bill out of this Congress, if the Senate is to have an opportunity to pass a social security benefit bill, then it seems to me to be necessary to follow the recommendation of the chairman of the Committee on Finance to recommit this bill, strip it of its nongermane amendments, and bring back a social security bill, which up to this point has been held hostage by other amendments, and then give the Senate an opportunity to vote for an increase in social security benefits, which benefits, it seems to me, the people so badly need in this time of inflation—and contrary to what many say, I do not think inflation is getting better; indeed, it may be getting worse.

I think the social security recipients are entitled to this increase in their benefits, and I think the Senator from Louisiana has indicated a way by which the Senate can pass this social security bill at this session and provide those benefits.

Mr. LONG. Mr. President, I ask for the yeas and nays on my motion.

The yeas and nays were ordered.

Mr. LONG. I yield to the distinguished Senator from Wyoming.

Mr. HANSEN. Mr. President, I associate myself with the remarks made by the Senator from Georgia. I, too, shall support the chairman of our Committee on Finance. I think the reasons for my decision have been adequately set forth by the remarks made by the distinguished Senator from Georgia.

I think there is great need to enact some legislation which will protect this country against the loss of dollars, the loss of jobs, and the outflow of industries that we have been experiencing. But for the time being, I think the actions of the chairman have been courageous, honest, and forthright, and I shall give him my support.

Mr. LONG. I thank the Senator. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I wish to join my colleagues, first, in praising the statesmanship exhibited by the Senator from Louisiana (Mr. LONG), the Senator from Oklahoma (Mr. HARRIS), the Senator from Connecticut (Mr. RIBICOFF), and the leadership of the Senate in bringing this matter to some kind of finality. I think whatever we do now is bound to bring honor to the Senate, and I shall loyally cooperate.

I appreciate very much the statesmanlike attitude of the Senator from Georgia (Mr. TALMADGE), with whom I thoroughly disagree on his statements as to the merits of trade quotas, but I certainly laud his desire to get something done on what we can get done; and I certainly join on that wholeheartedly.

I rise only to make this point: I realize that everything must be the result of accommodation between men. It is a fact that the Senator from Oklahoma (Mr. HARRIS) and the chairman have concerted in eliminating many, if not most, of the objectionable major changes in social philosophy in the welfare plan, by eliminating sections 540 through 551, inclusive, from the bill. There still remains the whole question of Federal child care, and a number of bills have been introduced on that issue, representing an enormous amount of creative thinking. The Senator from Oklahoma has introduced one, the Senator from Indiana (Mr. BAYH) has introduced one, I have introduced one, and there has been a White House conference on the subject.

I really think, with all respect—and that is my reason, of course, for rising—that, if that, too, could be taken out of this consideration, it would be most helpful.

I only appeal to the chairman. I realize that many things have to be put together which lean on each other, and if the chairman of the Finance Committee feels insistent on it, I certainly would not wish to cross him at this late date by offering another amendment. But I do submit to him, with all respect, that the deliberation in which he is now joining—for trade, for the family assistance plan, and for catastrophic health insur-

ance—is equally deserved by the child care provisions of this bill. His own stature and importance in respect of the committee which he heads is so great that I submit to him, as a matter of statesmanship and policy, whether all of us might not be better served if that, too, should be the subject of really profound deliberation and creative enterprise by him and the others.

Mr. LONG. Mr. President. I would hope the Senator would reserve that issue and let the Senate decide it after we have concluded this phase, because some of the most concerned people in the country in this area believe that what we have done with regard to child care is one of the best things that could be done. The AFL-CIO thinks so, and many of the child care experts think so. Some very fine people do not agree and take the view that the Senator from New York takes.

I would urge the Senator to let that be in the same category as an amendment that has to do with peer review under medicare where the majority on the committee agreed with the distinguished Senator from Utah, but the distinguished Senator from Nebraska does not. He is going to submit that issue to the Senate. I wish the Senator from New York would raise the child care question after our motion is agreed to, because it is one about which the best intentioned people differ.

I would hope that the Senator would let us agree to this motion and then raise the child care question and lay out both sides of the argument and let the Senate decide it.

Mr. JAVITS. Mr. President, I am going to comply with what the Senator from Louisiana asks me to do. I think it is in the highest interest of the Senate's action. I did not wish, by remaining silent, to fail to point out the seriousness of this issue, that many of us consider it to be equal in weight with what is going out of the bill right now under this motion and gentlemen's agreement. I did wish to have the Senator informed that this would not be a filibuster or extended debate but a determined fight, because it deserves it.

Mr. MCINTYRE. Mr. President, the proposed action by the Senator from Louisiana (Mr. LONG) and the Senator from Delaware (Mr. WILLIAMS) would have the effect of killing the possibilities of providing protection for American shoe and textile workers during this Congress.

There was an attempt to drop protection of the shoe workers in the Finance Committee. That failed.

There was a further attempt to, in effect, kill shoe and textile quotas on December 18. This was defeated by a vote of 31 to 58.

These two recent actions convince me that the sense of the Senate supports the contention that our shoe and textile industries need some form of qualified protection if they are to survive and maintain sorely need payrolls.

These actions confirm my belief that this body is acutely aware of the plight of the shoe and textile industries and is reluctant to turn its back on them.

I am certain that many Members feel precisely as I do about this issue. We believe in free competition. We are not protectionists as such. But we refuse to stand idly by when unfair overseas competition results in the shutting down of our factories and the unemployment of our workers.

This is painfully true in the case of the shoe industry in my State of New Hampshire and the rest of the Nation, just as it is true in the case of the textile industry throughout the country.

Two years ago the shoe and leather industry was the single largest manufacturing employer in New Hampshire, having a total work force of 20,536 people. By 1969, employment had dropped to 18,466 and the industry had lost its leading role.

In the past 2 years, almost 10 percent of the shoe factories in New Hampshire close down, severely affecting the economy of the communities in which they were located, and by July of 1970, Mr. President, the shoe and leather work force had shrunk to only 16,400.

Now there are those, including the present administration, who apparently view the demise of the domestic shoe industry as unavoidable, inevitable, and, indeed, necessary to preserve our present foreign trade policy.

I strongly disagree with that thesis, and I deeply resent having the economic backbone of my State and this industry severed on the sacrificial block of totally unrestricted free trade.

For the crucial fact remains, Mr. President, that in almost every single case in New Hampshire, the major reason for the shutting down of shoe plants and the resulting loss of jobs can be directly attributed to competition from cheaply made foreign shoes.

Let me repeat once again. I believe in free competition when that competition is fair competition. Our shoe and textile industries are the victims of unfair competition and this is why I continue to urge the enactment of quotas which will restore fairness and, in the long run, strengthen free competition.

Mr. President, I want to join the Senator from Georgia in expressing the hard facts of the situation before us. Within the time constraints facing us at this late hour of the 91st Congress a trade bill is an impossibility. It is also certain that a social security bill is vital to the needs of millions of our elderly citizens. There is solid agreement that social security and medicare amendments can pass. With the promise for early trade legislation consideration in 1971 I will vote to recommit.

The PRESIDING OFFICER. The question is on agreeing to the motion, as modified, of the Senator from Louisiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

On this vote, the Senator from North Dakota (Mr. BURDICK) is paired with the Senator from Rhode Island (Mr. PASTORE). If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. GRIFFIN. I announce the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Illinois (Mr. PERCY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

If present and voting, the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 49, nays 21, as follows:

[No. 446 Leg.]

YEAS—49

Aiken	Gurney	Prouty
Allen	Hansen	Proxmire
Allott	Holland	Randolph
Baker	Hruska	Sparkman
Bellmon	Hughes	Spong
Bennett	Jackson	Stennis
Bible	Jordan, N.C.	Stevenson
Boggs	Jordan, Idaho	Talmadge
Byrd, Va.	Long	Thurmond
Byrd, W. Va.	Magnuson	Tydings
Cannon	McIntyre	Williams, N.J.
Curtis	Metcalf	Williams, Del.
Dole	Miller	Yarborough
Ellender	Moss	Young, N. Dak.
Ervin	Nelson	Young, Ohio
Fannin	Packwood	
Fulbright	Pearson	

NAYS—21

Bayh	Harris	Mondale
Brooke	Hartke	Pell
Case	Javits	Ribicoff
Cook	Kennedy	Saxbe
Cooper	Mansfield	Schweiker
Goodell	Mathias	Scott
Griffin	McGovern	Smith

NOT VOTING—30

Anderson	Goldwater	Montoya
Burdick	Gore	Mundt
Church	Gravel	Murphy
Cotton	Hart	Muskie
Cranston	Hatfield	Pastore
Dodd	Hollings	Percy
Dominick	Inouye	Russell
Eagleton	McCarthy	Stevens
Eastland	McClellan	Symington
Fong	McGee	Tower

So Mr. LONG's motion was agreed to.

Mr. LONG. Mr. President, on behalf of the Committee on Finance I report herewith H.R. 17550, the Social Security Amendments of 1970 modified in accordance with the instructions of the Senate.

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

The legislative clerk read as follows:

H.R. 17550, to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The PRESIDING OFFICER. The clerk will report the first committee amendment.

Mr. LONG. Mr. President, I ask unanimous consent that the Senate agree to the committee amendments en bloc and regard them as original text, preserving the right of Senators to offer amendments thereto.

Mr. JAVITS. Mr. President, on previous occasions I have objected to this because of the inclusion in the bill of the material which, in my judgment, and the judgment of many others here, has weighted down and presented an invitation to disaster for our country. But, Mr. President, it is still possible for any Senator to add on any of these amendments. I join with all my colleagues in the hope that this will not be done. In order to show good faith and to honor the efforts of the Senate to disentangle itself, I shall not object.

The PRESIDING OFFICER. Is there objection to the consideration of the amendments en bloc and that the amendments be agreed to en bloc and that the bill as amended be treated as original text for purposes of further amendment?

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. Mr. President, if the unanimous-consent request is granted, as is indicated, the amendments may then lie in two degrees, as an original amendment and as amendments or substitutes to that amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct. They will be amendable in two degrees, after the unanimous-consent request is granted.

Is there objection to the request of the Senator from Louisiana?

The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Moss). Without objection, it is so ordered.

The Senator from Nebraska is recognized.

AMENDMENT NO. 1122

Mr. CURTIS. Mr. President, I call up amendment No. 1122.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read as follows:

The Senator from Nebraska (Mr. CURTIS) proposes amendment No. 1122, as follows:

Strike out from page 232, line 11 through line 15, page 269.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, is the Senator willing to enter into a time limitation on the consideration of his amendment?

Mr. CURTIS. Mr. President, I would be willing to a time limitation of 15 minutes to the side.

Mr. LONG. Mr. President, I ask unanimous consent that the debate on the amendment be limited to one-half hour, the time to be equally divided between the sponsor of the amendment and the Senator from Utah (Mr. BENNETT).

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. CURTIS. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. We are on limited time, and we should give our full attention to the debate.

The Senator from Nebraska may proceed.

Mr. CURTIS. Mr. President, I shall try to state my case concisely. I hope that the Senators present will follow it.

The amendment would strike from the bill that section which has been called "peer review." The problem is how we define peer review.

In administering medicare certain abuses have sprung up. Our staff has done some fine work on this matter. In their report they concluded with the recommendation that the medical profession ought to police the medical profession. With that statement I concur.

The committee had before it many problems, as the debate over the last 2 weeks has shown. There was testimony taken on this matter. However, the testimony is far conclusive as to a proper method of peer review.

Mr. President, we ended up with 39 pages or thereabouts on peer review which really has not had the attention that it ought to have. I am not opposing peer review as such. I oppose the language used. And I suggest that in the closing days of Congress, it ought to go out and we should have another look at it next year.

If we wish to examine some of the language, if we turn to page 234 in the bill, it will be seen that this peer review organization will have a lot of authority to police the practice of medicine insofar as these Government programs are concerned.

On page 234, lines 10 through 11 are in line with the idea that the medical profession should police the medical profession. But if we look at lines 20 through 24, we see who else would police the medical profession.

I read what it says:

Such other public, nonprofit private, or other agency or organization, which the Secretary determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; . . .

It gives to the Secretary the power to select any organization he wants to tell the doctors how to practice, when a person should go to the hospital, when the facilities are adequate and many other far-reaching questions.

I contend that would enable the Secretary to turn to an organization of some crusader, such as Ralph Nader, or anyone else, to police the medical profession.

I call attention to some other language on pages 237 and 238. There is some very deceptive language there. It reads:

No Professional Standards Review Organization shall utilize the services of any individual who is not a physician to make final determinations with respect to the professional conduct of any physician, or any act performed by any physician in the exercise of his profession.

The catchword there is "final." We could have an organization with thousands of clerks who could take a blue pencil and direct the practice of medicine, if we had one doctor at the top. That doctor would not have to be a practicing physician if he has been to medical school and has a license. He puts his initials on the final paper and that will determine how the medical profession shall treat the patients.

Such language should not be agreed to in the closing days of this Congress. Surely, we should have peer review, but not that kind.

Mr. STENNIS. Mr. President, will the Chair maintain order?

The PRESIDING OFFICER. The Chair admonishes the Senate to be in order. The Senator from Nebraska may continue.

Mr CURTIS. Mr. President, among other things, a peer review organization will have authority to require a doctor treating patients to get permission before what they have what is called elective surgery. Who would be the members of the review organization? Nobody knows because there is a blank check of authority to select any group which the Secretary chooses.

This has the real possibility that the bureaus can police the medical profession. I am not here pleading a case for the doctors. By and large they are well educated people who take care of themselves. I am concerned about the patients.

When medicare was adopted, the people were promised over and over again there would be no interference with the doctor-patient relationship; that they would not be treated in groups but that every individual would have free access to his doctor, unhampered by rules and regulations that told the doctor what decisions to make, when to operate, what medicines to prescribe, and so forth.

I believe this language is too broad. I believe we should have something like

this, but certainly not the language that is in the bill. Through the fault of no one, this provision did not get the attention it should have.

My plea is that the matter not be included in this bill and that it be considered in the subsequent bill.

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

Mr. CURTIS. I yield.

Mr. ALLOTT. Mr. President, will the Senator state again what his amendment would do?

Mr. CURTIS. The amendment would strike out the language on page 232 beginning at line 11 through line 15 on page 269.

Mr. ALLOTT. The Senator would strike out all of the language dealing with professional review?

Mr. CURTIS. The Senator is correct.

Mr. ALLOTT. There have been many of these situations which have gotten much public attention. It seems to me we are taking an erroneous step by including the language on page 234 in paragraph (b) and also including subparagraph (e), page 237, which, as the Senator has mentioned, contains the word "final."

The effect is that there could be an unqualified group doing this sort of work and a doctor or a group of doctors could be totally tarred with a brush and after they had had their reputations and perhaps their livelihoods imperiled, the only thing they would have would be on final review they would have a group of doctors to say whether they did or not.

Mr. CURTIS. I thank the Senator. I am on limited time. I do agree with the Senator.

Mr. ALLOTT. I did not realize the Senator was on limited time.

Mr. HARRIS. Mr. President, will the Senator yield to me for 2 minutes?

Mr. CURTIS. Mr. President, may I inquire how much time I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. CURTIS. I yield 1 minute to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I support the amendment of the distinguished Senator from Nebraska, as I did in committee.

I ask unanimous consent to have printed in the RECORD a portion of the separate views I have filed to the report of the committee concerning this matter.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The committee adopted a proposal to establish professional standards review organizations at local and State levels throughout the country to review such functions as examination of patient and practitioner profiles; independent medical audits; on-site audits; and the development and application of norms of care and treatment.

The Secretary of Health, Education, and Welfare would be required to enter into agreements with qualified professional standards review organizations, principally local medical societies, to review the totality of care rendered or ordered by physicians for medicare and medicaid patients. Where medical societies are unable or unwilling to undertake the responsibility, the Secretary could contract with States or local health departments or other suitable organizations.

This provision has a laudable purpose: to insure quality care and to hold down unnecessary costs.

However, the proposal contains many unknown and unpredictable factors. Further, there are serious objections that it grants organized medicine too much control over utilization of facilities and payments of claims.

The proposal should be tested before Congress puts it into effect on a total basis as the committee bill would do. I am not satisfied that this proposal will result in the savings which have been claimed by its proponents, nor am I satisfied that the review procedure is the best and most workable which can be devised.

The House provisions on peer review should be strengthened, and the Senate committee provisions should be stricken.

Mr. HARRIS. Mr. President, I particularly point out, as I said in those separate views that—

The proposal contains many unknown and unpredictable factors. Further, there are serious objections that it grants organized medicine too much control over utilization of facilities and payments of claims.

Mr. President, I support the amendment of the Senator from Nebraska.

Mr. BENNETT. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, medicare's hospital insurance plan has a deficit over 1967 projections officially estimated at $216 billion over the next 25 years, if we go on as we are going. On the other hand, applying cost projections of the American Hospital Association, that deficit is estimated at $370 billion. Any figure, or any figure between those figures is intolerable.

The committee overwhelmingly voted approval of the professional standards review amendment as the basic approach to bringing about effective medical—and not governmental control of medicare and medicaid. Our present medicare and medicaid utilization review is fragmented, piecemeal, and ineffective. The basic approach developed and sponsored by Senator BENNETT was modified by the committee in response to the constructive comments of organized medicine and hospitals.

The amendment is designed to assure comprehensive and ongoing review of care provided under medicaid and medicare by physicians at local levels—usually in minimum groupings of 300 practicing doctors. The amendment includes every conceivable safeguard against pro forma or token assumption of responsibilities by doctors. It includes every conceivable safeguard to protect the public interest.

The Professional Standards Review Organization amendment is a responsible answer developed after long and hard work, to bringing medicare and medicaid under effective and professional control. We just cannot permit medicare and medicaid to continue as they have. Congress has a responsibility to act.

The alternative to use of professional standards review organizations is beefed-up review by governmental employees and insurance company personnel. That is an alternative which holds little appeal to us or the doctors.

The plan, which has been entitled PSRO—the Professional Standards Review Organization—has been worked on for months by the staff of the committee, by the staff of HEW, and through consultation with many scores of doctors and professional organizations.

I would say that so far as most medical organizations are concerned, the last remaining disagreement is over how this organization shall be constituted. For obvious reasons there are many people in the American Medical Association who feel that the power should be lodged with the State medical society. I have opposed that because I do not believe it proper for any private organization supported by private funds, open to membership, whose membership would be controlled by private rules, to administer such a law. Therefore, a program was established under which groups of local physicians in an area supporting 300 or more physicians would be invited to offer their services to the Secretary to carry out this review process.

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

Mr. BENNETT. I am happy to yield.

Mr. LONG. Is it not true that in the years we spent studying these matters we found situations such as that in a particular area where there would be one doctor performing five times as many tonsillectomies as the average doctor would be performing? When we looked into it, we found that he should not have been performing five times as many procedures. He should have been performing the same number as the others. Then we would find a doctor giving five times as many injections as other doctors and bringing patients in for unnecessary numbers of office calls, when it would be cheaper to give them packages of pills to take.

Is it not true that we found a multitude of ways in which doctors, hospitals, and nursing homes, particularly those who might not have as many patients as others, performed many unnecessary services thereby running up the costs of the program in ways that everybody agreed should not have happened?

If we do not have the Senator's amendment—and as one on the committee I think he modified it to meet every reasonable objection of medical associations—then we would not have any mechanism to do anything about the abuses by doctors and other providers of care other than the inadequate mechanism we already have.

Mr. BENNETT. I am grateful for the Senator's contribution. Some language was read as to what power goes to the Secretary. It should be pointed out that that is a residual power. He should use first the peer group system of review, and, if it is not available, in the end there should be some type of review by the Federal Government. The priority goes to local peer review groups, and the Secretary cannot act until he has to act.

The point was made that under the language of the bill doctors would have to give permission to take patients into the hospital for elective surgery or elective treatment. Actually, we are concerned with problems that exist under our present system, in which the doctor can

take the patient into the hospital and then, after the patient has been there for a long time, the service decides it was improper and refuses to pay for it.

Our problem here is to set up a system by which we can make reasonably sure that the surgery or the other treatment will fall within the medicare rules and be paid for.

The amendment has been drawn so that the peer review organizations will see to it that a man whose patients are properly handled can be given blanket permission to take his patients in for treatment, and they will concern themselves only with the problems.

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

Mr. BENNETT. I yield.

Mr. TALMADGE. Can we not say that the position of the Senate Finance Committee on this amendment is that we want to return the ball game to the players?

Mr. BENNETT. That is right. That is exactly right, but we have to have an umpire in the ultimate sense.

Mr. TALMADGE. Either the doctors police their own profession or it will be policed in Washington by HEW?

Mr. BENNETT. That is right. We want to offer the doctors the first opportunity. We want to give the local doctors, who are aware of the limitations and problems of their colleagues, a chance to pass on that.

The point was made here that all kinds of decisions can be made along the road and that the doctor only will make the final decision. That was put in there to make it possible for the doctor to use registered nurses or use paramedical people to handle the minutia that go into loading a doctor down with all the paper work and with all the comparatively unimportant decisions. These people would be employees selected by the doctors to represent them.

If this provision is knocked out of the bill, we are left with the House language, and the House language gives the Secretary full power to do anything he pleases. The doctors will have no opportunity to review their own professional activity. The purpose of peer review is not to review the claims situation; it is concerned only with medical necessity, with professional standards, and with the possibility of finding less costly ways of treating patients.

If ever a proposal has been worked over and carefully adjusted to every practical suggestion that has been made by the members of the medical profession, this proposal has been so treated, and I think it would be tragic if we knocked this provision out of the Senate bill and, therefore, had no chance in conference to do anything except take the House language and thus mandated the Secretary of Health, Education, and Welfare to set up a process by which he would review and enforce conditions of medicare.

There must be review. The situations, the difficulties that have been developed, demonstrate that. The doctors want a chance to review themselves. I think this provision gives them that chance without passing it automatically to a private group such as a State medical society.

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

Mr. BENNETT. I yield.

Mr. LONG. Is the language not directed to abuses such as are shown on page 664 of the hearings? Here were two doctors practicing in a ghetto area of a larger city and they were performing, even though they were general practitioners, more tonsillectomies than all of the ear, nose, and throat specialists put together. A man might come into the doctor's office with a headache. The doctor would say, "It looks like you have a headache. Here is an aspirin. Meanwhile, you also ought to have your tonsils taken out." So out would come the tonsils.

Such practices contribute directly to the provision of unnecessary medical services and that is one of the reasons why medicare has cost twice as much as it should and why we have found some doctors making fantastic amounts of money under medicare.

This provision would simply enable the doctors to establish a review organization and continually review the medical care in their community or area. It is only in the event that the doctors declined to do the job right that the Department of Health, Education, and Welfare would get into the picture.

Mr. CURTIS. Does the Senator point out that out in the——

Mr. BENNETT. Mr. President, I have the floor. This is on my time.

Mr. CURTIS. Will the Senator yield?

Mr. BENNETT. Mr. President, how much time do I have left?

The PRESIDING OFFICER. About 2½ to 3 minutes.

Mr. BENNETT. I shall be happy to reserve the remainder of my time so the Senator from Nebraska can ask questions.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, there is no effort on the part of the Senator from Nebraska to defend abuses. They should be stopped, and they are being stopped. The Senator from Georgia said this was an amendment to turn the ball game back to the players.

No one can read lines 20 through 24 on page 234 and say that is to turn it over to the players. It turns the review powers over to any organization which the Secretary determines.

What do they have power to do? Here is what they have power to do: They are to ascertain whether or not such services were medically necessary, and to ascertain concerning the cost of such services, as to whether they meet certain professional standards; they have authority to determine in advance any elective admission to the hospital or to the care facility, or any other care service which consists of an extended or costly course of treatment.

Mr. President, I point the finger at no one, and make no criticism of our committee. We had too much work to do at one time. But I submit that this amendment, consisting of 39 pages, was never read in the committee, it was never read by a staff member to the committee, there was no time after it was printed that a staff member was turned to and asked to go over it section by section. It has language in it that will do things other than that which the proponents would like to have done.

Many of these abuses that are mentioned will be taken care of by Government audit. Many of them will be taken care of by the voluntary committees in the medical association, and, given a little more time, we can write a better peer review.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Utah has 2 minutes remaining.

Mr. BENNETT. Mr. President, I should like to read briefly from page 155 of the committee report:

> Priority in designation as a PSRO would be given to organizations established at local levels representing substantial numbers of practicing physicians who are willing and believed capable of progressively assuming responsibility for overall continuing review of institutional and outpatient care and services. Local sponsorship and operation should help engender confidence in the familiarity of the review group with norms of medical practice in the area as well as in their knowledge of available health care resources and facilities. Furthermore, to the extent that review is employed today, it is usually at the local level. To be approved, a PSRO applicant must provide for the broadest possible involvement, as reviewers on a rotating basis, of physicians engaged in all types of practice in an area such as solo, group, hospital, medical school, and so forth.

Going back to the charge that it would prevent or interfere with elective admissions to hospitals, let me say again that the doctor has all the power in the world to take his patient to the hospital. The thing that must be reviewed is whether that patient is properly covered by medicare, and whether medicare will pay for the services. That is the name of the game. That is the problem that we face.

Mr. President, the following State medical societies have supported the committee's program: Georgia, Mississippi, Pennsylvania, Hawaii, and New Mexico. Many county societies also support it.

I think that the medical profession was disappointed that they did not get the right to conduct these reviews through their private State societies. They want the system. I hope the Senate will support it and give it to them.

The PRESIDING OFFICER (Mr. Moss). All time having expired, the question is on agreeing to the amendment of the Senator from Nebraska (Mr. CURTIS). 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. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator

from Missouri (Mr. EAGLETON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from Mississippi (Mr. EASTLAND), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that, if present and voting, the Senator from Texas (Mr. YARBOROUGH) would vote "nay."

On this vote, the Senator from Rhode Island (Mr. PASTORE) is paired with the Senator from Louisiana (Mr. ELLENDER). If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from Louisiana would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

If present and voting, the Senator from South Dakota (Mr. MUNDT) would vote "nay."

On this vote, the Senator from Texas (Mr. TOWER) is paired with the Senator from Oregon (Mr. HATFIELD). If present and voting, the Senator from Texas would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 18, nays 48, as follows:

[No. 447 Leg.]

YEAS—18

Allott	Dole	Hruska
Bayh	Fannin	Jordan, N.C.
Bellmon	Griffin	Packwood
Cook	Gurney	Pell
Cooper	Hansen	Proxmire
Curtis	Harris	Ribicoff

NAYS—48

Aiken	Jackson	Prouty
Allen	Javits	Randolph
Baker	Jordan, Idaho	Saxbe
Bennett	Kennedy	Schweiker
Bible	Long	Scott
Bogas	Magnuson	Smith
Brooke	Mansfield	Sparkman
Byrd, Va.	Mathias	Spong
Byrd, W. Va.	McIntyre	Stennis
Cannon	Metcalf	Stevenson
Case	Miller	Talmadge
Ervin	Mondale	Thurmond
Fulbright	Moss	Williams, N.J.
Hartke	Nelson	Williams, Del.
Holland	Pearson	Young, N. Dak.
Hughes	Percy	Young, Ohio

NOT VOTING—34

Anderson	Goodell	Mundt
Burdick	Gore	Murphy
Church	Gravel	Muskie
Cotton	Hart	Pastore
Cranston	Hatfield	Russell
Dodd	Hollings	Stevens
Dominick	Inouye	Symington
Eagleton	McCarthy	Tower
Eastland	McClellan	Tydings
Ellender	McGee	Yarborough
Fong	McGovern	
Goldwater	Montoya	

So Mr. CURTIS' amendment (No. 1122) was rejected.

AMENDMENT NO. 1163

Mr. CURTIS. Mr. President, I call up my amendment No. 1163.

The PRESIDING OFFICER. The amendment will be stated.

The assistant 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:

On page 145, between lines 14 and 15, insert the following:

(d) In the case of a health care facility providing health care services as of December 18, 1970, which on such date is committed to a formal plan of expansion or replacement, the amendments made by the preceding provisions of this section shall not apply with respect to such expenditures as may be made or obligations incurred for capital items included in such plan where preliminary expenditures toward the plan of expansion or replacement (including payments for studies, surveys, designs, plans, working drawings, specifications, and site acquisition, essential to the acquisition, improvement, expansion, or replacement of the health care facility or equipment concerned) of $100,000 or more, had been made during the three-year period ended December 17, 1970.

Mr. CURTIS. Mr. President, this is a corrective and clarifying amendment. I have submitted it to the chairman of the committee, and I think that he might accept it. I yield to him for such comment as he should like to make.

Mr. LONG. Mr. President, it is my understanding that this amendment is sort of a grandfather provision, involving a clarification of intent as the Senator has stated. It was not considered by the committee, but I see no reason why we could not agree to it.

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

Mr. CURTIS. I yield.

Mr. JAVITS. Should we know something about it?

Mr. CURTIS. The bill provides that hereafter, in determining reimbursement to a hospital for medicare services, they shall disregard any allowances for capital improvements that have been rejected by a State planning agency.

In many States, the State planning agencies are just now being brought into existence. Some of the staff were of the opinion that this amendment was not necessary, but it provides that any care facility which on December 18, 1970, was committed to a formal plan of expansion or replacement, the amendment shall not affect. Such a beginning includes such preliminary expenditures toward expansion or replacement, including payments for studies, surveys, design plans, drawing specifications, site acquisition, improvements and expansion and replacement. In other words, if a hospital has plans underway on December 18, 1970, this new rule that would exclude from consideration their capital cost of facilities, would not apply.

Mr. JAVITS. Is the department saying this is a big problem involved, millions of dollars, or is it a modest problem? I gather it affects particularly the Senator's State?

Mr. CURTIS. In this particular case, it involves the Immanuel Hospital Medical Center in Omaha.

Mr. JAVITS. I have no objection. It is a matter of a modest expansion.

Mr. CURTIS. They have spent millions of dollars on an expansion which is just now getting underway. This hospital is faced with a technical ruling of the Hill-Burton board, made some years ago, entirely outside the purview of what this language contemplates, which might create problems if this amendment is not agreed to.

Mr. JAVITS. I meant universally for the country, is there a problem?

Mr. CURTIS. I think not.

Mr. JAVITS. On that basis, I have no objection.

Mr. CURTIS. Mr. President, I ask for a vote on my amendment.

The PRESIDING OFFICER (Mr. MOSS). The question is on agreeing to the amendment of the Senator from Nebraska.

The amendment was agreed to.

AMENDMENT NO. 1106

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. Does the Senator have a further amendment?

Mr. CURTIS. I do. I call up my amendment No. 1106 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read the amendment as follows:

Beginning on page 213, line 17, strike out "PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS" and all of section 239 through page 225, line 23.

Beginning on page 401, line 21, strike out all through page 402, line 11.

Mr. CURTIS. Mr. President, I am willing to agree to a limitation of time.

Mr. LONG. Mr. President, I ask unanimous consent that, if the Senator is willing, the time on this amendment be limited to one-half hour, the time to be equally divided, 15 minutes to a side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Who yields time?

Mr. CURTIS. Mr. President, I yield myself such time as I shall require.

Mr. President, this late in the year and this late at night, it is difficult to make decisions on any bill. Here is what is involved in the amendment: The bill carries provisions for what I term group practice of medicine. This would make it possible for an arrangement to be entered into whereby the recipients of

medical care and medicaid to be treated as a group. In other words, instead of that individual doctor-patient relationship, they can join an organization and, by contract with the Government, for a flat fee, they take care of all the group's medical needs.

I want to be fair about this, that it does not force group practice of medicine on the people generally. I do not contend that. All I contend is that this is the beginning of a move toward group practice of medicine.

As I said a bit ago, when these programs were inaugurated we were told over and over again that they would always be administered so as not to interfere with the individual doctor-patient relationship.

Now the costs have gone up; part of it is due to inflation and part to other causes—60 percent to 70 percent of the cost of the problem is in labor—but in grasping for some way to cut down the costs of government medical programs the provision is advanced.

I have a fear that if we make this start in group practice, it will be enlarged and, little by little, it will become compulsory and we will be sacrificing quality for price. Patients will be treated as groups; not as individuals.

Well, Mr. President, I am concerned about the patients. I think that anyone who is ill, particularly those who do not have the resources to pay their own medical bills, should be treated as an individual, that they should consult with a doctor, with a free exchange of questions and answers, and the doctor should advise the patient of the treatment, hospitalization, operation, or whatnot that he should have.

This will make it possible, however, to contract with groups and have a stated fee that will take care of all their ills.

Some Senators have information about company doctors, whether it is a doctor provided by a railroad company, a mining company, or other company. It has never been as satisfactory as the undividual selection of a doctor and the strict maintenance of that individual doctor-patient relationship. This beginning of the group practice is in here, not for the purpose of improving the health care of the people of the country, but it is here to lower the cost.

I am for lowering the cost anywhere it can reasonable be done, but never by sacrificing the quality of care.

I do not believe that if someone joins an organization and that organization contracts with the Government and, for a stated fee, everything is taken care of, that that is as conducive to quality health care as the individual practice of medicine.

Again, Mr. President, I want to make it abundantly clear that I do not contend that this bill forces group practice on anyone. But it is the beginning.

Now there are other things we can do to cut down the cost. Personally, I never did favor medicare for the extremely wealthy, but that is water over the dam.

Instead of dealing directly with costs, such as doing something that will bring more labor-saving devices into the hospitals, we are turning to a cheaper practice of medicine. We are laying the foundation which could well lead to a sacrifice of quality practice.

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

Mr. CURTIS. I yield.

Mr. COOPER. Mr. President, can the Senator give an example of the way this works?

Mr. CURTIS. An organization is created, which enters into a contract with a doctor or doctors. I do not know on what basis of the contract, but they contract to take care of the ills of their members for a stated fee.

I have the feeling that it will result in a group practice that would be very much like being treated by a company doctor. We have heard much complaint about that. It is a beginning which I believe is a mistake.

Mr. LONG. Mr. President, the part of the bill that the Senator from Nebraska seeks to strike was enthusiastically recommended by President Nixon, which was approved by the House Ways and Means Committee, agreed to by the House of Representatives and which the Senate Finance Committee also agreed to.

Mr. President, this committee approved President Nixon's recommendation, with the exception that it did put on some necessary limitations to tighten it up to prevent abuse.

We are talking about people who could sign a contract with a group known as a health maintenance organization. We could name many such groups. The Kaiser Health Foundation on the west coast, for example, is a type of health maintenance plan. They could, for example, possibly sign some sort of an agreement with the Ochsner Foundation in New Orleans if the doctors want to provide such services. Or they could go to the Mayo Clinic in Minnesota if they wanted to form a health maintenance organization with doctors of all specialties capable of providing any medical service one might want. They would provide the medical services, and the Government would pay 95 percent of what it would cost on a per capita basis to provide this individual with his medicare benefits using present payment mechanisms.

It is anticipated that these health maintenance organizations could save money. In some cases, they would find ways to be more efficient. In other cases, they might use fewer hospital days because they would be able to do better if the patient came for outpatient treatment rather than hospital treatment. By providing more efficient services, they would hope to save some money in their operation and to provide either more or better medical care to the people who are members of the health maintenance organization.

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

Mr. LONG. I yield.

Mr. SAXBE. Mr. President, is not the main thrust of this provision to keep people out of the hospital rather than to put them in $80- and $100-a-day hospital beds?

At the present time under medicare, an old person who is sick is almost forced to go to the hospital to get adequate attention. So we have them under those circumstances in a $75-a-day hospital bed.

Almost anyone subject to medicare has one or more chronic conditions—heart, arthritis, kidney, liver, stomach—something that he is going to have for the rest of his life. He needs maintenance. He needs attention. He needs this on a regular basis in order to keep out of the hospital and to keep him doing something, to keep him active, to keep him in with people.

I believe the concept of this is so that they can band together to get this attention without having to go to a hospital and without having to let this chronic condition develop to the point where it is serious.

This is an effort to try to have plans of the type that have been adopted and which, I am sure, the HEW is contracting for so that they can make a contract with the doctors. It is voluntary. They do not have to do it. They can say, "Will you give me the medical attention I need, not when I am sick, but when I am well so that you can keep me well and keep me out of that high-priced hospital bed?"

I think it is a good thing. I am glad to see it included in the bill.

Mr. LONG. Mr. President, the Senator is correct.

As the Senator from Ohio has pointed out so ably, this offers the health maintenance organization an opportunity to say to people who would be eligible for medicare, "We think we can offer you something better than medicare." If the Government agrees that this may be better for the patient and if they see no possibility of abuse in it, then they would pay 95 percent of what they would pay per capita at the present time to provide this care.

The administration thinks that this is a way to provide better care.

Obviously the people who have been working in this area believe they have something better to offer.

As the Senator mentions, there are several organizations already providing this care. The State of Ohio has a very fine organization in Cleveland that provides health care of this sort.

The administration feels that this type of thing will grow as people find ways to provide more efficient and hopefully better service on a voluntary basis, and at a savings for the most part, with the intent of providing better and more services to the people who participate in this organization.

If we are in error, then a lot of good people have made the same mistake. The House of Representatives thought this was wise. We have drawn our provision even tighter than theirs.

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

Mr. LONG. I yield.

Mr. RANDOLPH. Mr. President, the distinguished manager of the bill and the Senator from Ohio have already given the reasons for the committee provision which includes possibilities for in-

creased emphasis and utilization of outpatient care and facilities.

I wonder if under the proposal in the bill as brought to the floor there is a strict procedure for Federal approval of a program or programs.

Mr. LONG. Yes. There is provision in this bill requiring Federal approval. And the purpose, of course, is to be very careful to make sure the beneficiaries would receive high-quality care.

Mr. HARRIS. Mr. President, will the Senator yield me 2 minutes?

Mr. LONG. Mr. President, I yield to the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I rise to oppose the pending amendment. I support the statements made by the distinguished chairman of the committee.

One of the mistakes made when medicare and medicaid were originally enacted into law was that we thereby massively increased the demand for health care but did not concurrently increase the supply of health personnel and health facilities. Because of that massive increase in demand without a concurrent increase of supply, we virtually ruptured the system.

That is one of the reasons why the costs of health care have continued to go up at a very alarming rate. There is presently a shortage of 50,000 doctors in America and a shortage of nurses that is greater than that.

We cannot, with the present financial difficulties of medical schools and health-related schools, see where the increased personnel will come from. We have to increase medical and paramedical personnel in this country. We must increase the facilities available. But we can also do much better with the present medical personnel and paramedical personnel, and we can do much better in the use of present facilities than we are doing. We must do both. We must not only increase the supply but we must also have more efficient use of present personnel and facilities. We cannot do that unless we are willing to go into prepaid and preventive medical care. The provision in this bill starts us in that direction. It is a good provision and I hope the pending amendment is rejected and that we will not require that a doctor be paid on the basis of a fee, but that payment be on a per capita basis. Then, we can move toward prepayment and preventive medicine and toward encouraging group practice on a voluntary basis.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. CURTIS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Nebraska.

(Putting the question.)

The amendment was rejected.

AMENDMENT NO. 1115

Mr. HARRIS. Mr. President, I call up my amendment No. 1115 which is at the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARRIS. 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:

The title of section 131 of the bill is amended by striking out "TAX RATES".

SEC. 2. The amendments made by subsection (b) of section 131 of the bill shall be deleted and the following shall be inserted in lieu thereof:

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

"'AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

"'SEC. 230. (a) On or before August 15 of 1972 and each year thereafter, the Secretary shall determine and publish in the Federal Register the contribution and benefit base (as defined in subsection (b)) for the first calendar year following the year in which the determination is made.

"'(b) The contribution and benefit base for a particular calendar year shall be whichever of the following is the larger:

"'(1) the product of $9,000 and the ratio of (A) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year immediately preceding the year in which a determination under subsection (a) is made for such particular calendar year to (B) the average of the taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of 1970, with such product, if not a multiple of $300, being rounded to the next higher multiple of $300 where such product is a multiple of $150 but not of $300 and to the nearest multiple of $300 in any other case; or

"'(2) the contribution and benefit base for the calendar year preceding such particular calendar year.

"'(c) Notwithstanding the provisions of subsections (a) and (b), the contribution and benefit base provided by such subsections with respect to a particular calendar year shall not be effective as provided in such subsections—

"'(1) if in the calendar year in which the determination (required by subsection (a)) is made a law has been enacted which provides for (i) a general increase in the primary insurance amounts of all individuals entitled to benefits under this title, or (ii) a change in the rate of tax on wages and self-employment income under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance, or (iii) an increase in the amount of earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance, or

"'(2) unless a benefit increase, as provided in section 215(i) of such Act, is also to be effective for such year'.".

SEC. 3. Section 131 of the bill is further amended by adding at the end thereof the following:

"(d) In each year in which the Secretary determines—

"(1) under section 215(i)(2)(A) of the Social Security Act, that a cost-of-living benefit increase is required, effective for the following January, or

"(2) under subsections (a) and (b) of section 230 of such Act, the amount of the contribution and benefit base, effective for the following year,

he shall, on or before August 15 of the year in which such determination is made, report to the Congress the amounts so determined. Such report shall include information which according to the actuarial estimates published in the annual report of the Board of Trustees on the preceding March 1, specifies the extent to which the long-range cost of the automatic increase in benefits is covered (or exceeded) by the contribution and benefit base that will be effective for the year in which the benefit increase is effective."

Mr. HARRIS. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. HARRIS. Mr. President, I ask unanimous consent that debate on the pending amendment be limited to 30 minutes, equally divided between the Senator from Louisiana and me.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and it is so ordered.

Mr. HARRIS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. HARRIS. Mr. President, I call the attention of Senators to a memorandum in support of my amendment No. 1115, which has been placed on the desks of the Senators. I will briefly state the purpose of the amendment. This is a very fundamental and important amendment.

Basically the amendment would finance the automatic increases in social security benefits by increasing the taxable wage base, as the House did, to finance the automatic cost-of-living increases provided in the bill—rather than the position of the Committee on Finance which would, unless this amendment is agreed to, finance the automatic cost-of-living increases one-half by raising the taxable wage base and one-half by raising the tax rate.

This is a fundamental and important amendment because if the Senate agrees to the Senate committee and rejects the pending amendment, the automatic cost-of-living increases in social security benefits would not be financed on a progressive basis, that is, by raising the wage base upon which social security benefits are based. That would be entirely consistent with the determination to raise the benefits at all, because wages generally would have gone up by reason of inflation. Otherwise, the Secretary would have to make all sorts of detailed calculations and finance cost-of-living increases under social security by both tax rate increases and an increase in the wage base.

The social security tax system is a regressive system and it gets tougher and tougher for wage earners to bear. That is why in committee I supported an amendment which would begin now to pay a portion of increased social security benefits out of general revenues. That amendment was not agreed to, but I think eventually it will be agreed to, and it will have to be agreed to because I think we have reached the saturation point in the social security tax rate. The burden has become too great for the working man. Feeling that way, I offered an amendment which would have financed a portion of the benefit increase in the bill by raising the wage base to

$12,000. Presently the taxable wage base under the committee bill would stop at $9,000. Anyone making more than $9,000 a year would not pay any more than those who make $9,000 a year and under.

Furthermore, the social security tax rate is a regressive rate because it is a flat rate and not based on graduated income, even up to the committee $9,000 wage base figure.

Every time we can we should try to make that tax rate more progressive and make that burden more evenly distributed on the basis of ability to pay, as we envisioned generally the income tax system would do. That is what this amendment would do.

The amendment does not get into the question of whether social security would be financed from general revenues, and it does not get into the question of presently raising the taxable wage base. It does provide that when cost of living increases go into effect automatically under this bill, as they would do here under either the bill adopted by the Senate committee or by the House, that increase which comes about by reason of the fact that wages have gone up and the cost of living has gone up, would be financed by raising the taxable wage base, and then, the Committee on Finance, and the Ways and Means Committee, of the Senate and the House, could, if they wanted, recommend changes in the law with respect to tax rates, wage bases, increased benefits, or whatever. But the automatic cost of living increases, unless Congress did something to the contrary, by raising the wage base and not the rate, would take a step forward toward making the social security tax system more progressive than it is.

Mr. President, I think this provision is desperately needed.

Mr. MILLER. Mr. President, will the Senator yield to me?

Mr. LONG. Mr. President, I yield 2 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I should point out that the Senator from Oklahoma in so many words has suggested that we do away with the fundamental concept of social security and social insurance, and make it into a welfare plan. This regressive feature of social security is something that has existed ever since social security went on the books, and properly so. Regardless of income, people put in a certain amount of tax money each year, and the employer matches it each year. As a result, contributors can look forward to the day when they will receive, under insurance annuity type tables, a series of benefits.

If the Senate wants to do away with the concept of social insurance and make social security a welfare program, it might as well do away with all social security taxes and make everything subject to the general fund in the Treasury. That argument has been made through the years and it has been consistently rejected through the years.

The Committee on Finance was very much aware of this problem. We found, upon advice from the Commissioner of Social Security, that just because there is inflation which might increase the cost of living which would warrant increases in social security benefits, it did not necessarily mean that there would have to be an increase in either the wage base or the tax rates because it has been shown that during inflationary periods the general level of wages rises somewhat faster than prices and the revenue increases resulting from the increased wage rates might pay for the increased cost under the automatic increase provision.

The Finance Committee reached a compromise. The compromise reached was to let the financing come half from an increase in wage rates and half from an increase in tax rates. A good argument could be made for having the entire amount come from wage rate increases.

The committee arrived at a reasonable solution. It was a compromise solution. I would like to see it stay the way it is.

The PRESIDING OFFICER. Who yields time?

Mr. HARRIS. Mr. President, I yield myself 2 additional minutes.

This amendment does not involve anything more than trying to make the automatic cost-of-living increase reflect in its financing, as the House-passed bill would do, the inflation in wages and in other costs, simply by raising the taxable wage base, which, under the Senate version, would be $9,000, each time it was necessary to do so in order to pay for the cost-of-living increase.

The committee proposal would raise the social security tax rates even though that was unnecessary, and even though that would, as generally would be the case, overfinance the cost-of-living increases. Normally, as the Commissioner of Social Security would testify, the normal cost-of-living increase under the bill would be paid for by the same kind of increase in the taxable wage base. It would not be necessary to increase the tax rates, which are already regressive. The taxation is already too burdensome on the ordinary taxpayer. We would not have to do that. That would overfinance it by and large. All that would be necessary to pay the cost of living would be to increase the taxable wage base. That is what the House bill would do. That is what my amendment, if adopted, would do.

Mr. LONG. Mr. President, I yield myself 2 minutes.

The Senator's amendment is based on the assumption that wages will rise twice as fast as the cost of living. That assumption might be correct, and then again it might not. If the assumption does not prove out, then there would not be adequate financing to carry these cost-of-living increases.

Furthermore, one could make the argument that under the social security program, the people who pay the least receive by far the most. For example, in the very bill we have before us, the minimum social security benefit would be $100 a month. Of course, it stands to reason that in the future we will further increase the minimum social security benefit even more than we raise the average benefit for others. So the person at the lower average income level does get a far better buy for the money than the person in the upper brackets.

The Senator's proposal provides that these increases would not mean any tax increase for anybody except those in the higher wage brackets. They would be paying all the taxes to pay for the automatic increases in benefit levels necessary because of increases in the cost of living.

It could well be argued as being a case of bearing down altogether too hard on the relatively few who are paying at the top rate for socail security for the benefit of those who are paying at the lowest rate.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. LONG. I yield myself 1 minute more.

It was the view of the committee that we should not permit the Secretary of Health, Education, and Welfare, without the consent of Congress, to use the surpluses that would otherwise flow into the fund; we did not wish him to have the leverage to change his actuarial assumptions and provide additional benefits which might not be financed. It is our judgment that, under the Senator's amendment, that could happen and that is one of the things we wish to protect ourselves against.

It was the judgment of the committee that we should have an increase in the income from the social security tax to finance exactly the increased benefits that would be paid out, reserving to Congress the right, if it chose to do so, to pass additional benefits, or further liberalize the program in other ways after the committee has had the opportunity to consider the problems presented and to have the House and Senate vote on its recommendations.

Just one additional word. It was the thought of those of us on the committee that, although there would be automatic benefit increases as envisioned by the bill—and as we support it in our bill—we do not feel these should be all the increases or all the additional benefits that will be voted in the future. In fact, it is our thought that, in all probability for the foreseeable future, we may still wish to pass a social security bill at least once every Congress to take care of the various needs that arise in addition to taking care of the cost of living, and we may wish to consider the various problems, recommendations and suggestions that can be brought to our attention by Members in both parties.

Mr. HARRIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 7 minutes remaining.

Mr. HARRIS. I yield myself 2 minutes.

First of all, let me just say again that I think the cost of living provisions adopted by the Senate Finance Committee were generally good. I think the additions the committee made with respect to keeping within its own jurisdiction the question of whether the committee would want from time to time to go further than the automatic cost-of-living increases would go are good. But I do not believe the automatic method of financ-

ing the automatic cost-of-living increases is in the spirit of progressive taxation.

I think, furthermore, as I said earlier, it should be pointed out that the Senate committee provision would require an automatic increase in tax rates, thereby overfinancing the cost-of-living increases, and overfinancing the bill, obviously, therefore unnecessarily.

There is one other aspect which should be here. My amendment would provide, on an automatic basis, what has been pretty much the ad hoc action of the Congress from time to time in raising the wage base. We started with a wage base back in 1951 of $3,600. That base has been raised from time to time, as wages have gone up and the cost of living has gone up, to $7,800, and under the present bill the taxable wage base would be raised to $9,000.

That is important not only to try to get more progressiveness in the social security tax system, which, as I said, is desperately needed, but raising the taxable wage base from time to time to reflect the rise in wages is important to keep from having a deterioration in the coverage.

As wages have gone up since the wage base was fixed at $3,600, and, as the Senate and the Congress from time to time have increased the wage base to $7,800, and now it is proposed to raise it up to $9,000, if we had kept the wage base to where it was fixed originally at $3,600, beneficiaries would not really have had the kind of coverage and benefits they ought to have had and there would have been a deterioration in the coverage and in the value of the benefits. In other words, the benefits would not really have increased to the degree they should have in order for the person receiving them to stay where they had become accustomed to, according to the cost of living and the rise in wages.

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

Mr. HARRIS. I am glad to yield.

Mr. MILLER. The Senator has said at least twice that what the bill provides for is potential overfinancing. It was my clear understanding during the deliberations of the committee, coupled with the advice from Mr. Ball, the Commissioner of Social Security, that there is discretion provided in the bill for the Social Security Administrator to increase the wage base and the tax rate only so much as is necessary to finance the increased benefits, and that if we did not put that discretion in there, then there could be over-financing. So that was a bridge that we reached in the committee that Mr. Ball advised us not to cross, and the Finance Committee went along with him.

So I believe the Senator from Oklahoma has misinterpreted the committee's action on this point. I was very much concerned that we not overfinance and not overtax, and I believe the bill reads that way.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARRIS. I yield myself an additional minute.

I respectfully disagree with the Senator from Iowa. I refer him to the Commissioner of Social Security. The present tax system in this bill for financing automatic cost-of-living increases from increases in the pay ratio will greatly overfinance it over the actuarial long run. The question is whether it finances the first year the exact amount necessary, and that is the problem, because over the long term, then, it will overburden and overtax the working men and women of this country, who are already paying much more than their fair share of taxation, both under the income tax system and under the social security tax rate.

The tax under social security must be made more progressive. It must keep up with the cost of living and with rising wages, and that is why the Senate and Congress, from time to time, have raised the taxable wage base. That is why, in my opinion, Mr. President, the House of Representatives was quite right in saying that the automatic cost-of-living increases should be automatically financed by raising the wage base, not by increasing the tax rate, which is already regressive and too burdensome.

The PRESIDING OFFICER. Who yields time?

Mr. MILLER. Will the Senator from Louisiana yield me a minute?

Mr. LONG. I yield the Senator from Iowa 1 minute.

Mr. MILLER. I still believe there is a basic difference of opinion here, and that is that the Senator from Oklahoma claims this is going to overfinance and overtax, and I repeat that the Finance Committee had the clear understanding that it would not do so. As a matter of fact, this was a point I raised in the committee, because I did not want overfinancing and overtaxing.

Mr. Ball told the committee we ought to have a provision in here which would permit a discretionary amount, and that if there was an increase in benefits, that would not necessarily mean an increase in tax rates.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. MILLER. And the Social Security Administration can compute all of that out. So I think we are clear on that point.

Mr. HARRIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 2 minutes remaining.

Mr. HARRIS. I reserve that.

Mr. LONG. How much time remains to the opponents?

The PRESIDING OFFICER. Six minutes.

Mr. LONG. I yield 2 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I hope the committee position will be sustained and the amendment of the Senator from Oklahoma rejected. The committee worked out what we considered to be a very fair method of raising taxes to provide for these future increases. The raising of taxes is never popular, but if we must have them—and we must have them here—we can only try to make them as equitable as possible.

The committee felt it would be better to put half of this prospective increase on the wage base and half of it on the rates. I think that would be much fairer for all taxpayers concerned, and I certainly hope that the amendment of the Senator from Oklahoma, with all due respect to him, will be rejected. If it is adopted it will create an inequity and put all the tax burden on one group of taxpayers rather than spreading it across the board.

The PRESIDING OFFICER. Who yields time?

Mr. HARRIS. Mr. President, I yield myself the remainder of my time.

The PRESIDING OFFICER. Two minutes.

Mr. HARRIS. Mr. President, I would simply refer Senators to the social security Commissioner and the actuaries there. The facts are that if the taxable wage base is kept up to date with rising wage levels, there will be little if any need for an increase in the tax rate to cover the cost of the automatic cost-of-living increases. I believe that, therefore, the House provision is a fairer one, more equitable for the working men and women of this country, and I hope my amendment will be agreed to.

Mr. SCOTT. Mr. President, in September 1969 the President sent to the Congress a message on social security. Among his recommendations for improvements in the program were an increase in social security benefits and automatic adjustment of the benefits thereafter to increases in the cost of living. I strongly support these recommendations.

H.R. 17550, now before us, is the culmination of long and careful consideration of the administration's important and far-reaching proposals. One of the most important of the provisions in the bill is the automatic adjustment of social security benefits to insure that the purchasing power of those benefits will be maintained. As the President has said, the automatic adjustment provision "will install new security in social security." It will provide peace of mind to the nearly 26 million beneficiaries on the rolls and to those who come on in the future by assuring them that the benefits on which the vast majority of beneficiaries depend for their day-to-day needs will be kept up to date with rises in the cost of living.

We have already provided for automatic adjustment in annuities for the civil service and the military, and I have been looking forward to seeing the same automatic adjustments for our social security beneficiaries. The Committee on Finance has, however, made major changes in the automatic adjustment provisions that were proposed by the President and passed by the House of Representatives. Two of these changes would, in my opinion, negate the effect of the provision.

First, the committee bill would require the Secretary of Health, Education, and Welfare to promulgate increases in both social security tax rates and the contribution and benefit base in order to finance the automatic increases in benefits, even though such increases in social security tax rates would be unnecessary. The reason why such increases would not be necessary is that the cost of the auto-

matic benefit increases can be met from additional income that results from rising earnings levels without increasing the tax rates, provided the contribution and benefit base is increased from time to time. In fact it is estimated that under the committee bill the social security system will be increasingly overfinanced as we move into the future. A responsible Congress could not permit a situation to continue under which the long-range surplus of the social security trust funds which develops from rising wage levels would grow larger each year and at the same time the contribution and benefit base and the tax rates would be increased by the Secretary to meet the cost of the automatic benefit increases that would occur over the years. The Congress unquestionably would act to take care of the surplus—either by stopping the increase in the contribution and benefit base or the tax rates, or both, or by increasing benefit levels over and above the increase provided under the automatic provisions, or by otherwise improving the program to use up or reduce the surplus. In fact, the Secretary of Health, Education, and Welfare might well be promulgating a tax increase while the administration was recommending a cut in social security taxes—a ridiculous situation, as I am sure my colleagues will agree.

Second, the provision for automatic increases in the contribution and benefit base to take account of increases in wages as proposed by the administration would not delegate to the executive branch authority to levy taxes, as has been alleged. The increases in the base would be automatic, and the determination of the amount of the increase would be routine on the basis of wages credited to social security wage records. The committee bill, on the other hand, would delegate authority to levy taxes. It requires that the Secretary of Health, Education, and Welfare determine the cost of each automatic benefit increase in order to determine what increase in the base would be needed. If that determination involved not only the short-range cost but also the long-range cost, many factors involving discretionary selection of assumptions would be required, including assumptions about long-range future mortality rates, fertility rates, the proportion of total population in employment covered by social security, the size of taxable payroll, the size of the population insured for benefits under the program, the proportion of the population that is married, the proportion of eligible people who are beneficiaries, the rate of labor force participation by women, administrative expenses, and interest rates. Under the committee provision, not only would the Secretary and his staff be making estimates involving judgment in each one of the areas mentioned, as must be done for the purpose of making cost estimates, but he would be setting the tax rates for the social security program based on these judgments. We would in effect be turning over to the Secretary of Health, Education, and Welfare the tax-setting function of the Congress.

The provision for automatic increases in the contribution and benefit base recommended by the President and approved by the House would merely carry out automatically the policy which the Congress has been following on an ad hoc basis since 1950—that is, periodically increasing the social security contribution and benefit base so as to cover the same proportion of total payroll as had been covered earlier, when wage levels were lower. As wages have risen, the $3,600 base that became effective in 1951 has been changed by the Congress, in steps, to $7,800—more or less as it would have been under the automatic provisions.

I should mention that the base must be increased to keep up to date with rising wages not only from the standpoint of the income of the program, but to prevent a deterioration in the earnings covered by the program. For example, a job which paid $3,600 in 1950 pays around $9,000 today. If the base had not been increased over the years the benefits payable to a man in such a job would provide a much smaller proportion of wage replacement than was provided when social security benefits first became payable and there would have been a major deterioration in the protection afforded by the program.

In the past, average wages have increased about twice as fast as the consumer price index. If the base is kept up to date with rising wage levels, as in the administration's proposal, there is no need for any increase in the tax rates to cover the cost of the automatic cost-of-living increases.

I, therefore, wish to urge that amendment No. 1115, offered by Senator HARRIS, be adopted. This amendment would bring the committee bill back in line with the President's proposal for automatic adjustment of benefits and the contribution and benefit base. Under the Harris amendment, as under the administration's proposal, the contribution and benefit base would rise automatically as wages rise. In each year in which the Secretary determines that a cost-of-living benefit increase or an increase in the contribution and benefit base is to be effective for the following year, the Secretary would be required on or before August 15 of the year in which the determination is made to report to the Congress the amounts so determined. He would also indicate whether, according to the actuarial estimates published in the annual report of the board of trustees on the previous March 1, the proposed increase in the base would be sufficient, or more or less than sufficient, to cover the long-range cost of the automatic increase in the benefits. He would have no authority to promulgate any increase other than that dictated by the increase in wages.

The Harris amendment would not change the provision in the committee bill under which the automatic provisions would not take effect if in the year before the year in which the increases were to be effective a bill had been enacted that would either increase social security benefit levels or revise the schedule of social security tax rates or the contribution and benefit base. The automatic adjustment provision, then, takes nothing from the power of the Congress. It does serve as a backup to assure that social security beneficiaries will be protected from the ravages of inflation when the Congress does not act. And with the notification by the Secretary being required by August 15, the Congress would have ample time to intervene if, for example, a promulgated increase in the base was higher than necessary to cover the cost-of-living increase in the benefits, or if the Congress wished to provide a benefit increase that was higher than that provided under the automatic provision. Under such a provision there would be no delegation of function from the Congress to the executive branch.

I urge all of you to join me in supporting this amendment, an amendment that will insure effective implementation of the automatic adjustment provisions in H.R. 17550.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. HARRIS. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. MOSS). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Oklahoma (Mr. HARRIS). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS) and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS) and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

On this vote, the Senator from New York (Mr. GOODELL) is paired with the Senator from South Dakota (Mr. MUNDT). If present and voting, the Senator from New York would vote "yea" and the Senator from South Dakota would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 28, nays 39, as follows:

[No. 448 Leg.]

YEAS—28

Baker	Magnuson	Prouty
Bayh	Mansfield	Proxmire
Brooke	Mathias	Ribicoff
Case	McGovern	Schweiker
Harris	McIntyre	Scott
Hartke	Metcalf	Stevenson
Hughes	Mondale	Williams, N.J.
Jackson	Moss	Yarborough
Javits	Nelson	
Kennedy	Pell	

NAYS—39

Aiken	Dole	Packwood
Allen	Ellender	Pearson
Allott	Ervin	Percy
Bellmon	Fannin	Randolph
Bennett	Griffin	Saxbe
Bible	Gurney	Smith
Boggs	Hansen	Sparkman
Byrd, Va.	Holland	Spong
Byrd, W. Va.	Hruska	Stennis
Cannon	Jordan, N.C.	Talmadge
Cook	Jordan, Idaho	Thurmond
Cooper	Long	Williams, Del.
Curtis	Miller	Young, N. Dak.

NOT VOTING—33

Anderson	Goldwater	Montoya
Burdick	Goodell	Mundt
Church	Gore	Murphy
Cotton	Gravel	Muskie
Cranston	Hart	Pastore
Dodd	Hatfield	Russell
Dominick	Hollings	Stevens
Eagleton	Inouye	Symington
Eastland	McCarthy	Tower
Fong	McClellan	Tydings
Fulbright	McGee	Young, Ohio

So Mr. HARRIS' amendment was rejected.

Mr. PROUTY obtained the floor.

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

Mr. PROUTY. I yield.

Mr. JAVITS. Mr. President, how late will we stay tonight?

Mr. MANSFIELD. Quite late.

Could the leadership have some idea as to how many amendments are still to be offered?

Mr. President, it looks to me as though we have approximately 11 amendments still to be considered. I understand that all Senators who are offering amendments are very considerate as to the idea of a limitation of time. I would suggest that, in view of the fact that we have only 4 or 5 days left before we adjourn sine die, we get as many of these amendments out of the way tonight as possible and, hopefully, reach a point where we can consider final passage of the bill. So I would say that we will be here until 11 or 12 o'clock.

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

Mr. MANSFIELD. I yield.

Mr. SCOTT. May I suggest, with respect to time limitation, that we might even contract the time on some of these amendments?

Mr. MANSFIELD. I have made some inquiries, and it appears that the best way to do it would be to take up each one individually.

Mr. PROUTY. Mr. President, on behalf of myself and the distinguished junior Senator from Ohio (Mr. SAXBE), I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER (Mr. PACKWOOD). The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PROUTY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. PACKWOOD). Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

At the end of the bill, insert the following new title:

"TITLE XX—ASSURED MINIMUM ANNUAL INCOME BENEFITS FOR THE AGED

"ELIGIBILITY FOR BENEFITS

"SEC. 2001. Every individual who—

"(1) has attained age 65,

"(2) is a resident of the United States (as defined in section 2009),

"(3) has an annual income (as determined pursuant to section 2004) of less than $2,400 in the case of an individual who is married and living with his spouse, or $1,800 in the case of any other individual,

"(4) has filed application for benefits under this title, shall (subject to the succeeding provisions of this title) be entitled to assured minimum annual income benefits for the aged.

"PAYMENT OF BENEFITS

"SEC. 2002. (a) Benefits under this title shall be paid on a monthly basis, except that, if the benefit payable to an individual for any month is less than $5, such benefit may be paid on such other basis (but not less often than semiannually) as the Secretary shall by regulations provide.

"(b) Benefits under this title shall be payable to any individual only for months (i) after the month in which his entitlement thereto is established pursuant to an application therefor filed under section 2001, and (ii) prior to the month in which such individual dies.

"(c) No married individual who is living with his spouse for any month shall be entitled to a payment under this title for such month if the spouse of such individual receives such a payment for such month.

"AMOUNT OF BENEFITS

"SEC. 2003. The amount of the monthly benefit of any individual under this title shall be equal to one-twelfth of the amount by which $2,400 (in the case of a married individual living with his spouse), or $1,800 (in the case of any other individual), exceeds the amount of such individual's annual income (as determined under section 2004) for such year.

"DETERMINATION OF ANNUAL INCOME

"SEC. 2004. (a) For the purposes of this title, the term 'annual income' means, in the case of an individual, the total amount of income (other than income derived by reason of benefit payments under this title) from all sources received in the calendar year with respect to which a determination of annual income of any individual who, during the calendar year, engaged in any trade or business, there shall be deducted any expenses incurred in carrying on such trade or business, and except that, income derived from the sale or exchange of property shall be taken into account only to the extent of the gain derived therefrom.

"(b) In determining the amount of annual income, for purposes of this title, of any individual who is married and living with his spouse, the annual income of such individual shall be regarded as the sum of the annual income of such individual and of the spouse of such individual.

"REPORT OF INCOME TO SECRETARY

"SEC. 2005. (a) Any individual applying for benefits under this title shall submit with his application for such benefits and thereafter reports to the Secretary of his income and of any other matter which is relevant to his entitlement to receive, or the amount of, any benefit payable under this title. Such reports shall be filed at such time, in such form, and shall contain such information as the Secretary shall by regulations prescribe.

"(b) Benefits otherwise payable to an individual for any month shall be suspended until such time as any report required pursuant to subsection (a) to be filed prior to such month shall have been received and evaluated by the Secretary.

"SUSPENSION OF BENEFITS FOR MONTHS WHEN INDIVIDUAL IS ABSENT FROM THE UNITED STATES

"SEC. 2006. Any benefit otherwise payable to an individual under this title for any month shall not be paid if such individual is physically absent from the United States (as defined in section 2009) during all of such month, or if such individual is not, during all of such month, a resident of the United States (as so defined).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 2007. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any individual under this title, proper adjustment or recovery shall be made in accordance with regulations of the Secretary patterned so as to conform, to the maximum extent feasible, to the provisions of section 204 (relating to overpayments and underpayments of benefits under title II).

"ADMINISTRATION

"SEC. 2008. This title shall be administered by the Secretary and through (to the extent feasible) the organization and personnel engaged in the administration of title II.

"DEFINITION OF UNITED STATES

"SEC. 2009. For purposes of this title, the term 'United States' means the fifty States and the District of Columbia.

"APPROPRIATION

"SEC. 2010. There are hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this title.

"SHORT TITLE

"SEC. 2011. This Act may be cited as 'The Older Americans Income Assurance Act of 1970'.

"TAX SURCHARGE

"SEC. 2012. (a) Section 51 (a) of the Internal Revenue Code of 1954 (relating to imposition of tax surcharge) is amended to read as follows:

"(a) Imposition of Tax.—

"(1) In general.—In addition to the other taxes imposed by this chapter, there is hereby imposed on the income of every person a tax equal to 3 percent of such person's adjusted tax (as defined in subsection (b)) for the taxable year.

"(2) Limitation.—In case of—

"(A) a husband and wife (or surviving spouse) who file a joint return under section 6013 and whose adjusted tax for the taxable year is less than $580,

"(B) an individual who is a head of a household to whom section 1(b) applies and whose adjusted tax for the taxable year is less than $440, and

"(C) any other individual (other than an estate or trust) whose adjusted tax for the taxable year is less than $290,

the tax imposed by paragraph (1) shall not be greater than an amount equal to twice the tax which would be imposed by paragraph (1) if the tax were imposed on the amount by which the adjusted tax exceeds $290, $220, or $145, respectively."

(b) The amendment made by subsection (a) shall apply to taxable years ending after December 31, 1970. For purposes of section 21 of the Internal Revenue Code of 1954 (relating to effect of changes in rates), the amendment made by subsection (a) shall be treated as changing a rate of tax.

(c) Effective with respect to wages paid after December 31, 1970, the Secretary of the Treasury or his delegate shall prescribe tables for purposes of section 3402(a) of the Internal Revenue Code of 1954 (relating to requirement of withholding) which—

(1) shall be in lieu of the tables contained in paragraphs (3), (4), and (5) of such section, and

(2) shall correspond in form to the tables contained in such paragraph but shall reflect the tax imposed by section 51 (as amended by subsection (a)).

Mr. MANSFIELD. Mr. President, I would like to propound a unanimous-consent request, that there be a 20-minute time limitation on the pending amendment to be equally divided between the author of the amendment and the manager of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. PROUTY. Mr. President, on June 18, 1968, I introduced S. 3654, a bill referred to the Senate Finance Committee, an early version of the Older Americans Income Assurance Act.

On March 6, 1970, I reintroduced the bill, S. 3554.

Briefly, the measure simply assures a minimum income to individuals age 65 or over of $150 per month—$200 for aged couples. Payment would be administered as part of the social security system and financed out of general revenues.

Mr. President, a 3-percent income tax surcharge is provided to raise the additional necessary revenue.

Under this proposal, more than $650 million would be gained in revenue for the States. So, in effect, this is a revenue-sharing plan as well as a guaranteed income plan for our elder citizens.

Mr. President, I think it is significant that nearly every one of our 50 States is facing a serious financial crisis. President Nixon sent us a revenue sharing proposal over a year ago. That proposal is among the unfinished business of this Congress. It is interesting to note that adoption of my Older Americans Income Assurance Act would entail a revenue gain for each State so as to help meet the financial crisis affecting all States.

Mr. President, between 6½ and 7 million people age 65 or over would receive payments under this proposal. Upon enactment an immediate result would be that over 20 percent of those now living in poverty would be moved out of poverty as a result of payments bringing their income up to a nonpoverty level.

In addition, over 2.1 million older Americans receiving old-age assistance under welfare would in effect be taken off the welfare rolls and receive greater benefits under this proposal. For those 2.1 million senior citizens, the average individual cash gain would be $76.32 per month.

Mr. President, let me point out that an explanation of this amendment with various charts and tables has been distributed and is on the desks of all Senators at the present time.

I ask unanimous consent to have them printed in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. PROUTY. The Older Americans Income Assurance Act will cost approximately $4½ billion a year. It is estimated that the 3 percent income tax surcharge will cover the cost of the amendment.

Mr. President, this proposal is a fair application of an income maintenance system administered by the Federal Government.

Both earned and unearned cash income received by an individual would be subtracted from $150 per month, or $1,800 per year, and the difference would be paid under the Older Americans Income Assurance Act.

Let me cite some examples:

An unmarried individual age 65 or over receives a minimum social security benefit of $64 a month. He also receives $16 a month interest on his savings in the bank. His total income is $80 a month.

Under the Older Americans Income Assurance Act he would also receive $70 a month to bring his income up to $150 a month or $1,800 a year.

Mr. President, let us examine the case of an aged couple who have a combined income of $100 a month from a private pension. That is their only income but they own their own house.

Under the Older Americans Income Assurance Act, since the couple's home would not count as income because it is a nonincome producing asset, they would be entitled to $100 a month in order to bring their annual income up to $2,400 a year.

Carrying that example one step further, suppose the couple sell their house in 1972 for $10,000. In such a situation they would be ineligible for benefits in 1972, but they could receive benefits in 1973 assuming that their income was less than $2,400 that year.

In other words, the effect of my proposal would be to guarantee every older American a reasonable level of cash income.

I think this is extremely important, Mr. President, because for older Americans the solution to poverty is not job training or more education. The solution is simply cash income.

To date we have not solved the problems of poverty for older Americans.

On December 16, the U.S. Department of Commerce released a report based on the recent census concerning consumer income. Among other things that report showed that in the past decade we have reduced the number living in poverty by nearly 15.2 million. However, Mr. President the reduction in the number of those living in poverty came entirely from those under age 65.

For those over age 65 the number living in poverty has actually increased. Over 55 percent of the single individuals trapped by poverty are over age 65. In total between 6½ and 7 million people age 65 or over have cash incomes below the poverty threshold.

The Department of Commerce used a poverty threshold which took into account increased cost of living. For single individual age 65 or over the threshold income was $1,749. For an aged couple the threshold income was $2,194.

Under my Older Americans Income Assurance Act single individuals age 65 or over would have their cash income brought up to $1,800 a year thereby removing all of them from the abject poverty category and aged couples would also be removed from poverty by bringing their income up to $2,400 a year.

On September 22, I testified before the Finance Committee urging adoption of a number of amendments. I am pleased to note that the committee saw fit to adopt my amendment calling for a $100 minimum monthly payment and a 10-percent benefit increase.

I regret that the committee did not grant the same 10-percent benefit increase to beneficiaries receiving the so-called Prouty payment. As you know, Mr. President, there are approximately 640,000 individuals, now age 75 or older, receiving special benefits as a result of my amendment to the Tax Adjustment Act of 1966. That amendment provided a special payment of $35 per month for individuals not otherwise eligible for social security and who were age 72 by 1968. More than 1.5 million individuals have received that benefit which under present law is $46 per month. The other body gave the Prouty beneficiaries the same 5-percent benefit increase given regular social sercurity recipients. Unfortunately the Finance Committee retained that 5-percent increase even though other social security recipients were given a 10-percent increase.

Since I do not want to now delay passage of this bill I shall make equal treatment for Prouty payment beneficiaries my first task in the 92d Congress.

Finally, I am pleased to see that this bill liberalized the earnings limitation on the so-called retirement test. I had hoped that the Finance Committee would have gone along with my amendment No. 698 in fixing the earned limitation at $2,400. However, the committee's action increased this to $2,000 which is a step forward. I know that several colleagues have introduced amendments identical to my amendment No. 698. I want to assure those Senators that I will give my full support to any amendment increasing the earnings limitation to $2,400 a year. After all this body has twice before passed amendments going to that figure.

Finally, I want to congratulate the committee on increasing widow's benefits from 82½ to 100 percent of the husband's benefits. This is a reform I have been proposing for nearly 10 years. Its adop-

tion by both the House and the Senate is long overdue.

EXPLANATION OF PROUTY AMENDMENT TO ASSURE A MINIMUM CASH INCOME FOR OLDER AMERICANS

BACKGROUND

On June 18, 1968, Senator Prouty introduced S. 3654, a bill referred to the Senate Finance Committee, an early version of the Older Americans Income Assurance Act.

On March 6, 1970, Prouty re-introduced his measure (S. 3554).

PROVISIONS

The measure simply assures a minimum income to individuals age sixty-five or over of $150 per month ($200 for aged couples). Payments would be administered as part of the Social Security System and financed out of general revenues. A 3 percent income tax surcharge is included to raise the necessary additional revenue.

ADVANTAGES

More than $650 million would be gained revenue for the state. (See charts E and F).

Between 6½ and 7 million people age sixty-five or over would receive payments under the Prouty proposal.

Over 20% of those now living in poverty would be moved out of poverty as a result of payments under the Prouty Proposal.

Over 2.1 million older American receiving old age assistance under welfare would in effect be taken off the welfare rolls and receive the greater benefits under the Prouty Proposal.

Nationwide, the average individual cash gain for those now on welfare would be $76.32 per month. (See chart C).

HOW IT WORKS

Both earned and unearned cash income received by an individual would be subtracted from $150 per month, or $1,800 per year, and the difference would be paid under the Older Americans Income Assurance Act.

EXAMPLES

1. Mary Jones who is unmarried receives a minimum Social Security benefit of $64 a month. She also receives interest on her savings in the bank, $16 a month. Her total income is $80 a month.

Under the Prouty Proposal she would also receive $70 a month to bring her income up to $150 a month or $1,800 a year.

2. John Smith and his wife, Mary, have a combined income of $100 a month from a private pension. That is their only income but they own their own house.

Under the Prouty Proposal Mr. and Mrs. Smith's home would not count as income since it is a non-income producing asset, however, they would be entitled to $100 a month under the Prouty Proposal in order to bring their annual income up to $2,400 a year.

3. If Mr. and Mrs. Smith sell their house in 1972 for $10,000 they would be ineligible for benefits that year but the next year they could receive benefits assuming that their income was less than $2,400 a year.

CHART A.—*Older Americans Income Assurance Act*

[Number of individuals receiving old-age assistance under welfare by year]

Year:	Number
1961	2,229,000
1962	2,183,000
1963	2,152,000
1964	2,120,000
1965	2,087,000
1966	2,073,000
1967	2,073,000
1968	2,055,000
1969	2,027,000
1970	2,047,635

CHART B.—*Older Americans Income Assurance Act*

[Total amount spent for old-age assistance under welfare by year]

Year:	Amount
1961	$1,568,985,000
1962	1,566,121,000
1963	1,610,310,000
1964	1,606,429,000
1965	1,594,183,000
1966	1,633,675,000
1967	1,679,199,000
1968	1,699,984,000
1969	1,694,175,000
1970	1,817,642,000

CHART C.—*Older Americans Income Assurance Act*

[Average monthly payment for old-age assistance tinder welfare by year]

Year:	Average monthly payment
1961	$59.60
1962	61.55
1963	62.80
1964	63.65
1965	63.10
1966	68.05
1967	67.50
1968	68.95
1969	69.65
1970	73.68

CHART D.—*Older Americans Income Assurance Act*

(1) Federal, State, and local shares for payments under old-age assistance, calendar year 1969:

Federal share (65.6 percent)	$1,213,490,000
State share (29.9 percent)	553,536,000
Local share (4.5 percent)	83,254,000
Total (100 percent)	1,850,280,000

(2) Federal, State, and local shares for payments under old-age assistance (excluding Guam, Puerto Rico, and the Virgin Islands), calendar year 1969:

Federal Share (65.6 percent)	$1,209,832,000
State share (29.9 percent)	551,788,000
Local share (4.5 percent)	83,254,000
Total (100 percent)	1,844,784,000

(3) Federal, and State/local (combined) shares for payments under old-age assistance (excluding Guam, Puerto Rico, and the Virgin Islands), calendar year 1969:

Federal share (65.6 percent)	$1,209,832,000
State and local share (34.4 percent)	634,952,000
Total (100 percent)	1,844,784,000

CHART E.—*Older Americans Income Assurance Act*

[Between by State between Federal and State shares ot payments under old age assistance, calendar year 1969]

State	Federal share	State share
Alabama	$106,595,000	[1] $25,417,000
Alaska	2,363,000	1,329,000
Arizona	10,659,000	2,386,000
Arkansas	52,342,000	9,687,000
California	395,538,000	[1] 198,230,000
Colorado	31,679,000	10,827,000
Connecticut	8,638,000	4,402,000
Delaware	1,528,000	477,000
District of Columbia	2,291,000	900,000
Florida	62,549,000	16,944,000
Georgia	55,443,000	[1] 7,698,000
Hawaii	2,229,000	1,138,000
Idaho	2,606,000	823,000
Illinois	$31,125,000	$8,866,000
Indiana	27,655,000	[1] 14,749,000
Iowa	30,453,000	12,980,000
Kansas	13,248,000	[1] 5,610,000
Kentucky	41,244,000	7,466,000
Louisiana	99,963,000	24,975,000
Maine	7,358,000	1,258,000
Maryland	6,878,000	[1] 1,821,000
Massachusetts	53,601,000	[1] 27,219,000
Michigan	31,917,000	13,198,000
Minnesota	18,218,000	[1] 7,716,000
Mississippi	40,017,000	7,245,000
Missouri	81,084,000	25,490,000
Montana	2,817,000	[1] 804,000
Nebraska	5,460,000	1,208,000
Nevada	2,462,000	829,000
New Hampshire	5,694,000	[1] 2,297,000
New Jersey	16,516,000	[1] 6,006,000
New Mexico	6,151,000	861,000
New York	101,688,000	[1] 50,597,000
North Carolina	35,589,000	[1] 9,086,000
North Dakota	3,765,000	[1] 1,121,000
Ohio	40,990,000	[1] 9,086,000
Oklahoma	63,693,000	13,092,000
Oregon	5,432,000	[1] 1,942,000
Pennsylvan a	46,747,000	21,187,000
Rhode Island	2,237,000	205,000
South Carolina	10,621,000	2,068,000
South Dakota	3,348,000	974,000
Tennessee	42,052,000	9,350,000
Texas	167,050,000	40,573,000
Utah	2,291,000	557,000
Vermont	3,730,000	1,234,000
Virginia	12,287,000	[1] 4,573,000
Washington	18,275,000	6,283,000
West Virginia	9,768,000	2,472,000
Wisconsin	19,181,000	[1] 8,559,000
Wyoming	1,567,000	[1] 503,000

[1] Indicates that "State share" includes some local government unds.

CHART F.—*Older Americans Income Assurance Act*

[Direct revenue savings accruing to States under Older Americans Income Assurance Act]

[State and revenue gain per State [1]]

Alabama	$25,417,000
Alaska	1,329,000
Arizona	2,386,000
Arkansas	9,687,000
California	198,230,000
Colorado	10,827,000
Connecticut	4,402,000
Delaware	477,000
District of Columbia	900,000
Florida	16,944,000
Georgia	7,698,000
Hawaii	1,138,000
Idaho	823,000
Illinois	8,866,000
Indiana	14,749,000
Iowa	12,980,000
Kansas	5,610,000
Kentucky	7,466,000
Louisiana	24,975,000
Maine	1,258,000
Maryland	1,821,000
Massachusetts	27,219,000
Michigan	13,198,000
Minnesota	7,716,000
Mississippi	7,245,000
Missouri	25,490,000
Montana	804,000
Nebraska	1,208,000
Nevada	829,000
New Hampshire	2,297,000
New Jersey	6,066,000
New Mexico	861,000
New York	50,597,000
North Carolina	9,086,000
North Dakota	1,121,000
Ohio	9,086,000
Oklahoma	13,092,000
Oregon	1,942,000
Pennsylvania	21,182,000

[1] Under Prouty proposal, states would no longer have to pay for old age assistance under welfare. Figures represent 1969 state payments for Old Age Assistance.

Rhode Island	$205,000
South Carolina	2,068,000
South Dakota	974,000
Tennessee	9,350,000
Texas	40,573,000
Utah	552,000
Vermont	1,234,000
Virginia	4,573,000
Washington	6,283,000
West Virginia	2,472,000
Wisconsin	8,559,000
Wyoming	503,000
Total	634,952,000

CHART G—OLDER AMERICANS INCOME ASSURANCE ACT

[Comparison between Prouty monthly minimum payment and present average State monthly payments from old age assistance under welfare]

State	Minimum monthly cash income assured under Prouty proposal	Present average OAA monthly cash payments	Individual cash gain under Prouty proposal
Alabama	$150	$66.10	$83.90
Alaska	150	96.45	53.55
Arizona	150	72.20	77.80
Arkansas	150	59.35	90.65
California	150	109.85	40.15
Colorado	150	76.40	73.60
Connecticut	150	90.30	59.70
Delaware	150	73.80	76.20
District of Columbia	150	89.35	60.65
Florida	150	51.85	98.15
Georgia	150	52.70	97.30
Hawaii	150	89.75	60.25
Idaho	150	63.30	86.70
Illinois	150	73.65	76.35
Indiana	150	55.15	94.85
Iowa	150	112.70	37.30
Kansas	150	78.35	71.65
Kentucky	150	54.50	95.50
Louisiana	150	67.40	82.60
Maine	150	61.25	88.75
Maryland	150	58.60	91.40
Massachusetts	150	99.20	50.80
Michigan	150	75.70	74.30
Minnesota	150	72.65	77.35
Mississippi	150	50.40	99.60
Missouri	150	75.95	74.05
Montana	150	58.20	91.80
Nebraska	150	59.20	90.80
Nevada	150	64.50	85.50
New Hampshire	150	122.90	27.10
New Jersey	150	75.20	74.80
New Mexico	150	57.95	92.05
New York	150	102.00	48.00
North Carolina	150	64.85	84.15
North Dakota	150	64.80	85.20
Ohio	150	60.70	89.30
Oklahoma	150	69.60	80.40
Oregon	150	63.55	86.45
Pennsylvania	150	101.75	48.25
Rhode Island	150	54.25	95.75
South Carolina	150	48.70	101.30
South Dakota	150	59.55	90.45
Tennessee	150	50.40	99.60
Texas	150	62.65	87.35
Utah	150	52.95	97.05
Vermont	150	72.90	77.10
Virginia	150	61.90	88.10
Washington	150	66.65	83.35
West Virginia	150	70.55	79.45
Wisconsin	150	99.20	50.80
Wyoming	150	60.95	89.05
Nationwide	150	73.68	76.32

Mr. President, I am happy, now, to yield to my distinguished colleague from Ohio (Mr. SAXBE).

Mr. SAXBE. Mr. President, the sharp cutting edge of inflation has hit the senior citizens of this country who are presumed to be living in their golden age. They bought protection through social security at the time they were members in the 1930's. The small amount they paid into social security from their pay checks was a large amount in those days. The payrolls of that time averaged from $15 to $75 a week. Today these people who are collecting social security, if they have no other means of support, are public charges.

This amendment attempts to live up to the promise we made to these people when social security became a part of our law in 1935. What the amendment would do would be to say to them that there is a minimum wage for older people over 65 and that they will receive $2,400 as a couple, or $1,800 as an individual.

This is a floor. If they receive money from pension funds or from other retirement programs, of course it will be stricken, because this is the floor. It will help substantially the States that are now in dire financial circumstances.

The PRESIDING OFFICER. All time of the Senator from Vermont has expired.

Mr. SAXBE. Mr. President, how much time was there?

The PRESIDING OFFICER. There was 10 minutes. The Senator from Louisiana has control of the time.

Mr. PROUTY. Mr. President, will the Senator yield us 5 minutes?

Mr. LONG. Mr. President, I yield to the Senator from Vermont.

Mr. PROUTY. Mr. President, I yield to the Senator from Ohio.

Mr. SAXBE. Mr. President, the total amount involved is such that it would aid the States that are now in dire financial circumstances. It is for that reason that I joined in this amendment rather than offer the one that I have at the desk which I do not intend to call up, which would provide $155 a month to these people.

I feel that we have an obligation to see that those people who paid their social security get the insurance which they thought they were getting at the time social security became a law and before inflation took a great deal of it out from under them.

I admit that this is an advanced program, and one that I wish had more time for consideration.

I believe that it is an attempt to live up to our promises to these people and is a genuine attempt to relieve the States of the great financial burdens they find themselves under which, under the original concept of social security, was never contemplated.

I believe that by adjusting this program to the other benefits which they have coming in, we will in the long run help to pay off our obligations and at the same time not send that money into those hands where it is not needed.

A $2,400 payment per couple today is a bare minimum for existence. I have been in the homes of those people who are trying to live on this money. Those people thought at one time that they were secure with a small amount of savings and perhaps a home that was paid for, feeling that social security would take care of them.

They now find it slipping away day by day, month by month, and year by year until they reach the point where they are a public charge.

I think they are entitled to something better. Therefore I feel that this program as contained in this amendment is an obligation that we should try to live up to.

Mr. METCALF. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. PACKWOOD). The Senate will be in order. Let there be order in the Chamber, so that the Senator from Ohio may be heard.

Mr. PROUTY. Mr. President, I invite the attention of the chairman of the Finance Committee, Mr. LONG. I realize that at this late hour, even if the Senate were to approve my amendment, the House conferees would be very reluctant to consider a program of this magnitude. I have discussed this matter with my distinguished colleague, the Senator from Ohio and we feel that under the present circumstances we perhaps should withdraw the amendment. However, before we do so, we would like to have the assurances of the distinguished chairman of the Finance Committee that next year when this bill is reintroduced, it will be given very serious consideration by the distinguished chairman and other members of the Finance Committee.

Mr. LONG. Mr. President, I yield myself 2 minutes.

Mr. President, the Senator has long had a great interest in older Americans. I very much appreciate his interest in this matter.

I think his statement is correct, and that at this late hour in this Congress, there would be no hope of persuading the House to agree. I think that the committee would certainly like to consider the cost as well as some of the other features of the measure to see the extent to which we could agree to it. I do not think that we could agree to all of it. However, if the Senator would like to have hearings on the matter next year, I would be glad to accommodate him.

Mr. PROUTY. Mr. President, I appreciate the Senator's willingness to give attention to the matter.

I might point out to the Senator that under this proposal the State of Louisiana would in effect receive $24,975,000 because it would not have to expend that amount under the old age assistance program. This is a revenue-sharing measure as well as a provision to guarantee income for older Americans.

I think our proposal merits careful and serious consideration. I will be glad to appear before the Finance Committee next year and hopefully persuade my colleagues on that committee to report the Older Americans Income Assurance Act.

Mr. President, with the agreement of the distinguished Senator from Ohio, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1150

Mr. PERCY. Mr. President, I call up amendment No. 1150.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to state the amendment.

Mr. PERCY. 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 reads as follows:

On page 46, line 10, strike out "$166.66⅔" and insert in lieu thereof "$200".

On page 46, line 14, strike out "$166.66⅔" and insert in lieu thereof "$200".

On page 46, line 21, strike out "$166.66⅔" and insert in lieu thereof "200".

On page 121, line 21, strike out "166.66⅔" and insert in lieu thereof "200".

UNANIMOUS-CONSENT AGREEMENT

Mr. KENNEDY. Mr. President, would the Senator from Illinois be willing to have a time limitation on the amendment?

Mr. PERCY. Mr. President, I would be very happy to have 10 minutes to the side.

Mr. KENNEDY. Mr. President, I ask unanimous consent that there be a time limitation of not to exceed 20 minutes, the time to be equally divided between the Senator from Illinois and the distinguished Senator from Utah.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PERCY. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. PERCY. Mr. President, I should first like to commend the Finance Committee and its able chairman as well as the distinguished ranking minority member for taking a good hard look at the problem involved in people working while they are drawing social security and having a disincentive to continue to work because of an arbitrary limitation that has been placed on them.

I commend the committee on increasing the limitation. However, I think we must be realistic and say that the limitation is still much too low.

The amendment I have proposed would increase the current annual earnings limitation from $2,000, which is provided for in the committee bill, to $2,400 and would do so immediately. The provision I had in my original amendment that I discussed with the committee and which I testified about would have increased it substantially and would at the same time have phased it out over a period of 7 years.

I recognize that the cost involved in phasing out the earnings limitation might be exorbitant, though I think that we should do it sometime. I will continue to work toward this.

I hope that the committee will do likewise.

The amendment I originally offered was partially accepted by the House of Representatives and by the Senate Finance Committee. By raising the earnings limitation to $2,000, with a $1 for $2 reduction in earnings above $2,000, and by eliminating the former $1 for $1 reduction in earnings once a person began making $2,880. the House and Senate committees moved in the right direction. I commend them for this. I feel we can and should go further, however, by raising the limitation to $2,400.

Since the social security program was originally devised to provide a floor of protection against the loss of earnings caused by a worker's retirement, death, or disability, the so-called retirement test was established to assure that a worker had, in fact, retired. Since social security was also never intended to provide much more than a modest standard of living, an individual was expected to supplement social security with individual savings or a private pension plan. A person is allowed to keep full social security benefits no matter how much he gets in dividends and interest from investments or savings; but he cannot keep all of his earnings once he makes more than $1,680.

All this is well and good, except that even if a person does as he should and invests in a private pension plan or in savings, this does not assure him an income. There is a certain amount of truth in a remark made by Thomas R. Donahue, an Assistant Secretary of Labor during the Johnson administration, who told the Senate Labor Committee:

> In all too many cases the pension promised shrinks to this: "If you remain in good health and stay with the same company until you are 65 years old, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there's enough money in the fund, and that money has been prudently managed, you will get a pension."

One private study of pension plan revealed that less than 10 percent of 60,000 low-paid workers would ever receive a pension benefit.

What does a person do if all his savings have been eaten away by inflation and his pension plan has collapsed or otherwise failed to provide his needs? All he can do is try to supplement his income by working, yet under present law, he is penalized for doing so.

I now propose in this amendment to increase the earnings limitation immediately to $2,400. While I would like to see a total elimination of the retirement test, I think we must be realistic in recognizing that this would be extremely costly if done now. It is my understanding that an immediate elimination of the "test" would cost between $2.25 and $2.50 billion in the first year, which we all recognize we could not absorb.

The idea of removing the earnings limitation completely—which I feel has considerable merit—should be studied further by the Committee on Finance in 1971.

The cost of my amendment above the committee bill would be $280 million in the first year, and the "level-cost" would be .08 percent of the taxable payroll.

But because my amendment might also preclude the necessity for some aged persons to go on welfare, its additional cost over the committee bill would be offset to a certain extent.

A full one-third of all social security recipients live at or near the poverty level. By raising the earnings limitation to $2,400 instead of $2,000, I think we could prevent some of these people from having to go on welfare, and allow them to maintain their sense of dignity and independence—so important to all of us.

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

Mr. PERCY. I yield.

Mr. JAVITS. Mr. President, I wish to support the Senator's amendment. The Senator has had enormous experience in industrial management. We have been aspiring to do this for a long time. The entire movement to longevity, we understand in geriatrics, is to keep people working. This is the greatest inducement in the world.

As the Senator has stated, the cost of his amendment would be $280 million in the first year, but the people involved will be encouraged to work which may well cancel out what it will cost strictly on an actuarial basis in social security benefits.

Mr. PERCY. Mr. President, I thank my distinguished colleague. Not only will the Government get some of this money back in taxes, but the Federal Government and State and local governments will benefit by not having some of these people go on welfare, and it is much more dignified to receive increases in social security and to receive adjusted earnings, rather than have the humiliating experience of accepting welfare which, many times, is beyond the control of the recipient who thought he would have adequate income to meet his needs. I do not think this is a costly amendment. I think it is a humanitarian amendment.

I commend the committee for moving in this direction. I ask that we move a little further by raising the earnings limitation to $2,400. If a person received the maximum social security and earned the minimum amount, he would still be at the poverty level.

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

Mr. PERCY. I yield.

Mr. HARTKE. Mr. President, I commend the Senator from Illinois. This is a step forward that needs to be taken. I have an amendment at the desk which would provide for a complete elimination of the earnings limitation. Even though we did increase the amount to $2,000, we did accept an amendment which I put before the committee to eliminate the provision for keeping 50 cents of each dollar, which is currently limited to $2,700.

I commend the Senator from Illinois and I hope the Senate agrees to the amendment.

Mr. JAVITS. Mr. President, will the Senator yield to me briefly?

Mr. PERCY. I yield.

PRIVILEGE OF THE FLOOR

Mr. JAVITS. Mr. President, I ask unanimous consent that John Scales, of the staff of the Committee on Labor and Public Welfare, who is familiar with child care matters, be permitted in the Chamber.

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

The PRESIDING OFFICER. All time of the Senator from Illinois has expired.

Mr. LONG. Mr. President, this proposal and a number of other meritorious proposals were considered by the committee. It was felt that rather than have a number of modifications of the law, each of which would cost a substantial amount, but not as much as the measure voted in committee, it would be best to vote for an across-the-board 10-percent increase, something that could benefit every social security beneficiary. In addition, we voted for the minimum

increase that the Senate voted earlier this year.

These are matters that I would like to vote for as I did for a number of other popular suggestions. The only problem is they all cost a lot of money and we must choose which ones would be the best way to benefit the most people involved. All factors considered, it is the judgment of the committee that the 10-percent across-the-board increase and the $100 minimum would be more meaningful to more people than the increase in earnings base that would be permissible without any reduction in social security benefits.

I regret I cannot support the proposal. The committee went about as far as we could in this area. The committee raised the limitation to $2,000 and eliminated the $1,200 limit on the $1 for $2 reduction, so that the person loses $1 for every $2 he earns until he phases out his benefit. But he would never get to the point where he loses $1 for $1 earnings. Furthermore, the bill provides for an automatic increase in the $2,000 exemption. The committee did consider this general problem to meet the need of these people.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I recognize there is much merit to the amendment of the Senator from Illinois. However, the committee was faced with the problem of how far we should go in liberalizing the social security benefits. The bill now pending before the Senate already increased the benefits for social security by around $3.25 billion more than the House bill provided. The bill did that by raising the benefits from 5 to 10 percent and, as the Senator from Louisiana pointed out, by putting in the amendment providing for a $100 minimum and raising the earnings limitation to $2,000.

There is a limitation as to how far we can go without additional financing. For that reason I hope the committee position will be sustained and that the amendment will be rejected. Perhaps it can be considered at a later time when we have more money. Right now we would have to have a substantial increase in the tax rate over and above what the bill now provides.

Mr. LONG. I yield back the remainder of my time.

Mr. PERCY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois (Mr. PERCY). 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. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. CRANSTON), the Senator from Rhode Island (Mr. PASTORE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from North Dakota (Mr. BURDICK) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Utah (Mr. BENNETT), the Senator from Ohio (Mr. SAXBE), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

If present and voting, the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 52, nays 9, as follows:

[No. 449 Leg.]

YEAS—52

Aiken	Harris	Pell
Allen	Hartke	Percy
Baker	Hruska	Prouty
Bayh	Hughes	Proxmire
Bible	Jackson	Randolph
Boggs	Javits	Ribicoff
Brooke	Jordan, N.C.	Schweiker
Byrd, Va.	Jordan, Idaho	Scott
Byrd, W. Va.	Kennedy	Smith
Cannon	Magnuson	Sparkman
Case	Mansfield	Spong
Cook	Mathias	Stennis
Cooper	Metcalf	Stevenson
Dole	Mondale	Talmadge
Ellender	Moss	Thurmond
Ervin	Nelson	Williams, N.J.
Griffin	Packwood	
Gurney	Pearson	

NAYS—9

Allott	Fannin	Long
Bellmon	Hansen	Miller
Curtis	Holland	Williams, Del.

NOT VOTING—39

Anderson	Goodell	Mundt
Bennett	Gore	Murphy
Burdick	Gravel	Muskie
Church	Hart	Pastore
Cotton	Hatfield	Russell
Cranston	Hollings	Saxbe
Dodd	Inouye	Stevens
Dominick	McCarthy	Symington
Eagleton	McClellan	Tower
Eastland	McGee	Tydings
Fong	McGovern	Yarborough
Fulbright	McIntyre	Young, N. Dak.
Goldwater	Montoya	Young, Ohio

So Mr. PERCY's amendment (No. 1150) was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 1151

Mr. PERCY. Mr. President, I call up my amendment No. 1151, and I would be willing to have a 5-minute limitation on the side.

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

Mr. JAVITS. I yield.

Mr. MANSFIELD. Mr. President, I have discussed this matter with the chairman of the committee and the ranking minority member, as well as the author of the amendment. He has two amendments on which I understand a 10-minute limitation on each will be perfectly acceptable, and I ask unanimous consent that that be agreed to under the usual conditions.

Mr. JAVITS. Mr. President, I having been recognized, will the Senator agree that I may follow Senator PERCY?

Mr. MANSFIELD. It is perfectly all right with me.

Mr. JAVITS. I am perfectly happy to yield to him now, but I wish to follow him.

Mr. CANNON. Well, now, Mr. President——

Mr. MANSFIELD. The Senator from New York was recognized.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 499, between lines 17 and 18, insert the following:

DISREGARDING OF FINANCIAL RESPONSIBILITY OF OTHER PERSONS IN DETERMINING ELIGIBILITY OF BLIND INDIVIDUALS FOR AID OR MEDICAL ASSISTANCE

SEC. 571. (a) Section 1002(a)(8) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (B); and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (D) shall not take into account the financial responsibility of any other natural person for such individual unless such individual is such person's spouse or such person's child who is under age 21."

(b) Section 1602(a)(14 (A) of such Act is amended—

(1) by striking out "and" at the end of clause (i); and

(2) by inserting after clause (ii) the following: "and (iii) shall not take into account the financial responsibility of any other natural person for such individual unless such individual is such person's spouse or such person's child who is under age 21,".

(c) Section 1902(a)(17)(D) of such Act is amended by striking out "or is blind or permanently and totally disabled".

(d) The amendments made by the preceding subsections of this section shall take effect on January 1, 1971.

The PRESIDING OFFICER. Is there objection to a time limitation of 5 minutes for each side?

Mr. JAVITS. Mr. President, reserving the right to object——

Mr. MANSFIELD. Mr. President, I withdraw the request.

The PRESIDING OFFICER. The request is withdrawn.

Mr. JAVITS. No, Mr. President, I wish to accommodate——

Mr. MANSFIELD. That is all right, but we have to get on, and I do not want to argue, so I withdraw the request.

Mr. JAVITS. May I suggest to the leader that I yield to the Senator from Illinois without losing my right to the floor, which I will be glad to do.

Mr. President, I ask unanimous consent that I may yield to the Senator from Illinois (Mr. PERCY) without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Senator from New York asks that he be recognized after the amendment of the Senator from Illinois.

Mr. PERCY. Mr. President, reserving the right to object, does this cover both amendments?

Mr. JAVITS. Yes; that is satisfactory.

Mr. PERCY. Five minutes a side on each amendment?

Mr. CANNON. Mr. President, I object. I ask for the regular order.

The PRESIDING OFFICER. Objection is heard.

The Senate will be in order. The pending business is the amendment of the Senator from Illinois. The Senator from New York yielded to the Senator from Illinois to offer his amendment and that amendment has been read. There was objection to the unanimous consent request. The Senator from Illinois may withdraw his amendment, but it is the pending business.

Mr. LONG. Mr. President, will the Senator from Illinois yield to me for a question?

Mr. PERCY. I am happy to yield.

Mr. LONG. I would like to ask if the Senator is offering his amendment that has to do with relative responsibility for blind persons, because if it does, we are willing to accept the amendment.

Mr. PERCY. Yes, that is the first amendment, and I am gratified at the indication that the committee chairman is accepting it.

RELATIVE RESPONSIBILITY

Mr. President, I would like to call up my amendment No. 1151 to H.R. 17550 which removes discriminatory provisions of the Social Security Act applying to blind and permanently and totally disabled persons.

At present, title XIX of the Social Security Act—medicaid—in determining eligibility for the extent of medical assistance to be available to individuals, states that "the financial responsibility of any individual for any applicant or recipient of assistance under the act should not be considered 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 disabled.

Titles X and XVI—grants to States for Aid to the Blind; and Grants to States for Aid to the Aged, Blind or Disabled, respectively—also have the effect of allowing States the latitude to set up "relative responsibility" regulations. In other words, blind or permanently and totally disabled persons over age 21 must, in many cases, undergo the humiliating, degrading experience of proving to the State that their parents lack the financial means, or the willingness, to meet their medical—or other—needs.

Nondisabled, needy adults are not subjected to this humiliating experience. Only the blind and otherwise disabled—of whom there are about 82,000 and 600,000, respectively, in the United States—are singled out and expected to bankrupt their parents.

In most cases, when the parents or relatives of adult blind or disabled children are able to offer assistance, they do so willingly. When the parents are not in a position to offer assistance, what is the point of allowing States to say to a blind or disabled individual: "Your parents are responsible for your needs, but since they will not provide them, we will not either." This makes no sense at all in my opinion.

When one considers the hardships caused by blindness, and other disabilities, and the courage and self-confidence necessary to overcome handicaps so as to function in a dynamic society, it seems even more unfortunate that we ask these people to face a humiliating, painful, and unnecessary experience before qualifying for assistance they might need. The sense of independence and self-respect that a blind adult can acquire by knowing he is no longer a burden to his family may make a significant impact on his level of aspiration and ability to move forward into real independence.

The ability to perform successfully and to be a contributing member of society is a necessary foundation for the self-respect of a young blind or disabled adult. As he becomes no longer a burden to his family, the improved attitudes and the more wholesome relationship between him and his parents can be expected to result in increased support and encouragement from them. We thus will have provided the conditions under which a seriously handicapped person can aspire to freedom and achievement and can move forward into real independence.

I, therefore, urge support for this amendment so that we can do away with this glaring inequity and discrimination against blind and disabled citizens within our society.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1151) of the Senator from Illinois.

The amendment was agreed to.

AMENDMENT NO. 1166

Mr. PERCY. Mr. President, I call up my amendment No. 1166.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. PERCY's amendment (No. 1166) is as follows:

On page 70, line 24, strike out "(D)" and insert in lieu thereof "(E)".

On page 70, insert the following between lines 23 and 24:

"(D) is the grandchild or stepgrandchild of such individual who (i) was living in such individual's household at the time application for child's insurance benefits was filed on behalf of such child, (ii) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States, and (iii) had not attained the age of 18 before he began living with such individual, or".

On page 123, after line 24, insert the following:

"BENEFITS FOR A CHILD ON EARNINGS RECORD OF A GRANDPARENT

"SEC. 134. (a) The first sentence of section 216(e) of the Social Security Act is amended by—

"(1) striking out 'and' at the end of clause (1) thereof, and

"(2) inserting immediately before the period at the end thereof the following: ', and (3) a person who is the grandchild or stepgrandchild of an individual, but only if (A) such person was living in such individual's household and receiving at least one-half of his support from such individual, at the time application for child's insurance benefits was filed on behalf of such person as the child of such individual, or at the time such individual died, and (B) such person began living in such individual's household before such person attained age 18'.

"(b) Section 202(d) of such Act is amended by adding at the end thereof the following new paragraph:

"'(9) A child who is a child of an individual under clause (3) of the first sentence of section 216(e) and is not a child of such individual under clause (1) or (2) of such first sentence shall be deemed to be dependent on such individual at the time specified in subparagraph (1)(C) of this subsection, unless at the time specified in clause (3) of such first sentence such child was receiving regular contributions from—

"'(A) his natural or adopting parent, or his stepparent, or

"'(B) a public or private welfare organization which had placed such child in such individual's household under a foster-care program.'

"(c) The first sentence of section 203(c) of such Act is amended—

"(1) by striking out the period at the end thereof and inserting in lieu of such period '; or'; and

"(2) by adding after and below clause (4) thereof the following new clause:

"'(5) in which such individual, if a child who is entitled to child's insurance benefits on the basis of the wages and self-employment income of a person (but would not be so entitled except for application of clause (3) of the first sentence of section 216(e)), is not in the care of such person or the spouse of such person, except that the provisions of this clause shall not apply if such person has died.'

"(e) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1970, but only on the basis of applications filed after the date of enactment of this Act."

GRANDCHILDREN—BENEFITS FOR UNADOPTED GRANDCHILDREN

Mr. PERCY. Mr. President, at this time I would like to call up my amendment No. 1166 to provide benefits for grandchildren dependent upon their grandparents. Under the present social

security law, some children who are dependent on their grandparents cannot obtain benefits based on their grandparents' earnings. A grandchild must be adopted by his grandparents before he qualified for a child's social security benefits. This is most unfortunate, as there are cases in which the grandparents, for valid reasons, are either unable to or do not wish to adopt the child, yet still maintain a quasi-parental relationship.

The purpose of social security is to provide the family with a continuing source of income when the family income stops because of the death, retirement, or disability of a worker. Following this, social security benefits are paid to children whose parents have died, retired, or become disabled on the theory that children are generally dependent on their parents and suffer a loss of support when the parents' income stops. However, if that parent is a grandparent the child suffers in being denied a social security benefit. Benefits are extended to grandchildren only when they are legally adopted.

This distinction which prohibits the unadopted child living with and supported by his grandparents from receiving the same benefits he would receive if he were adopted is grossly unfair. A child dependent on his grandparents is as deserving of social security benefits as is a child who is dependent on his parents—perhaps even more deserving as grandparents very possibly would have less income. The payment of these benefits should be based on the realities of the situation.

I, therefore, urge favorable action on my amendment to permit the payment of social security benefits to the dependent grandchildren of disabled, retired, or deceased workers when it can be shown that the child is actually dependent for support upon the grandparents.

My amendment redefines the term "child" so that benefits would be provided for a grandchild if, at the time the grandparents died or became entitled to benefits, he had been living with the grandparents at least 1 full year—except in the case of death or disability of the grandparent, within the same year as the loss of support from the parents. In addition, it would have to be shown that the grandparents actually furnished at least one-half of the child's support during this time.

Adoption of this measure would correct an anomaly in the social security program. It would make actual dependency the criterion for payments to a grandchild.

Although this is not a major change when measured in terms of of the number of people affected, it is nonetheless a major change when measured by the effect it will have on the incomes of those individuals who will qualify for benefits. Moreover, the social security actuaries inform me that because only a relatively few people could be expected to qualify for benefits, adoption of the proposal would have no significant effect on the total cost of the social security program. The "level-cost" would be .01 percent of the taxable payroll. Passage of the bill would eliminate the need for taking action on about 300 private bills annually.

Mr. LONG. Mr. President, if the Senator will yield, the Senator submitted to us an amendment of which this was a part, and we agreed to part of his amendment. Apparently the Senator feels that a problem still remains.

As far as I am concerned, I am willing to take the amendment to conference, and if the conferees will accept it, we are willing to agree to it.

Mr. PERCY. I am deeply gratified at this indication by the committee chairman.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1166) of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from New York is recognized.

AMENDMENT NO. 1117

Mr. JAVITS. Mr. President, I call up my amendment No. 1117.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. 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 will be printed in the RECORD.

Mr. JAVITS' amendment (No. 1117) is as follows:

PRIVATE PENSION BENEFITS THAT DECREASE BY REASON OF SOCIAL SECURITY INCREASES

SEC. 614. (a) Section 404 of the Internal Revenue Code of 1954 (relating to deduction for contributions of an employer to an employee's trust or annuity plan, etc.) is amended by adding at the end thereof the following new subsection:

"(g) PENSION, ETC., PLANS CORRELATED WITH OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS.—If contributions are paid by an employer to a stock bonus, pension, profit-sharing or annuity plan designed to provide benefits upon retirement, and, the amount of the benefit payment or payments to an individual who is entitled to such benefit payment or payments under the plan for any period after December 31, 1970, is reduced, in whole or in part, by reason of an increase in the amount of the monthly insurance benefits which are payable to such individual for such period under title II of the Social Security Act, then the total amount deductible under this section with respect to contributions made by the employer to the plan for the taxable year in which occurs the period described in this section shall, under regulations of the Secretary or his delegate, be reduced by an amount (which shall not be in excess of the total of the amount otherwise so deductible) equal to the net decrease in payments to all individuals under the plan by reason of such increase during such taxable year."

(b) The amendment made by this section shall apply with respect to taxable years of employers contributing to such stock bonus, pension, profit-sharing or annuity plans beginning on or after the date of enactment of this Act.

Mr. JAVITS. I wish to inform the majority leader that I would be willing to debate this amendment for, say, 20 minutes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be equally divided between the Senator from New York——

Mr. JAVITS. Mr. President, I need 20 minutes. I do not know how much time Senator LONG needs.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 40 minutes on the pending amendment, the time to be equally divided between the Senator from New York and the manager of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I can dispose of this amendment quite quickly.

The purpose of this amendment is to prevent private pension plans which are correlated with social security benefits, from charging the beneficiaries with the increased social security benefit which they are going to receive in this and in succeeding increases by watering down the private pension benefits which they are entitled to receive.

Last week, I had word from the Treasury Department by letter dated December 16, which I read to the Senate, that it appreciated the equity of this amendment and that under its own regulations it was going to do exactly what this amendment calls for. They end their letter, which is in the RECORD of December 22, and signed by John S. Nolan, a Deputy Assistant Secretary, with this statement:

> In light of the foregoing, I believe that the amendment you have proposed to the pending Social Security bill is unnecessary. As you may have been informed, we have submitted to the Office of Management and Budget a proposed report opposing the amendment.

Moreover, they stated in this letter that they have changed their position from the position taken on this matter on April 28, 1967, in a letter which they addressed to Senator RANDOLPH, who was then chairman of the Subcommittee on Employment and Retirement Incomes of the Senate Special Committee on the Aged.

This was the record until late last week when I read in the press that in a statement made to a newspaper reporter, they qualified their position by saying they were going to defer the application of their ruling until December 31, 1971.

We checked back with the Treasury Department and found that what appeared in the newspaper article was so, that they really had made that representation, although they had written me about a week before that my amendment was unnecessary because they were going to do this themselves.

Mr. President, I ask unanimous consent that the Treasury Department letter of December 16 and the newspaper article I had referred to, be inserted in the RECORD at this point.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

THE DEPARTMENT OF THE TREASURY,
Washington, D.C., December 16, 1970.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: This is in reply to the request of Mr. Gordon of your office for the present position of the Treasury Department concerning the effect of increases in

Social Security benefits upon benefits paid to retired employees under so-called offset plans.

Revenue Rulings 69-4 and 69-5, copies of which are attached, provide specific rules for determining whether a pension, annuity, profit-sharing or stock bonus plan is properly integrated with Social Security benefits. Section 7 of Revenue Ruling 69-4 provides that an offset plan (i.e., a plan under which an employee's retirement benefit is reduced by a stated percentage of his Social Security benefit) is properly integrated only if the rate at which the offset is computed does not exceed (1) 83⅓ percent, if the offset is computed on the basis of the benefit to which the employee would be entitled under the Social Security Act as in effect in 1968, or (2) 75 percent, if the offset is computed on the basis of the benefit to which the employee is or would upon application be entitled under the Social Security Act as in effect at the time at which the offset is first applied. Thus, increases in Social Security benefits cannot result in an increase of the amount of the Social Security offset. This represents a change from the position in former Assistant Secretary Surrey's letter of April 28, 1967, to the Honorable Jennings Randolph, Chairman of the Subcommittee on Employment and Retirement Incomes of the Senate Special Committee on Aging.

In light of the foregoing, I believe that the amendment you have proposed to the pending Social Security bill is unnecessary. As you may have been informed, we have submitted to the Office of Management and Budget a proposed report opposing the amendment.

Sincerely yours,

JOHN S. NOLAN,
Deputy Assistant Secretary.

[From the Washington Post, Dec. 23, 1970]

PENSION PLAN RULES REVISED TO PROHIBIT BENEFIT REDUCTIONS

The Treasury Department has revised its rules in order to prohibit private pension plans from reducing benefits when Social Security payments go up.

The change came to light after Sen. Jacob K. Javits (R-N.Y.) introduced an amendment to the pending Social Security bill to stop the practice.

Javits said he was troubled by complaints after last year's substantial Social Security increases that private pension plan benefits were being watered down as a result.

But Javits took to the floor yesterday to read a Treasury letter indicating the department has already barred the practice. Consequently, he is withdrawing his amendment, Javits said.

The prohibition applies strictly, however, to those workers who retire after Dec. 31, 1971, according to a Treasury source. He said it is "conceivable" that some persons already retired might find their pension benefits reduced by Social Security increases. But this practice is far less common today than formerly, he added.

The big push in corporate employee pension funds came after World War II and largely on the bargaining initiative of labor unions, notably the United Automobile Workers under the late Walter P. Reuther.

Most of these operated under a formula in which the employer made up the difference between Social Security payments and a stated sum. Thus, if a union had negotiated a $100 a month pension benefit and a retiree drew $40 a month in Social Security, the company paid him $60.

Any increase in Social Security reduced the employer's liability proportionately.

The National Association of Manufacturers and other business groups, which had fought establishment of Social Security in the mid-1930s, suddenly became its partisans when the first big improvements were voted in the early 1950s.

As late as 1967 the offset practice was still permitted by Treasury, which has limited authority to regulate private pension funds through its power to certify favorable tax treatment for qualified plans.

Javits said yesterday in his floor speech, "It was appalling to me that in these inflationary times, the result of voting Social Security increases was to deprive the retiree, by reduction of his other pension income—of the very money he needed to cope with the rising cost of living."

In a letter to Javits, John S. Nolan, deputy assistant Treasury secretary for tax policy, advised that the regulations had been revised to limit such offsets to amounts based on 1968 Social Security rates or those in effect at the time the reduction is first applied.

"Thus, increases in Social Security benefits cannot result in an increase of the amount of the Social Security offset," Nolan wrote.

Mr. JAVITS. This indicates that we cannot rely upon the Treasury Department's regulations or its interpretations of its regulations; but if we wish to act on this matter—and they, themselves, have admitted its equity—we have to act on it by legislation.

It seems to me, in all honesty and under the conditions we face, that we are in this situation: I am compelled, by the fact that we are driving through to the conclusion of this bill, to bring up this amendment even though I have not been able to get an answer in writing from the Treasury Department as to the reasons for this change in the position they previously related to me. I have had to depend upon a phone call.

I would hope very much that, under the circumstances, the chairman could see his way clear to take the amendment to conference and unravel it there. The best we have been able to get from the Treasury Department, is that they have not adequately expressed their view or that they have found something in their regulations that causes them to change their view.

There is no question about the equity involved—that, insofar as the pensioner in this type of pension plan is concerned, if an increase in social security will leave him no better off, because his private pension income will be correspondingly reduced. We give it to him with one hand, and private pension plans take it away with the other.

The Treasury Department has the ability, under the tax law, to deal with this, because they determine what is deductible for income tax purposes so far as pension contributions are concerned.

So I think that the fair thing to do would be to take this amendment to conference and unravel the situation. The Treasury said on December 16, 1970, that it is the right thing to do, that they are going to do it, and that my amendment is unnecessary. Within a week, they backtrack to reduce the force of their own letter by approximately three-quarters. That is our own estimate. That is what it results in.

I believe, therefore, that since this is a very equitable matter—as they, themselves, have recognized—we should, at long last, enact into law the substance of the Treasury Department position as originally expressed, and have our own conferees—who I am sure will feel as solicitous as I do about retirees who have both forms of coverage, both private and public, in social security—work it out in a way which would be equitable and fair, especially in view of the fact that the Treasury Department itself has conceded the main point.

I reserve the remainder of my time.

Mr. LONG. I yield myself 3 minutes.

Mr. President, if the amendment is such that the Treasury Department was willing to agree to it, but then reneged on it after the Senator withdrew his amendment, it presents some problems. Unfortunately for those of us on the committee, we were aware of the fact that the Senator had offered the proposal and also that he had withdrawn it, and therefore our staff, being busy with other matters involving this bill, simply studied it no further.

If the Senate wishes to do so, it would be all right with the Senator from Louisiana to take the matter to conference. I am frank to tell the Senator that this may prove to be one of those complicated areas in which the clock will run out on us even in conference and where the answer may not come easily. It would be all right with the Senator from Louisiana to agree to it, but I must say that we do not understand it well enough to advise the Senate how it should vote on the amendment.

Mr. JAVITS. Standing on the threshold of adjournment, and the fact that the Treasury Department agreed only a week ago and now is only backtracking, it seems to me that it could be resolved, and I would be willing to run that risk.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. WILLIAMS of Delaware. I would not want this amendment to go to conference under any illusions that some of us think we would bring it back as written.

I recognize the points that the Senator makes, but if we accept this amendment there is a question as to whether we are changing rules for a thousand private pension plans without those companies having a chance to be heard.

Many of the private pension plans are on the basis that they will give their employees, for example, x amount, or the difference between whatever the social security is and the agreed figure.

A great deal of argument can be made for the position of the Senator from New York, but he is changing the rules after these pension plans have been approved by the Treasury Department. This could be done prospectively, but I question the wisdom of doing it retroactively.

I do not understand the confusion existing in the Treasury Department, because it would be my opinion that they would have no right under existing law to do this by regulation. It would take legislation.

I would be willing to go along with the chairman that we take it to conference; but in all fairness I would only state that in working it out, I can see problems developing here in which we may not be able to do it without coming back and giving those who have these pension plans an opportunity to be heard. With

that understanding I would agree to take it to conference, but I do not want the Senator to think we are accepting this amendment and that it can be worked out that easily.

Mr. JAVITS. If the Senator will check back on my presentation of the matter first, which I did on December 1, in putting the amendment into the committee, I made it very clear that not many plans were involved. See CONGRESSIONAL RECORD, December 1, 1970, at S19078. We have the hearings of the Subcommittee on Fiscal Policy of the Joint Economic Committee on that subject. So it is not a very dense problem in terms of the number of plans involved.

The other point, which is critically important, is this: Nobody has a right, in any pension plan, to figure on social security increases to the retiree.

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

Mr. JAVITS. I yield.

Mr. COOK. For the life of me, I cannot see why this should be very difficult, even in conference. I do not see how in the world a corporation can build into a pension plan the actuarial science of contemplating what social security increases will be in the future and say to an employee who pays into a pension program for 30 years, "You will receive $200 a month based on the fact that you will receive $150 in social security. Then, when your social security goes up to $170, your pension goes down to $180 a month." There is not an actuarial expert in the country that could figure that out. But now what they are doing is building into a program benefits for the corporation or the insurance company, so that at no time will we receive over x dollars between pension and social security.

Mr. JAVITS. It is nothing but a windfall proposition. The Treasury recognizes that, but first they told us it was being stopped right away and then they decided that they could not go that far.

Mr. WILLIAMS of Delaware. I am not prejudging the Senator's position, but I point out some of the problems that can arise. I call attention to the fact that Congress in its wisdom—and Congress is always wise—passed such a provision in the Railroad Retirement Act where this very same formula prevails. I do not know what this would do to the Railroad Retirement Act because the railroad pension is based on the premise that the employment will get x amount made up by the railroads over and beyond social security. We are locked in on that pension plan by law.

This law can be changed, but it does take legislation.

I say again that I am not prejudging this, but I would foresee that there can be problems. Congress itself recognized that principle in the Railroad Retirement Act, and I do not know what effect this would have on that plan. This proposal was not considered by the committee. I am willing to go along with the chairman and take it to conference and not prejudge it, but I do say that we may not be able to work it out. I can foresee problems which may require holding it over for a little more careful study. I would have no objection to taking it to conference with that condition in mind with the thought that we are not dumping it or prejudging it.

Mr. JAVITS. The Railroad Retirement Act is not a Government program like social security. I am dealing only with a private pension fund and not at all with the Railroad Retirement Act. It will have no effect on railroad retirement.

Mr. WILLIAMS of Delaware. Except that the railroad retirement is not a Government insurance plan; the Government is only the trustee. The plan is financed in its entirety by millions of railroad workers, with the railroad paying as the employer and payments being made by the employee. The employee gets x number of dollars in the pension, of which social security is a part. That is the theory of the Railroad Retirement Act.

Mr. JAVITS. The distinguished Senator must know that it does not qualify under the terms of my amendment as a private pension plan. That is all I am arguing. I do not want to get it confused with railroad retirement to which my amendment does not apply. That is admitted, the fact that my amendment covers only private pension plans and does not affect railroad retirement at all. That is all I argue.

Mr. WILLIAMS of Delaware. The precedent we establish would apply to the Railroad Retirement Act. I have heretofore argued this position from the point of view of the Railroad Retirement Act, unsuccessfully, I might say, in the committee, but I know that when we open this up we will be opening up Pandora's box, with a great many problems involving numerous private pension plans.

Mr. JAVITS. The Senator is stretching the rubber band a long way when he says it will be a precedent. I am confining this amendment to private pension plans. Private pension planners should not have the benefit of this windfall. That is all I argue.

Mr. COOK. Is it conceivable, if social security goes high enough, that an individual could pay into a private pension plan for the entire years of his employment and conceivably receive nothing out of it, if in fact this type of downward escalation were to continue to prevail?

Mr. JAVITS. Without any question, that is exactly what could happen; and that is exactly what we are trying to forestall.

Mr. President, I know that a rollcall vote could be had on this amendment, but I am sure of the good faith on the part of the chairman and the conferees as to what will happen and so I am willing to have the amendment subjected to a voice vote.

Mr. LONG. Mr. President, I yield back the remainder of my time.

Mr. JAVITS. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. PACKWOOD). The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

AMENDMENT NO. 1155

Mr. HARTKE. Mr. President, I call up my amendment No. 1155 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The 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; and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

Strike out the table which appears on pages 7 and 8 of the bill, and insert in lieu thereof the following new table:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
.....	$24.20	$82.30 or less	.....	$101	$100.00	$150.00
$24.21	24.60	83.50	$102	102	100.20	150.30
24.61	25.00	84.90	103	104	101.90	152.90
25.01	25.48	86.40	105	106	103.70	155.60
25.49	25.92	87.80	107	107	105.40	158.10
25.93	26.40	89.20	108	109	107.10	160.70
26.41	26.94	90.60	110	113	108.80	163.20
26.95	27.46	91.90	114	118	110.30	165.50
27.47	28.00	93.30	119	122	112.00	168.00
28.01	28.68	94.70	123	127	113.70	170.60
28.69	29.25	96.20	128	132	115.50	173.30
29.26	29.68	97.50	133	136	117.00	175.50
29.69	30.36	98.80	137	141	118.60	177.90
30.37	30.92	100.30	142	146	120.40	180.60
30.93	31.36	101.70	147	150	122.10	183.20
31.37	32.00	103.00	151	155	123.60	185.40
32.01	32.60	104.50	156	160	125.40	188.10
32.61	33.20	105.80	161	164	127.00	190.50
33.21	33.88	107.20	165	169	128.70	193.10
33.89	34.50	108.60	170	174	130.40	195.60
34.51	35.00	110.00	175	178	132.00	198.00
35.01	35.80	111.40	179	183	133.70	200.60
35.81	36.40	112.70	184	188	135.30	203.00
36.41	37.08	114.20	189	193	137.10	205.70
37.09	37.60	115.60	194	197	138.80	208.20
37.61	38.20	116.90	198	202	140.30	210.50
38.21	39.12	118.40	203	207	142.10	213.20
39.13	39.68	119.80	208	211	143.80	215.70
39.69	40.33	121.00	212	216	145.20	217.80
40.34	41.12	122.50	217	221	147.00	220.50
41.13	41.76	123.90	222	225	148.70	223.10
41.77	42.44	125.30	226	230	150.40	225.60
42.45	43.20	126.70	231	235	152.10	228.20
43.21	43.76	128.20	236	239	153.90	230.90
43.77	44.44	129.50	240	244	155.40	234.30
44.45	44.88	130.80	245	249	157.00	239.10
44.89	45.60	132.30	250	253	158.80	242.90
		133.70	254	258	160.50	247.70
		134.90	259	263	161.90	252.50
		136.40	264	267	163.70	256.40
		137.80	268	272	165.40	261.20
		139.20	273	277	167.10	266.00
		140.60	278	281	168.80	269.80
		142.00	282	286	170.40	274.60
		143.50	287	291	172.20	279.40
		144.70	292	295	173.70	283.20
		146.20	296	300	175.50	288.00
		147.60	301	305	177.20	292.80
		148.90	306	309	178.70	296.70
		150.40	310	314	180.50	301.50
		151.70	315	319	182.10	306.30
		153.00	320	323	183.60	310.10
		154.50	324	328	185.40	314.90
		155.90	329	333	187.10	319.70
		157.40	334	337	188.90	323.60
		158.60	338	342	190.40	328.40
		160.00	343	347	192.00	333.20
		161.50	348	351	193.80	337.00
		162.80	352	356	195.40	341.80
		164.30	357	361	197.20	346.60
		165.60	362	365	198.80	350.40
		166.90	366	370	200.30	355.20
		168.40	371	375	202.10	360.00
		169.80	376	379	203.80	363.90
		171.30	380	384	205.60	368.70
		172.50	385	389	207.00	373.50
		173.90	390	393	208.70	377.30
		175.40	394	398	210.50	382.10
		176.70	399	403	212.10	386.90
		178.20	404	407	213.90	390.80
		179.40	408	412	215.30	395.60
		180.70	413	417	216.90	400.40
		182.00	418	421	218.40	404.20
		183.40	422	426	220.10	409.00
		184.60	427	431	221.60	413.80
		185.90	432	436	223.10	418.60
		187.30	437	440	224.80	420.50
		188.50	441	445	226.20	422.90
		189.80	446	450	227.80	425.30
		191.20	451	454	229.50	427.20
		192.40	455	459	230.90	429.60
		193.70	460	464	232.50	432.00
		195.00	465	468	234.00	434.00
		196.40	469	473	235.70	436.40
		197.60	474	478	237.20	438.80
		198.90	479	482	238.70	440.70
		200.30	483	487	240.40	443.10
		201.50	488	492	241.80	445.50

I		II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)		(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$202.80	$493	$496	$243.40	$447.40
		204.20	497	501	245.10	449.80
		205.40	502	506	246.50	452.20
		205.70	507	510	248.10	454.10
		208.00	511	515	249.60	456.50
		209.30	516	520	251.20	458.90
		210.60	521	524	252.80	460.80
		211.90	525	529	254.30	463.20
		213.30	530	534	256.00	465.60
		214.50	535	538	257.40	467.60
		215.80	539	543	259.00	470.00
		217.20	544	548	260.70	472.40
		218.40	549	553	262.10	474.80
		219.70	554	556	263.70	476.20
		220.80	557	560	265.00	478.10
		222.00	561	563	266.40	479.60
		223.10	564	567	267.80	481.50
		224.30	568	570	269.20	482.90
		225.40	571	574	270.50	484.80
		226.60	575	577	272.00	486.30
		227.70	578	581	273.30	488.20
		228.90	582	584	274.70	489.60
		230.00	585	588	276.00	491.60
		231.20	589	591	277.50	493.00
		232.30	592	595	278.80	494.90
		233.50	596	598	280.20	496.40
		234.60	599	602	281.60	498.30
		235.80	603	605	283.00	499.70
		236.90	606	609	284.30	501.60
		238.10	610	612	285.80	503.10
		239.20	613	616	287.10	505.00
		240.40	617	620	288.50	506.90
		241.50	621	623	289.80	508.40
		242.70	624	627	291.30	510.30
		243.80	628	630	292.60	512.10
		245.00	631	634	294.00	514.50
		246.10	635	637	295.40	517.00
		247.30	638	641	296.80	519.40
		248.40	642	644	298.10	521.70
		249.60	645	648	299.60	524.30
		250.70	649	650	300.90	526.60
			651	655	301.90	528.40
			656	660	302.90	530.10
			661	665	303.90	531.90
			666	670	304.90	533.60
			671	675	305.90	535.40
			676	680	306.90	537.10
			681	685	307.90	538.90
			686	690	308.90	540.60
			691	695	309.90	542.40
			696	700	310.90	544.10
			701	705	311.90	545.90
			706	710	312.90	547.60
			711	715	313.90	549.40
			716	720	314.90	551.10
			721	725	315.90	552.90
			726	730	316.90	554.60
			731	735	317.90	556.40
			736	740	318.90	558.10
			741	745	319.90	559.90
			746	750	320.90	561.60
			751	755	321.90	563.40
			756	760	322.90	565.10
			761	765	323.90	566.90
			766	770	324.90	568.60
			771	775	325.90	570.40
			776	780	326.90	572.10
			781	785	327.90	573.90
			786	790	328.90	575.60
			791	795	329.90	577.40
			796	800	330.90	579.10
			801	805	331.90	580.90
			806	810	332.90	582.60
			811	815	333.90	584.40
			816	820	334.90	586.10
			821	825	335.90	587.90
			826	830	336.90	589.60
			831	835	337.90	591.40
			836	840	338.90	593.10
			841	845	339.90	594.90
			846	850	340.90	596.60
			851	855	341.90	598.40
			856	860	342.90	600.10
			861	865	343.90	601.90
			866	870	344.90	603.60
			871	875	345.90	605.40
			876	880	346.90	607.10
			881	885	347.90	608.90
			886	890	348.90	610.60

"I	II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
At least—		At least—	But not more than—		
		$891	$895	$349.90	$612.40
		896	900	350.90	614.10
		901	905	351.90	615.90
		906	910	352.90	617.60
		911	915	353.90	619.40
		916	920	354.90	621.10
		921	925	355.90	622.90
		926	930	356.90	624.60
		931	935	357.90	626.40
		936	940	358.90	628.10
		941	945	359.90	629.90

"I	II	III		IV	V
(Primary insurance benefit under 1939 act, as modified)	(Primary insurance amount under 1967 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—	Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203 (a)) on the basis of his wages and self-employment income shall be—
At least—		At least—	But not more than—		
		$946	$950	$360.90	$631.60
		951	955	361.90	633.40
		956	960	362.90	635.10
		961	965	363.90	636.90
		966	970	364.90	638.60
		971	975	365.90	640.40
		976	980	366.90	642.10
		981	985	367.90	643.90
		986	990	368.90	645.60
		991	995	369.90	647.40
		996	1000	370.90	946.10"

On page 9, line 23, strike out "110 percent" and insert in lieu thereof "120 percent".

On page 72, line 24, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 73, line 19, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 74, line 6, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 74, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 75, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 2, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 5, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 17, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 23, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 1, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 12, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 19, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 6, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 17, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 84, line 2, strike out "5.0 percent" and insert in lieu thereof "5.35 percent".

On page 84, line 5, strike out "5.5" and insert "5.85".

On page 84, line 7, strike out "6.1" and insert "6.45".

On page 84, line 23, strike out "5.0" and insert "5.35".

On page 84, line 25, strike out "5.5" and insert "5.85".

On page 85, line 2, strike out "6.1" and insert "6.45".

Mr. HARTKE. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, would the distinguished Senator agree to a time limitation on his amendment?

Mr. HARTKE. Yes. How much time?

Mr. LONG. Would the Senator agree to 10 minutes to a side?

Mr. HARTKE. I think 15 minutes to a side would be better.

Mr. LONG. Mr. President, I ask unanimous consent that time on the pending amendment be limited to one-half hour to be equally divided between the author of the amendment and the manager of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

Mr. HARTKE. Mr. President, I rise in support of H.R. 17550. I support wholeheartedly the many much-needed improvements contained in this bill—in particular, the $100 minimum benefit and the provision calling for automatic increases in social security benefits as the cost of living goes up. The provision to adjust social security benefits automatically will make certain that retired workers, disabled workers, and their dependents and survivors will never again bear the brunt of inflation. But adjusting benefits automatically to take account of increases in the cost of living is small comfort to the people dependent on social security if benefits are inadequate to start with. The provision in the bill that would increase benefit amounts for 1971 by 10 percent is a step in the right direction—but only a step. A 10-percent increase is not enough. We must do more. We have an obligation to make benefit amounts provide true economic security for all beneficiaries.

I, therefore, propose that we revise the bill so as to increase social security cash benefits, not by 10 percent, but by 20 percent.

The need to substantially raise the general level of social security benefits becomes very clear to anyone who looks at the benefit amounts that would be provided under the committee bill and considers the fact that most social security beneficiaries have very little in the way of continuing income other than their social security. For almost all beneficiaries, social security is the main source of continuing income and for about half the beneficiaries social security is virtually the only source of continuing income.

Monthly benefits for retired workers now on the social security rolls who began to draw benefits at age 65 or later average $118; with the 10-percent increase, together with the other benefit improvements provided in the bill, the average would be $136—$4.50 per day. With a 20-percent benefit increase alone—taking no account of the other improvements—the average monthly benefit for retired workers be raised to $141.60. With a 20-percent benefit increase, the benefit amount payable to workers with average monthly earnings of $650, the highest possible under present law, would be increased from $250.70 to $300.90. For a survivor family consisting of a widow and two or more children getting benefits on the basis of $650 of average monthly earnings, total monthly benefits of $526.60 would be payable instead of the $434.40 payable under present law.

With the 10-percent increase and the $100 minimum recommended by the committee, 1.2 million aged beneficiaries would be moved out of poverty. With the 20-percent increase and $100 minimum that I am recommending, this number would increase to 1.6 million. Thus the increase in benefits provided by my amendment will increase the number of people lifted above the poverty level of 400,000. Surely a 20-percent benefit increase is the least we can do.

Frankly, we can do this, and the record shows that I at least am one Senator who pointed this out in 1967 when we made such a gross error as to overcharge the people $500 million on an annual level sufficient to provide for a 15-percent increase the next year without an additional penny to pay for that.

And we can do it without any additional financing in the next several years beyond what the bill now provides. All too often in the past when the Congress has made benefit improvements it has also increased the near-term social security tax rates in order to finance those benefit improvements. In my judgment it is preferable to increase the tax rates 10 or 15 years from now rather than to increase the near-term rates. Because the near-term rates have been increased by congressional action, the assets of the social security cash benefit trust funds now amount to $38 billion and under

present law, the assets will increase by more than $7 billion in 1972 and by more than $12 billion in 1973. Even under the financing provided under the committee bill, the size of the funds would increase substantially in future years. I do not believe that there should continue to be unnecessary, large-scale growth in the size of these funds. In fact, I consider it imperative that we discontinue this practice of building up large trust funds. We are taking money from the working poor through a regressive tax that is not needed for benefit payments. This money is then loaned to the Federal Government to finance its general operations at extremely low interest rates. The Government should find other ways to meet its general expenses than to force those who can afford it the least to contribute through a regressive social security tax to meet the cost of operating the Government. Unlike an increase in the contribution and benefit base, which increases social security contributions only for high earners, an increase in contribution rates imposes an additional tax burden on the poor as well as on those better off. The imposition of taxes which serve only to increase the size of trust funds is unfair and unjust and unnecessary.

I am pleased that the Committee on Finance has seen fit to use part of the trust fund assets to pay the cost of the benefit improvements the Committee has recommended. I think we can and should use these assets to finance the additional increase I am recommending.

If we are honest, we will admit that we do not need all the money we have in the trust funds now. The money in the trust funds can be used to pay the cost in the next few years of the additional benefits I am recommending. Rising wages over the years should bring enough money into the social security system in later years to finance the cost of the additional benefits payable then.

Of course, I am basing my conviction that no additional financing is needed for a 20-percent-benefit increase instead of a 10-percent increase on the assumption that wages will continue to rise in the future as they have in the past. I think it is only realistic and reasonable to assume so. It is my belief that we have seriously burdened our citizens with high social security taxes in order to build up large trust funds simply because we have used a level-wage assumption to figure social security costs expressed as a percent of payroll.

If, however, my distinguished fellow colleagues cannot be convinced to move away from this extremely conservative tradition, if they cannot be convinced that it is safe and sound to use a rising-wage assumption to figure social security costs, then general revenues should be used to finance the cost of the additional increase. I am strongly in favor of the idea of the Government's sharing in the cost of the social security program. This idea has been advanced many times before. For example, it was advanced by the Committee on Economic Security in 1935, when the social security program was being conceived. And it was again advanced both by 1938 and 1948 Advisory Councils on Social Security. A majority of foreign social security programs have provisions for Government contributions to their social insurance programs. The United States has delayed too long in financing its social security program in ways which reflect the social characteristics of the protection provided.

The Congress has already provided for general revenue financing of certain special aspects of the program. I am referring to hospital insurance for uninsured people already over age 65 in the early years of the program and to the special payments that the Congress has provided for people age 72 and over who are not eligible for regular cash benefits.

General revenue sharing of part of the cost of the social security program would make an improved program possible without increases in the social security tax burden of those who can afford it the least. The program would continue to be contributory, with benefits related to earnings and conditioned on a specific period of past work under the system. Yet, with provision for a general revenue contribution the cost of the program could be more equitably distributed.

I do not anticipate the need for a Government contribution until further improvements in the social security program are proposed in the future. But if it is the opinion of the Senate that additional financing is needed for my proposed benefit increase I strongly prefer a general revenue contribution to any other method of additional financing. I am conceding on this matter of financing because I am so strongly convinced that a 10-percent increase in benefits is totally inadequate. Because I am not willing to sacrifice a 20-percent increase on a financial point, I will modify my amendment to include provision for additional financing from general revenues.

If I can secure approval of my proposal for a 20-percent increase in no other way than to provide additional financing, and if we cannot agree to allocate general revenues for that purpose, then I suggest we raise the contribution base to $12,000.

Mr. President, may I point out that when the social security system was originally enacted, the base was $3,000, which covered 90 percent of the working force. To achieve the same percentage today, the program would not be for a limitation of $9,000 or $12,000, but $17,000.

As I have indicated, raising the base increases social security contributions only for high earners and is thus the less regressive alternative. I am told that adequate financing on the same basis we have used in the past would be forthcoming with a $12,000 base and a combined employee-employer contribution rate for cash benefits of 9.2 percent for 1971–74, 11 percent for 1975–79, and 12.5 percent for 1980 and thereafter. These rates are no higher than they would be under present law until 1975.

In conclusion, I want to repeat my conviction that this is a good bill, and one that deserves the support of all of us. With my amendment, however, it could be a truly significant bill—one that would have a substantial impact on the lives of 26 million Americans. I trust that we will not fail our social security beneficiaries when they need our help.

Mr. President, I ask unanimous consent to have printed in the RECORD letters endorsing this proposal from the American Association of Retired Persons, National Retired Teachers Association, the National Farmers Union, and the National Council of Senior Citizens, Inc.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN ASSOCIATION OF RETIRED PERSONS, NATIONAL RETIRED TEACHERS ASSOCIATION,
Washington, D.C., December 17, 1970.

Hon. VANCE HARTKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: On behalf of the more than 2,500,000 members of the National Retired Teachers Association and the American Association of Retired Persons I commend you for your efforts to provide a meaningful across-the-board increase in Social Security benefits. Your Amendment to H.R. 17550 providing for a 20% increase in Social Security benefits effective January, 1971, recognizes the immediate financial needs of over 20 million older Americans.

While we welcome the action taken by the House of Representatives in the area of Social Security reform, the 5% across-the-board increase authorized by the House is far from adequate.

We were pleased to note that the Senate Finance Committee recommended in its report to the Senate that this benefit raise be increased by an additional 5%, providing for a 10% overall increase in benefit levels. However, this benefit increase would not take effect until some months after January, 1971, and with our rapidly rising cost-of-living even the 10% raise would be too little, too late.

This period of spiraling inflation, at an astounding rate of 6% to 7% annually, has a greater and more profound effect on persons living on limited fixed incomes. It is our older and retired citizens who bear the largest share of the burden during such a period of rapid inflation.

The plain truth is that nearly one-third of the more than 20 million Americans 65 years of age and older are now living at or below the poverty level. An even more shocking fact is that many of these people did not become poor until they became old. While possession of monetary resources does not necessarily guarantee happiness, the absence of such resources can prevent people, at any age level, from leading a life of dignity, happiness and usefulness.

We feel that fundamental to creating a meaningful life in old age is insuring sufficient economic resources to these millions of older retired workers who helped build this country and make it great.

Your Amendment to provide a 20% across-the-board increase in Social Security benefits, effective January, 1971, would do much to prevent elderly persons from losing this desperate race with inflation and assure them that their financial situation will, at least, remain relative to today's economy.

Sincerely yours,

CYRIL F. BRICKFIELD,
Legislative Representative.

NATIONAL FARMERS UNION,
Washington, D.C., December 17, 1970.

Hon. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

DEAR SENATOR HARTKE: I wish to express our appreciation for your amendment to increase social security benefits by an additional ten percent above the amount approved by the Senate Finance Committee.

The National Farmers Union is strongly in favor of increased payments under social security, and we pledge our full support for your efforts to achieve this through a Senate floor amendment.

Thanks again for your important initiative.

Sincerely,

Dr. WELDON V. BARTON,
Assistant Director of Legislative Services.

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
Washington, D.C., December 16, 1970.

Hon. VANCE HARTKE,
Old Senate Office Building,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: We are informed that you are planning to introduce from the floor of the Senate an amendment to H.R. 17550 (Social Security Amendments of 1970) which would provide an additional ten percent across-the-board increase in the cash benefits of the Social Security program.

We in the National Council of Senior Citizens are delighted that you are considering such an amendment and we urge you to go forward with your plans. In my letter of December 14 I cited again some of the well-known facts about the desperate plight of the great majority of elderly citizens in this country who depend, for the most part, on Social Security benefits for their livelihood. As I indicated then, the ten percent increase in benefits contemplated in the Finance Committee bill would not anywhere nearly meet the needs of these older people, nor, indeed, of the widows and other survivors in families whose breadwinners have died. Obviously the five percent increase—without any additional increase in the minimum benefit—as provided in the House-passed bill, would fall even shorter as would any compromise between the two figures which might emerge from conference if the Senate approved only the proposed ten percent increase.

It is our understanding also that you are developing proposals for financing these increases in benefits that would maintain the actuarial integrity of the Social Security System. We believe this is a responsible position and we support you in these efforts. We in the National Council believe strongly that the most equitable method of financing such improved benefits is to make a substantial increase in the contribution and benefit base. Financing by this method avoids placing the additional burden on the younger workers in the lower and middle-wage brackets and places it where it ought to be, on those receiving higher incomes—in short, makes the Social Security tax less regressive and more progressive. In this connection, it is interesting to recall that when the Social Security Act was first passed, the tax base of $3,000 covered the entire wage income of about 96% of all the covered workers. To keep pace with this standard, we would today have a contribution and benefit base approaching $17,000. In the light of the history of the Social Security tax base therefore, the $9,000 base contemplated both in the House-passed bill and the Senate Committee bill continue to lag far behind. Even a $12,000 limit on the taxable wages or a $15,000 one are modest compared to the coverage of wages under the provisions of the original act.

With all good wishes—

Sincerely yours,

NELSON H. CRUIKSHANK,
President.

Mr. LONG. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 minutes.

Mr. LONG. Mr. President, the committee had the proposal before it. I believe the Senator outlined the cost. It would be about $3.3 million a year in excess of the $5 billion in additional social security benefits which the committee voted.

I really do not think that we can afford to go beyond this point. I believe that the tax which the Senate would have to put on the help pay for this extra benefit would be extremely unpopular.

I think that if the Senate were to agree to this amendment, the elderly people of the country would be in for a big disappointment when reading on one day that the Senate voted for a 20-percent increase in social security benefits and then reading 2 or 3 days later that in conference the Senate conferees were only able to sustain an increase of 6 or 7 percent, which is about where the cost of living has gone, and perhaps a little beyond.

Mr. President, we will have enough difficulty working out a bill with the House conferees the way it is now, since there has been some talk of the House conferees not even conferring with us on this matter. I believe it would make it much more difficult to reach an agreement and, as a practical matter, I do not think it is possible to persuade the House to go along to afford the 10-percent increase we have already voted.

I would submit at this time, along with the many other things that have been done in the bill to help the poor, that the committee has done about as much as we could afford to do at this time. I do not think Senators would care to vote the large tax increases inherent in this amendment.

Does any Senator wish me to yield to him?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I join the Senator from Louisiana in expressing the hope the Senate rejects the amendment. This could be the amendment that would sink the ship.

Congress raised social security benefits 15 percent about a year ago. The House bill provided for a 5-percent increase, and this bill as reported by the committee carries a 10-percent increase with a $100 minimum. If that amount is doubled again we could end up with no bill at all.

I hope the amendment is rejected.

Mr. HARTKE. Mr. President, I yield myself an additional 2 minutes.

I would like to point out that this same argument was made in 1967. At that time I thought we would accumulate $3 billion. I was wrong. It has been $7 billion. We will spend more money but even if we did not change the base, by 1975 we will accumulate $4,000,700,000 in the trust fund, which will take us to a $30-billion surplus in the trust fund.

If Senators have really been in the field as I have been, talking to the poor people and understanding their problems, they know that two million poor people are eligible for welfare and they do not know how to apply for welfare, and they are not getting social security. If Senators wish to eliminate welfare they should put it on a social security basis. This is about one-fifth of the poor people of America.

I agree with the Senator from Louisiana that if we are going to concede to the House before we start to fight, I imagine we will not do very well. If we put in the 20-percent increase we will be in a better position to hold something in conference than if we started at 10 percent.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield back the remainder of my time.

Mr. HARTKE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment (No. 1155) of the Senator from Indiana (Mr. HARTKE). On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "nay."

Mr. GRIFFIN. I announce the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Utah (Mr. BENNETT), the Senator from Ohio (Mr. SAXBE), and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from South Dakota (Mr. MUNDT) and

the Senator from Oregon (Mr. HATFIELD), would vote "nay."

On this vote, the Senator from New York (Mr. GOODELL) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from New York would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 24, nays 40, as follows:

[No. 450 Leg.]

YEAS—24

Bayh	Jackson	Nelson
Brooke	Javits	Pell
Byrd, W. Va.	Kennedy	Prouty
Case	Magnuson	Proxmire
Cranston	McIntyre	Schweiker
Harris	Metcalf	Stevenson
Hartke	Mondale	Symington
Hughes	Moss	Williams, N.J.

NAYS—40

Aiken	Ervin	Pearson
Allen	Fannin	Percy
Allott	Griffin	Randolph
Baker	Gurney	Ribicoff
Bellmon	Hansen	Scott
Bible	Holland	Smith
Boggs	Hruska	Sparkman
Byrd, Va.	Jordan, N.C.	Spong
Cannon	Jordan, Idaho	Stennis
Cook	Long	Talmadge
Cooper	Mansfield	Thurmond
Curtis	Mathias	Williams, Del.
Dole	Miller	
Ellender	Packwood	

NOT VOTING—36

Anderson	Goodell	Mundt
Bennett	Gore	Murphy
Burdick	Gravel	Muskie
Church	Hart	Pastore
Cotton	Hatfield	Russell
Dodd	Hollings	Saxbe
Dominick	Inouye	Stevens
Eagleton	McCarthy	Tower
Eastland	McClellan	Tydings
Fong	McGee	Yarborough
Fulbright	McGovern	Young, N. Dak.
Goldwater	Montoya	Young, Ohio

So the amendment (No. 1155) was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. METCALF. Mr. President, I send to the desk amendment No. 1110, as modified to conform with the new bill.

The PRESIDING OFFICER. The amendment offered by the Senator from Montana will be read.

The legislative clerk proceeded to read the amendment.

Mr. METCALF. 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 is as follows:

On page 418, between lines 19 and 20, insert the following:

(c) The Secretary shall pay to each State which has a plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV, of the Social Security Act, for each quarter beginning after March 1971, an amount equal to the excess of—

(1) the total expenditures, under the State plan approved under such title or part, as aid or assistance with respect to Indians, Aleuts, Eskimos, or other aboriginal persons, over

(2) the amounts otherwise payable to such State under such title or part and under section 9 of the Act of April 19, 1950 as the Federal share of such aid or assistance to such persons.

Mr. METCALF. Mr. President, this amendment would provide full Federal payments for welfare for all Indian people in all categories that under existing law are provided at 80 percent for the Navajo and Hopi in three categories. The amendment was originally offered as S. 2265, with 14 cosigners, then was revised and introduced as amendment 1110 with the cosponsorship of Senators MANSFIELD, GOLDWATER, GRAVEL, HARRIS, MCCARTHY, MONDALE, MOSS, STEVENS, YARBOROUGH, and ANDERSON.

Our amendment would extend to all States 100 percent Federal payments for expenditures by the States under public assistance programs for aid to all Indians, Aleuts, Eskimos, or other aboriginal persons. Existing law provides a special Federal payment of 80 percent for expenditures by the States in behalf of the Navajo and Hopi receiving old age assistance, aid to dependent children, or aid to the needy blind. Our amendment would provide Federal payments for these three categories and aid to the disabled and medicaid.

In April 1950, the distinguished ranking member of the Senate Finance Committee, Senator CLINTON ANDERSON, with Senators Hayden, O'Mahoney, Chavez, and McFarland succeeded in amending the Social Security Act to increase the Federal share of assistance to the Navajo and Hopi from 75 to 95 percent in some cases and from 60 percent to 92 percent in others.

Mr. President, the American Indian is a Federal responsibility.

In his major policy statement this summer, President Nixon reminded us of this fact. He said:

The special relationship between Indians and the Federal government is the result . . . of solemn obligations which have been entered into by the United States government . . . the Indians have often surrendered claims to vast tracts of land and have accepted life on government reservations. In exchange, the government has agreed to provide community services such as health, education . . . services which would presumably allow Indian communities to enjoy a standard of living comparable to that of other Americans.

The message went on to say:

Because of the high rate of unemployment and underemployment among Indians, there is probably no other group in the country that would be helped as directly and as substantially by programs such as the new Family Assistance Plan and the proposed Family Health Insurance Plan. It is estimated, for example, that more than half of all Indian families would be eligible for Family Assistance benefits and the enactment of this legislation is therefore of critical importance to the American Indian.

Probably it is true that half of all Indian families would be eligible for benefits, but my amendment, incorporating much of the administration's Family Assistance Act, repeals Public Law 474 effective January 1, 1972, and makes no substitute provision so that not even the special payments for the Navajo and the Hopi will be made as before.

It was estimated in 1966 that three-quarters of the Indian families living on reservations earn less than $3,000 annually, and while the off-reservation Indian may earn higher wages because he does not receive the free medical care and other benefits that are available to the reservation Indian, his real income is reduced accordingly. In States in whose boundaries there are large tracts of land set aside as reservations for Indian people, there is an overriding Federal responsibility because the States derive no revenue from these lands.

Deprived of that source of revenue, and realizing precious little in income taxes from a people who earn too little to pay them, the State of Montana and others with large Indian populations are simply not able to handle the burden of welfare assistance.

The Montana Department of Public Welfare has advised me that it is costing $1.1 million in the biennium to provide assistance to Indians in State-approved plans for old age assistance, aid to dependent children, aid to the needy blind, and medicaid, as well as aid to the disabled.

Mr. President, I ask the Department of Health, Education, and Welfare to prepare a projection of the additional Federal cost if our amendment were to be adopted.

Summarized, the additional cost to the Federal Government would be $45 million annually under existing law and $70 million annually with enactment of the family assistance substitute.

Mr. President, I have one final plea.

There are many, many hopeful signs on Indian reservations and among Indian people today. In Montana there are several economic development programs that are changing life on the reservations from one of hopelessness and joblessness to one of hope and industry and employment and education.

There are motels, recreation complexes, et cetera. The Fort Peck Indians, for example, were successful in securing a contract to repair rifles. The enterprise has employed 120 people and has brought a payroll to the reservation that has in turn brought pride and stability. I am convinced that we are on the right track. I am convinced that the Senate, with approval of the Alaska Native claims bill, has prepared the way for Alaska Natives to participate fully in the benefits of economic development in that great State. In Rough Rock, Ariz., a demonstration school among the Navajo Indians has achieved national recognition.

I believe if we continued this momentum, the American Indian in a generation could so significantly improve his condition that the cost of public assistance would drop sharply.

In the meantime, public assistance is a vital support that will assure the success of the education and economic development programs which are bringing opportunity to the American Indian.

Mr. President, I ask unanimous consent that several pertinent documents be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks. They include a history of Public Law 474 prepared by the Honorable Wilbur J. Cohen, cost estimates of my amendment prepared by the Social and Rehabilitation Service of the National Center for Social Statistics, a letter from the administrator of the Montana Department of Public Welfare and another from the claims attorney for that department.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PUBLIC ASSISTANCE PROVISIONS FOR NAVAJO AND HOPI INDIANS: PUBLIC LAW 474

(By Wilbur J. Cohen)

On April 19, President Truman approved Public Law 474, providing for the rehabilitation of Navajo and Hopi Indians. Section 9 of this law provides for increasing the Federal share of public assistance payments for needy Indians of these tribes who reside on reservations or on allotted or trust lands and who are recipients of old-age assistance, aid to dependent children, or aid to the blind. The new law becomes effective July 1, 1950. It provides that with respect to assistance payments for these Indians the Federal Government will pay, in addition to its regular share under titles I, IV, and X of the Social Security Act, 80 percent of the State's regular share. The maximums for individual payments specified in the Act apply to these payments.

Thus, in a payment of $20 to a needy individual, the regular State share is $5 and the Federal share is $15. For Navajo and Hopi Indians the Federal Government will pay $4 additional (80 percent of the $5 State share) or a total of $19 out of the $20 payment. The Federal share in such a payment would thus be increased from 75 percent to 95 percent. In a $50 payment the Federal share would be increased from $30 to $46, or from 60 percent to 90 percent.[1] The accompanying table illustrates the effect of section 9 on public assistance payments to Navajo and Hopi Indians.

LEGISLATIVE HISTORY

The first form (S. 1407) of the legislation that became Public Law 474 was introduced on March 25, 1949, by Senators O'Mahoney, Hayden, Chavez, McFarland, and Anderson. Companion bills, H.R. 3476 and H.R. 3489, were introduced in the House of Representatives.[2] S. 1407 passed the Senate on July 6, 1949, with amendments, and passed the House with some further amendments on July 14, 1949.[3] In the Conference Committee a new provision dealing with increased Federal grants to the States for public assistance to Navajo and Hopi Indians was included in section 9. The Conference Report was accepted in both the House and the Senate on October 3, and the bill was then sent to the President. The President vetoed the bill on October 17, 1949,[4] but his veto message did not contain any objection to the public assistance provisions of the bill.

The Senate deleted the provisions of the bill to which the President objected and passed a new bill, S. 2734, on October 18, the day after the veto was received. Immediate consideration of the bill in the House on October 19 was objected to by Representative Kean, a member of the House Committee on Ways and Means.[5]

With the adjournment of Congress, S. 2734 went over the second session in 1950. The House passed the bill on February 21, 1950, with several amendments, one of which changed the method of determining the Federal share of public assistance payments to the two tribes. However, this amendment was based upon an erroneous interpretation of section 9 and in effect made the entire public assistance provision inoperative.[6] The Conference Committee therefore deleted certain language from the amended section 9 and thus restored the section's effectiveness.[7] The Conference Report was adopted by the House on April 6, 1950, and by the Senate on April 10. The President signed the bill on April 19, 1950.

The basic issue as to whether Indians should be given public assistance entirely at Federal expense or on the same basis as other individuals has been the subject of lengthy debate. When the House added the provision to S. 1407 to make all Indians within the Navajo and Hopi reservations subject to the laws of the State in which they live, it became necessary to consider whether this same principle should be applied to public assistance recipients or whether it should be modified in some way. The following quotation from the Conference Committee Report describes the difference of opinion between the two houses:

The House conferees insisted upon section 9, but the Senate conferees wanted it eliminated for the reason that the extension of State laws would obligate the States to make available the benefits of the State social security laws to reservation Indians, an obligation which has not been assumed by New Mexico and Arizona for two reasons: First, they have not admitted their liability, claiming that under the enabling acts and Federal laws the Indian was an obligation of the Federal Government. Second, because of the large Indian population, the States strenuously urged their financial inability to meet this obligation.

The Conference Report also explains the justification for the "80-percent formula": Less than 20 percent of the Navajo and Hopi Indians speak the English language. The States have indicated their willingness to assume the burden of administering the social security laws on the reservations with this additional help. The Conference Committee was of the opinion that this was a fair arrangement particularly in view of the large area of tax-free land and the difficulty in the administration of the law to non-English-speaking people, sparsely settled in places where there are not adequate roads; and that it would be of particular advantage to the Indians themselves. This arrangement can and no doubt will be changed as soon as the Indians are rehabilitated. Both States assume full responsibility for nonreservation Indians at the present time.

The percentage to be paid by the States under this section, other than the cost of administration, is the same as was worked out in a conference at Sante Fe, New Mexico, between representatives of the Federal Security Agency, Bureau of Indian Affairs, the offices of the Attorney General of the States of Arizona and New Mexico, and the State Department of Welfare of the States of Arizona and New Mexico, on April 28 and 29, 1949. At this conference, it was agreed that the net cost to the State would not exceed 10 percent of the total cost incurred by the Federal and State Governments in aid to needy Indians (aged, blind, and dependent children). This is the agreement under which the States are now operating. However, it is the opinion of the Conference Committee that the Indians would be greatly benefited by the States' assuming full responsibility for the administering of this law, and it would assure a continued assistance which would not be dependent upon appropriations through the Bureau of Indian Affairs from year to year.

Before the passage of the Social Security Act, the Federal Government assumed full responsibility for needy reservation Indians, and there is strong argument that the Federal Government still has full responsibility for their care. The additional cost of the extension of social security benefits not heretofore assumed by New Mexico and Arizona is only part of the cost of the extension of State laws to the reservations. Therefore, the Conference Committee is of the opinion that the amendment which was adopted is a fair and equitable division of the expense.

The 80-percent formula embodied in Public Law 474 is based upon a formula proposed in bills S. 691 and H.R. 1921, introduced in both houses on January 27, 1949, for all Indian "wards" in any State. Testimony was given before the House Committee on Ways and Means in favor of H.R. 1921,[10] but the Committee did not report that bill out nor did it include any special provision for Indians in the social security bill, H.R. 6000, reported out by the Committee.

HISTORICAL BACKGROUND

On several occasions Congress has given consideration to legislation affecting Indians receiving public assistance under the Social Security Act. In 1935 when the original social security bill was being considered in the Senate, a provision for payment by the Federal Government of the full cost of Indian pensions was passed by the Senate as an amendment to the pending bill. The proposed amendment provided for a new title in the Social Security Act making payments to Indians "a pension from the United States in the sum of $30 per month."[11] This amendment was sponsored by Senator Norbeck of South Dakota. It was dropped, however, by the Conference Committee and was not included in the final law.

In a special report of the Social Security Board on proposed changes in the Social Security Act, which President Roosevelt submitted to the Congress in January 1939, the Board stated as follows:

A number of States have a considerable Indian population, some of whom are still wards of the Federal Government. The Board believes that, with regard to certain Indians for whom the Federal Government is assuming responsibility in other respects, and who are in need of old-age assistance, aid to the blind, or aid to dependent children the Federal Government should pay the entire cost. If this provision is made, the Board should be authorized to negotiate cooperative agreements with the proper State agencies so that aid to these Indians may be given in the same manner as to other persons in the State, the only difference being in the amount of the Federal contribution. The Board believes that it should also be given authority to grant funds to the Office of Indian Affairs for this purpose, if that appears more desirable in certain circumstances.[12]

The House Committee on Ways and Means, however, did not include any provision concerning Indians in the 1939 social security bill. The Senate Committee on Finance considered an amendment affecting Indians but did not report it out. On the floor of the Senate, an amendment was offered which provided that "notwithstanding any other provisions of law, the Social Security Board shall not disapprove any State plan under titles I, IV and X of this act because such plan does not apply to or include Indians."[13] This amendment passed the Senate but was deleted by the Conference Committee and was not included in the final 1939 law.

The Social Security Administration has consistently interpreted the Social Security Act to mean that a State public assistance plan could not legally be approved if that plan discriminated against any citizen of the United States on account of race. Twenty-four of the 26 States in which there are Indians residing on reservations provide public assistance under the Social Security Act to these individuals. In Arizona and New Mexico, however, questions have been raised over the years by both State agencies as to whether reservation Indians were to be included in the public assistance programs under the Social Security Act.

The immediate factors that led to the inclusion of the public assistance provisions in section 9 of Public Law 474 first made themselves felt on April 17, 1947. On that date the State Board of Public Welfare of New Mexico refused the application of a Navajo Indian for old-age assistance on the grounds that reservation Indians were not a responsibility of the State Welfare Department "just as long as they are under the complete jurisdiction of the Indian service and insofar as the expenditure of State money for their welfare is concerned." At about the same time

Footnotes at end of article.

the Arizona State Department of Public Welfare also took a position that it would not make payments to reservation Indians.

The Social Security Administration discussed the subject with the State agencies in an effort to resolve the conflict between the position they had assumed and the requirement of the Social Security Act that assistance must be available to all eligible person within the State. Discussions continued over a period of time, and the States were informed that the continued receipt of Federal funds for their public assistance programs was dependent on whether the State programs were operating in conformity with the principle that applications are to be accepted from all who apply and assistance granted to all eligible persons. During the same period the Bureau of Indian Affairs made some payments, as their funds permitted, to needy Indians in the two States.

Finally, after all efforts to bring the States into conformity with the requirements of the Social Security Act had failed, the Commissioner for Social Security, after due notice, held hearings to determine whether there was a failure by New Mexico and Arizona to operate their plans in accordance with sections 4, 404, and 1004 of the Social Security Act. A hearing on New Mexico was held on February 8, 1949, and on Arizona on February 15, 1949. Before findings or determination based upon these hearings were made, the arrangements described in the quotations from the Conference Report on S. 1407 were completed at Santa Fe, New Mexico, on April 28 and 29, 1949, and assistance was provided for reservation Indians in these two States. It was the purpose of Public Law 474 to solve, by congressional action, the problems raised in the hearings before the Social Security Commissioner.[14] As stated in the Conference Report on the bill, the Committee felt that efficient operation could be more definitely assured if the State were to administer the entire program for needy Indians rather than share the responsibility with the Bureau of Indian Affairs.

FOOTNOTES

*Technical Adviser to the Commissioner for Social Security.

[1] The above figures and those in the table are used only as general illustrations of the amount of Federal participation. They are based on hypothetical individual payments, whereas actually, under the basic formula of the Social Security Act, the Federal percentages are not applied to individual payments but rather to the average payments of a State under each title. That part of any payment for a month in excess of $50 to an aged or blind recipient and in excess of $27 with respect to one dependent child in a home and $18 with respect to each of the other dependent children in a home is not counted in computing the averages.

[2] For the history of legislative proposals before 1949 see *Hearings Before a Senate Subcommittee of the Committee on Interior and Insular Affairs on S. 1407* (81st Cong., 1st sess.), pp. 3–7. Hearings were also held on H.R. 3476 by the House Committee on Public Lands.

[3] For proceedings in the House see *Congressional Record* (daily edition), July 14, 1949, pp. 9682–92.

[4] Ibid., Oct. 17, 1949, pp. 15119–20.

[5] Ibid., Oct. 19, 1949, pp. 15243–46.

[6] Ibid., Feb. 21, 1950, p. 2129.

[7] See Conference Report on S. 2734, *Congressional Record* (daily edition), Apr. 5, 1950, p. 4835.

[8] House Report 1338 to accompany S. 1407, Sept. 22, 1949, p. 7.

[9] Ibid., pp. 7–8.

[10] *Hearings before the House Committee on Ways and Means on H.R. 2892* (81st Cong., 1st sess.), pp. 791–801.

[11] *Congressional Record*, June 18, 1935, p. 9540; see also letter from the Commissioner of Indian Affairs stating that he was "in sympathy with this proposal," pp. 9540–41.

[12] *Hearings Relative to the Social Security Act Amendments of 1939 Before the House Committee on Ways and Means* (76th Cong., 1st sess.), February 1939, p. 15. The Secretary of the Interior also urged that "social security benefits for Indians be administered as a part of the general plan for the citizens of the United States" (*Hearings Before the Senate Committee on Finance on H.R. 6635*, 76th Cong., 1st sess., June 1939, p. 272).

[13] *Congressional Record*, July 13, 1939, pp. 9027–28.

[14] On December 27, 1949, the Arizona State Board of Public Welfare adopted a resolution stating that it would not discontinue its policy of excluding crippled reservation Indian children in the provision of treatment services. The Commissioner of the State department in transmitting the Board's resolution to the Chief of the Children's Bureau of the Social Security Administration stated that it was "necessary to sever our connections." No Federal funds have been paid to Arizona under part 2 of title V of the Social Security Act since December 22, 1949.

COST ESTIMATE: SENATOR METCALF'S PROPOSAL

Method for estimating number of Indian recipients and additional Federal cost.

A. Number of Indian recipients.

1. Obtained the recipient rate for Indians by eligibility factor for most recent period for which such data were available (number of Indians obtained from most recent characteristics studies of OAA, AB, APTD, and AFDC recipients.

2. Compared the recipient rates for *all* recipients by eligibility factor for the period corresponding to study year with rate for *all* public assistance recipients as of December 1969.

3. Estimated rate for Indians as of December 1969 by keeping the same relationships between the recipient rates for Indians and *all* recipients for the earlier period and the rates for both groups for December 1969.[1]

4. The estimate for the "projected" number of recipients was obtained by increasing the "current" estimated number in 3) above by 50 percent. Adjusted figure used for AFDC and APTD.

B. Costs for maintenance assistance.

1. For the adult categories, we used the estimated U.S. State share of the average payment under HR 16311 times 12 times the estimated number of adult Indian recipients.

2. For the AFDC supplementary payment, we used estimated State share of average monthly supplementary payment for the U.S. (amount obtained from ASPE) times the number of AFDC recipients.

C. Costs for medicaid.

1. Computed a cost per case month amount by eligibility factor for the U.S. which was multiplied by the estimated number of Indian recipients.

2. Inflated amount in 1) above by 8 percent to give effect to the costs for "other" medicaid recipients, i.e., individuals age 21–64 not categorically related and other children under 21.

3. The State share was estimated at 49.2 percent (non-Federal share of total payments in fiscal year 1969) of the total payments for the money payment recipients, categorically related recipients, and other children under 21 plus the total cost for individuals age 21–64 which represented the additional Federal cost under the proposal.

[1] Numbers receiving AFDC also were estimated by applying 1.3 percent (percent Indians in 1969 study) to total child recipients, which yielded a lower figure. The lower figure was used as the "current" number and APTD number also was adjusted downward using AFDC as a model.

STATE OF MONTANA,
DEPARTMENT OF PUBLIC WELFARE,
Helena, Mont., April 29, 1970.

Hon. LEE METCALF,
Senator from Montana, U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: Because of your interest in legislation relating to special federal matching for assistance to Indians, I am bringing to your attention the fact that Section 401 of H.R. 16311 (The Family Assistance Plan) would repeal Section 9 of the Act of April 1950 (25 U.S.C. 639) providing for special federal matching for assistance to Navajo-Hopi Indians.

Your bill, S. 2265, which you introduced on May 27, 1969, would extend this special matching for all categories of federally-aided assistance to all Indian tribes in all states. The enactment of this legislation and the resulting additional federal funding would enable Montana to consider options and alternatives for program expansion that are not now available because of the limitation of funds. I am sure there would be similar impact in other states with substantial numbers of Indians.

In view of this, we would strongly urge the inclusion of some form of special assistance for "Indian" states for the programs included under H.R. 16311 as well as for Title XIX of the Social Security Act. Furthermore, pending the implementation of the provisions of H.R. 16311 on July 1, 1971, the provisions of your bill (S. 2265) should be enacted for the interim period and for permanent effect if H.R. 16311 fails of enactment.

We greatly appreciate your efforts in behalf of the public welfare programs and this department. If there is any information you will need from us, please let me know.

With kindest personal regards, I am,

Sincerely yours,

THEODORE CARKULIS,
Administrator.

MAHAN-STROPE,
Helena, Mont., January 15, 1969.

Hon. LEE METCALF,
U.S. Senator from Montana, Senate Office Building, Washington, D.C.

DEAR SENATOR METCALF: The State Department of Public Welfare of the State of Montana has caused to be introduced in the Senate and House of Representatives of the State of Montana during their current Legislation Session, a Joint Resolution urging that the President and Congress expand the aid now given by the Federal Government to the Navajo and Hopi Indians, under Public Law 474, 81st Congress (64 Stat. 47; 25 U.S.C. 639).

This legislation authorized eighty percent (80%) contribution by the Federal Government in addition to all other amounts prescribed, toward expenditures during the preceding quarter by the State under the State plans approved by the Social Security Act for Old Age Assistance, Aid to Dependent Children and Aid to the Needy Blind, to these two Indian Tribes.

The State Department believes that if this aid was expanded to include the Indian Tribes in Montana, and also expanded to not only include the three Welfare categories above mentioned, but all categories of Welfare, including Medical Assistance, there would be a saving of State funds of 1.1 million dollars for the two-year biennium.

We feel that the Indians in Montana deserve equal treatment with the Navajo and Hopi Indians. We feel that they are somewhat similarly situated in that Montana is a sparsely settled state and subject to severe weather conditions and the Indians often find themselevs under great hardships. If Congress finds it inadvisable to extend this aid to all Indian Tribes then we would specifically ask that it be extended to those Indian Tribes similarly situated to the Navajo and

Hopi Indians, such as the Rocky Boy Reservation Indians in Montana and the other Indians on reservations in the Montana area.

Any consideration you could give to change the present law to extend this aid to the Montana Indians and to increase it to include all categories of Welfare Assistance would be sincerely appreciated.

With kindest regards.

Yours very truly,

THOMAS H. MAHAN,
Claims Attorney for the State Department of Public Welfare.

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

Mr. METCALF. I am delighted to yield.

Mr. MONDALE. I was privileged to join with the Senator from Montana in cosponsoring this proposal.

Is it not a fact that many of the same counties in which Indian reservations and large Indian populations are found, are very often, from a real estate standpoint of financing, burdened in the financing of the local share of these welfare costs? Thus, in addition to everything else, without full Federal support for the welfare costs, they are burdened with constantly rising local welfare charges consisting of local shares of the welfare costs. I know that in the State of Minnesota in some cases these costs have risen to the point where there is literally a destruction of the local real estate tax structure.

Therefore, this amendment, if adopted, would go a long way toward relieving them of what is an unfair and disproportionate imposition. Is that correct?

Mr. METCALF. The Senator is correct. The fact is that in many counties a substantial amount of the land owned by Indians is in a trust status, and therefore is not taxable either for State or county purposes.

Second, if we adopt this amendment, we will have recognized that we have a Federal responsibility for the Indians, and, therefore, the State responsibility will be taken over.

Some of the discrimination among Indians—and we have discrimination all over the Western United States—will be alleviated. The second thing, of course, is that we will have Indians who are on the reservation and have low income, and have no opportunities for employment, given a chance to have a substantial welfare payment.

Mr. MONDALE. Would the Senator yield further?

Mr. METCALF. Certainly.

Mr. MONDALE. Is it not the case that a few of the Indian reservations now enjoy the 100-percent feature?

Mr. METCALF. The Navajos and the Hopis.

Mr. MONDALE. So that what the Senator's amendment would do is simply apply to all Indians similarly situated the same treatment?

Mr. METCALF. All over America.

Mr. MONDALE. I am proud to join in cosponsoring the amendment, and I hope it will be adopted.

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

Mr. METCALF. I am glad to yield.

Mr. HARRIS. Mr. President, I am very pleased to be a cosponsor of the amendment now offered by the distinguished Senator from Montana. He has done a great service in suggesting this amendment. I think it gets at a problem which, as has been rightly pointed out, is a tremendous problem, and one which the Senate ought to meet. I hope the amendment will be adopted.

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

Mr. METCALF. I yield.

Mr. RIBICOFF. I wonder if the Senator could generally enlighten the Senate as to how many beneficiaries would be affected, as of now, if the Senator's amendment were adopted.

Mr. METCALF. I have talked about Indians. The Interior Committee's definition of an Indian is a person with one-fourth Indian blood. I do not know how many Indians in that category there are in America. In Montana there are 27,000 Indians in that category, but only about 4,000 of those 27,000 are eligible to have relief or welfare programs.

Mr. RIBICOFF. I mean, does not the Department of the Interior or Health, Education, and Welfare know at the present time how many Indians are covered? Because if the Federal Government picks up 80 percent of the cost, they must know what the numbers are.

Mr. BYRD of West Virginia. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order, please.

Mr. METCALF. The Federal Government picks up 80 percent of the cost of welfare for only the Navajos and the Hopis. The Federal Government does not pick up any of the cost of welfare for the Blackfeet, the Crows, the Papagoes, the Sioux, and all those other Indian tribes that are all over the Western United States.

Mr. RIBICOFF. I mean, historically, does the Senator know why the Federal Government picked up the costs for two tribes, and not the others?

Mr. METCALF. Because of the great ability of the distinguished Senators from New Mexico, Mr. ANDERSON and Mr. Chavez, who got this special treatment for Indians in their area.

Mr. RIBICOFF. Those two Indian tribes are in New Mexico only?

Mr. METCALF. That is right. But my amendment would not only provide that 80 percent would be given, but would provide that 100 percent of the contribution be given to all Indian tribes all over the United States, the Western United States.

Mr. RIBICOFF. But the Senator does know the number involved, or the total cost?

Mr. METCALF. What?

Mr. RIBICOFF. The Senator does not know the number involved, or the total cost?

Mr. METCALF. I do not know the number involved, and I have not been able to ascertain the number from either the Department of Health, Education, and Welfare or the Department of the Interior. But it is a matter of common justice that every Indian on welfare should have this contribution from the Federal Government.

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

Mr. METCALF. I yield.

Mr. FANNIN. I think there are approximately 600,000 Indians in the United States. Is that not the figure?

Mr. METCALF. But the 600,000 Indians are not all on welfare.

Mr. FANNIN. No; I understand. But when we are talking about numbers, is it not true that what we are talking about, mostly, is the reservation Indians, as far as the Western United States is concerned?

Mr. METCALF. That is what I am talking about.

Mr. FANNIN. So we really have more tribes than the Navajo and the Hopi involved, and more than the State of New Mexico, because a large part of the Navajo Reservation is in Arizona, as well as the Hopi Reservation.

Mr. METCALF. The Navajos and the Hopis are already taken care of.

Mr. FANNIN. I understand; but among the Papagoes and all these other tribes, there are approximately 60 to 90 reservations in the State of Arizona, depending on how you count reservations, and I ask the Senator how those reservations are covered.

Mr. METCALF. The only reservations covered are the Navajo and the Hopi reservations. They get payment of their welfare costs from the Federal Government. My amendment would provide that all of the costs of welfare for all of the Indians in all of the reservations all over the United States would be paid, 100 percent.

Mr. RIBICOFF. If the Senator is correct——

Mr. FANNIN. I was just trying to help the Senator understand.

Mr. RIBICOFF. Yes. I appreciate that very much, because I think we have a basic problem. I appreciate what the Senator is trying to do, but I think we should have the facts before us. However, we do not have the facts. Between the Interior Department and HEW, we ought to have those figures. The Senator's amendment, as I understand it, covers all Indians all over the United States, regardless of whether or not they are on reservations.

Mr. METCALF. That is correct. If they are Indians and on welfare, they are going to be compensated 100 percent.

Mr. RIBICOFF. So if an Indian lived in Washington, or in the State of Connecticut, and could be so identified, then the cost to the State of Connecticut or the District of Columbia, the entire cost, would be chargeable to the Federal Government?

Mr. METCALF. That is correct.

Mr. RIBICOFF. I think it is unfortunate that we do not have the figures. I am very sympathetic with what the Senator is trying to do. I would hope that if the amendment is adopted and goes to conference, by the next time around, between the departments, they could enlighten the Senator as to the number of people involved.

Mr. METCALF. I would be delighted if they could enlighten me. But it is a matter of justice that an Indian who is on welfare should be compensated by the Federal Government instead of by the State government.

Mr. RIBICOFF. But if an Indian lives in the State of Connecticut and receives welfare——

Mr. METCALF. And is on welfare.

Mr. RIBICOFF. He would be receiving welfare on the same basis as any other resident of the State of Connecticut, and the State of Connecticut would contribute its 50 percent and the Federal Government its 50 percent. What happens in the State of Montana? Do not the State of Montana, the State of Arizona, the State of Washington, and the State of Utah treat the Indians the same as they do every other person who may be indigent and on welfare in their respective States?

Mr. METCALF. Except for the Navahos and the Hopis.

Mr. FANNIN. If the Senator will yield, I am very concerned about the welfare of the Indian and would like to clarify the difference in these programs. From the standpoint of the reservation Indian, we have a different program than we have as far as the nonreservation Indian is concerned. The nonreservation Indian is treated the same as any other citizen, whereas the reservation Indian comes under a different program, administered by the BIA.

It would be very difficult to administer this program other than in the areas where they have the tribes. If we start saying an Indian in Chicago or in New York or Illinois is entitled to such treatment, how do you make that determination, or how do you find that Indian and give him that treatment?

Mr. METCALF. Many Indians, of course, from Montana are in Chicago.

Mr. FANNIN. Yes; I realize that. I am interested in this proposal and would like to find how it would work.

Mr. METCALF. Because of the unfortunate relocation program that a former Secretary of the Interior put into effect, we have reservation Indians from Montana and Arizona in Los Angeles who are on welfare. And, since we have a Federal responsibility for Indians, why should the State of California have to take care of those Indians that we have moved to Los Angeles, or the State of Illinois take care of those Indians that we have moved to Chicago, when we have a responsibility to take care of these welfare Indians, on the reservation or off the reservation?

I can remember a generation ago, in 1937, when I was in the Legislature of the State of Montana, we had the Indians coming down to us from so-called Hill 57, asking for welfare. They asked for appropriations and they asked for help. We failed to do that, and a whole generation has gone by. We have failed to take care of the welfare and we have failed to provide opportunities for these Indians. So we have the same problem over again, a generation later.

This is what I am trying to do: I am trying to say that the Federal Government should assume its responsibility for its Indian wards, and that if they are on welfare, wherever they are, we will pay the welfare.

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

Mr. METCALF. I yield.

Mr. MANSFIELD. May I say, in support of the amendment offered by my distinguished colleague, of which I am a cosponsor, that when he used the word "ward," I think he told the whole story. The Indians do occupy a peculiar position in American society. They are a minority group about which we have forgotten a great deal, from whom we have taken a great deal, who are the subjects of dire poverty on their reservations as well as in the large cities.

I think that this is doing no more than what is just for these people, from whom we took this country, who have received so little consideration, and who should be given a good deal more in the way of compensation than they have received up to this time. I think we can forget the sympathy and the figures and the numbers and recognize a reality and face up to it.

Mr. RIBICOFF. There is no question that what the majority leader says is true, that of all the minority groups, the Indians are lowest in the scale, whether it is poverty, social, economic condition——

Mr. METCALF. Income.

Mr. RIBICOFF. Lower than the blacks, the Mexicans, the Spanish-speaking, any group in American society that we can name. Their poverty is the direst of all and deserves consideration. I am very sympathetic. I am going to support the Senator's amendment.

I do not know what will happen to it in conference, but I would hope that the next time we have a social security bill, between the Interior Department and Health, Education, and Welfare, they would supply some information so we can address ourselves in a little more depth and a little more understanding of the nature of this problem.

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

Mr. METCALF. I yield.

Mr. LONG. As the Senators have pointed out, a problem of discrimination is involved here, and I would be willing to agree to the amendment and see whether we can work it out with the House in conference.

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

The amendment was agreed to.

AMENDMENT NO. 1128

Mr. CANNON. Mr. President, I call up my amendment No. 1128.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CANNON. 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 46, line 10, strike out "$166.66⅔" and insert in lieu thereof "$208.33⅓".

On page 46, line 14, strike out "$166.66⅔" and insert in lieu thereof "$208.33⅓".

On page 46, line 21, strike out "$166.66⅔" and insert in lieu thereof "$208.33⅓".

On page 121, line 21, strike out "$166.66⅔" and insert in lieu thereof "$208.33⅓".

Mr. CANNON. Mr. President, this amendment is very simple. It is one that I had printed and ready to offer prior to the submission of amendment No. 1150 by Senator PERCY, which the Senate adopted by an overwhelming vote of 52 to 9. Senator PERCY's amendment proposed a work exemption of $2,400 prior to the loss of social security benefits. My amendment No. 1128 proposes an exemption of $2,500 prior to loss of benefits under the social security provisions. It means that a person could earn $8.33⅓ more per month before losing social security benefits than he would under the amendment offered by Senator PERCY.

I am sure that in view of the overwhelming vote of 52 to 9 that occurred on the Percy amendment——

The PRESIDING OFFICER. The Chair interrupts the Senator to state that the amendment is not in order.

Mr. CANNON. The amendment is not in order?

The PRESIDING OFFICER. It is not in order. That part of the bill already has been amended.

Mr. CANNON. I was going to withdraw it, anyway, in view of the fact that the amendment had been adopted. But I did want to comment on it, because I am sorry that the time limitation on the previous amendment had not been used up, and this amendment therefore occurred at an earlier time than was intended. Otherwise, I would have proposed mine as a substitute.

However, I am sure that the Senate would not want to begrudge the recipients of social security the opportunity to earn another $100 per year before losing their social security benefits. I regret that it is not possible to give them the opportunity to earn $2,500 per year before losing the social security benefits, in view of the high cost of living and the increasing cost, due to the inflation that has been taking place in this country during the past 2 years.

Mr. COOK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HARTKE). The Senator will state it.

Mr. COOK. If the Senator were to submit this amendment as an amendment to another section of the bill, other than the section which has already been amended, would the amendment then be in order?

The PRESIDING OFFICER. If the amendment amends a part of the bill which has not previously been amended, then the amendment would be in order.

Mr. COOK. I thank the Chair.

Mr. CANNON. I thank the Senator. I will see if I can find a spot for it.

AMENDMENT NO. 1130

Mr. CANNON. Mr. President, I call up my amendment No. 1130.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CANNON. 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:

Beginning on page 408, line 13, strike out all through page 408, line 20.

On page 522, between lines 21 and 22, insert the following:

"(c) Notwithstanding the provisions of section 2(a)(10), 1002(a)(8), 1402(a)(8), and 1602(a) (13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI of such Act, shall disregard (and the plan shall be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount (or any portion thereof) paid to an individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof) if—

"(1) for the month preceding the first month that monthly insurance benefits payable under title II of the Social Security Act are increased by reason of the enactment of section 101 of this Act—

(A) such individual received aid or assistance under such State plan;

(B) such individual was entitled (on the basis of an application filed in or before such month) to monthly insurance benefits under section 202 or section 223 of the Social Security Act; and

(2) such amount (or portion thereof) is attributable to the increase, in monthly insurance benefits payable under title II of the Social Security Act, resulting from the enactment of section 101 of this Act.

On page 522, line 22, strike out "(c)" and insert in lieu thereof "(d)".

Mr. CANNON. Mr. President, this amendment would prohibit the States from reducing the amount of welfare payments to recipients by the amount of increase those recipients would receive as a result of the passage of the social security amendments to increase the benefits.

In the proposed act, as it now reads, is an exemption to the extent of $10 a month. However, a number of recipients would receive more than an increase of $10 a month under the social security amendments. I think it is indeed unfortunate that States in the past, in many instances, when Congress has enacted a social security increase, have reduced the amount of the welfare payments from the State by the amount that was passed as an increase under the Social Security Act.

Plainly and simply, this amendment would prohibit the States from making a corresponding reduction in the amount of welfare payments to the social security recipients as a result of the increases in the act.

I urge my colleagues to support this amendment.

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

Mr. LONG. Mr. President, when we raise social security benefits, we correspondingly reduce the need of individuals for welfare assistance. Down through the years, some of us—I have been one offering amendments from time to time—have offered amendments to require that the States not reduce welfare payments when social security payments are increased. One thing we do hope to achieve over a period of time is, by raising the minimum payments under social security and by increasing social security benefits, that gradually we will reduce the number of people drawing public assistance. Over a period of time we hope that the relatively small number of our aged who are now required to seek public assistance will be further reduced, because our social security program is intended ultimately to eliminate that need.

The committee bill we have here has more or less split the difference. The States would have some saving against their welfare budgets in the adult categories. But at the same time, they would be required to pass along, in terms of welfare benefits, the large portion of that which has been voted by the committee for social security increases. So if a person receives a social security increase, let us say, of $15 or $20, he would be able to keep most of it, although there may be some reduction in his welfare payments.

The Senator would try to see that there would be no reduction in the welfare payments. If we are going to do that, it would result in the situation that, by raising social security payments, we would never be taking people off the welfare rolls. They would just stay there receiving the same amount of welfare, no matter how much we raised social security payments.

In that regard, I think the amendment would create an even greater problem, because we would be committed in the future to the proposition that when we voted social security increases the welfare payments people were receiving would not be reduced.

To do so would mean that even if we would provide enough social security benefits so that recipients really did not need welfare any further, we would still be paying it.

I think the Senator's amendment goes too far. The committee has gone about as far as it could towards achieving the objective the Senator has in mind and, therefore, I would hope that the amendment would not be agreed to.

However, I applaud the Senator for his interest in these people.

Mr. CANNON. Mr. President, I believe that the increases in social security benefits being proposed by the Senate are not intended to take people off welfare. They are intended to help get people in a position to maintain a standard of living that they cannot maintain today under the present social security benefits. It is indeed, unfortunate that many people on welfare are those who are drawing a minimum of the amount of social security benefits who, unfortunately, in the past, have received some small increases and, in turn, have had that taken away by the States.

In this case, here we are providing some increases to those people. I think that they are entitled to those increases, even though they may be entitled to a subsistence amount from the welfare system of the State, because of the inadequate amount they are now receiving to maintain a standard of living and that, therefore, these people should not be penalized simply because they are drawing welfare compared to other people who are drawing social security.

I hope that the Senate will support the amendment. I am prepared to vote.

The PRESIDING OFFICER (Mr. HARTKE). The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was rejected.

AMENDMENT NO. 1129

Mr. CANNON. Mr. President, I call up my amendment No. 1129 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CANNON. 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 at this point.

The text of the amendment is as follows:

CHANGE IN TAX ON NON-TURBINE-POWERED AIRCRAFT

SEC. 614. (a) Section 4491(a)(2) of the Internal Revenue Code of 1954 (relating to tax on use of civil aircraft) is amended by striking out clause (A) and inserting in lieu thereof "(A) in the case of an aircraft (other than a turbine-engine-powered aircraft), 2 cents a pound of each pound of the maximum certificated takeoff weight in excess of 2,500 pounds, or".

(b) The amendment made by subsection (a) shall take effect on July 1, 1971.

Mr. CANNON. Mr. President, earlier in the year, when Congress adopted a comprehensive Airport and Airways Act, there was a provision for the licensing of aircraft which provided that there would be a registration fee of $25 per aircraft, on general aviation type aircraft, on aircraft weighing 2,500 pounds or less, and on aircraft over and above that weight there would be a poundage fee applied of 2 cents per pound.

Congress passed the act, and in implementing the provisions of the act it developed that a person who had an aircraft, for example, that weighed 2,600 pounds, would pay the initial $25 registration fee and then would pay the poundage fee on the entire 2,600 pounds, not on the excess poundage over and above 2,500 pounds weight.

All this made a very inequitable situation to the many general aviation aircraft owners throughout the country who are, indeed, having a difficult time of it today, because of the increases that were added in the aviation fuel tax to pay for the airport and airways bill. So that we hit them with the added fuel tax on the one hand and the registration fee on the other. But, in addition, we doubled the application of the registration fee for those general aviation aircraft owners who had aircraft that weighed more than 2,500 pounds.

I submit that this is clearly an inequitable situation, that it was not the intent of Congress at the time—it was certainly not my intent at the time and I served on the committee that helped to draft the bill, and I served on the conference committee. It certainly was not

my intention that these aircraft owners be taxed twice on the weight of their aircraft.

Therefore, the amendment I have proposed here would say that a man would pay a $25 registration fee on an aircraft weighing less than 2,500 pounds, and would pay the poundage on the aircraft weight only on the weight in excess of 2,500 pounds, and would not be paying twice on that weight from zero up to 2,500 pounds.

I hope that the Senate will help to correct this inequity.

Mr. RANDOLPH. Mr. President, will my colleague from Nevada yield?

Mr. CANNON. I yield.

Mr. RANDOLPH. The category of aircraft operations for which the able Senator speaks is, of course, general aviation. In these days general aviation is not an operation using the single-engined aircraft of 20 years ago. General aviation now includes many sophisticated twin-engine planes. These newer aircraft have brought increased safety and greater comfort for passengers who are flying. It is necessary, I believe, to promote and support air taxi in the United States—services which connect with local carriers and trunk lines throughout the country. These operators, persons often with little financial strength, are giving real service to the mobility of the American people. They need the aid which is proposed in the amendment offered by the Senator from Nevada.

I remember very well working with him at the time we were active in the Federal airports and airways bill in reference to a better break for general aviation in the taxes he pays. If agreeable with him, I would like to ask that he include me as a cosponsor of his amendment.

Mr. CANNON. I am delighted to have the Senator's support as a cosponsor of my amendment.

Mr. LONG. Mr. President, would the Senator from Nevada yield?

Mr. CANNON. I yield.

Mr. LONG. We do not have any other revenue provisions on this bill that are not related to the problems of the aged or to medicare and I would, therefore, hope that the Senator might offer his amendment on some other revenue measure. For example, we have this excise tax bill which will have to be passed before we are through.

We have a number of other measures that have been brought to us in the last day or so. I have no strong objection to the Senator's amendment. However, I hope that he would not open the door to amendments that are completely nongermane to social security, public welfare, and retirement income, because to do that opens the door to Senators going to the desk and picking up bills that come over here by the dozens these days from the House. They ought to be at least considered and have the benefit of a committee recommendation.

I would hope that the Senator would be willing to offer the amendment on some other measure, such as the excise tax bill or some other bill that we will have an occasion to consider between now and the time we adjourn.

I am sure that the Senator knows the amendment is not germane to the bill. We managed, by a motion to recommit, to limit ourselves to the subject matter we are working on in the bill.

Mr. CANNON. Mr. President, if I withdraw the amendment and offer this to the excise tax bill, would I receive the support of the Senator from Louisiana?

Mr. LONG. Mr. President, I would cooperate with the Senator if he were to offer it to another bill so that we could then go with that to the House.

Mr. CANNON. Mr. President, based on that assurance, I propose to withdraw the amendment, because I for one do not want to see the social security bill get loaded down with a lot of nongermane items that might conceivably delay its passage. That is one of the reasons that I voted earlier to recommit the bill and have it reported back without some of the other provisions in it.

Mr. President, based on the statement of the Senator from Louisiana, I withdraw my amendment No. 1129, and I will offer it at the appropriate time.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

AMENDMENT NO. 1140

Mr. PELL. Mr. President, I call up amendment No. 1140.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PELL. Mr. President, I ask unanimous consent that the further reading of the amendment be dispensed with.

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

The amendment reads as follows:

On page 123, after line 24, insert the following new section:

ELECTIVE COVERAGE FOR MINISTERS AS EMPLOYEES

SEC. 134. (a) Section 210 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(p)(1) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from income tax under section 501(a) of such Code, by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry shall constitute employment under this section beginning with the first day of the calendar quarter in which coverage under section 3121(r)(3) of such Code becomes effective with respect to such service.

"(2) Service performed in the employ of an American employer as defined in subsection (e) (3), (4), (5), or (6), other than an employer specified in paragraph (1) by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry, shall constitute employment under this subsection for any calendar quarter in which an election under such section 3121(r)(2)(A) is effective for him.".

(b) Section 210(a)(8)(A) of such Act is amended by striking out "Service" and inserting in lieu thereof the following: "Except as provided in subsection (p), service".

(c) Section 211(c) of such Act is amended by inserting before the period at the end of the sentence following paragraph (6) thereof the following: "or, in the case of paragraph (4), unless the service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry constitutes employment under subsection (p) of section 210".

(d) Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(r) MINISTERS.—(1) Service performed in the employ of a religious, charitable, educational, or other organization described in section 501(c)(3) which is exempt from income tax under section 501(a), by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry shall constitute employment under this section if—

"(A) an exemption under section 1402(e) is not effective with respect to him;

"(B) he has elected to have such service covered as employment under this section; and

"(C) the organization has elected to have such service covered as employment under this section.

"(2)(A) Any minister who makes an election under paragraph (1) shall file a certificate of such election in such form and manner, and with such official, as the Secretary or his delegate shall by regulations prescribe. Such certificate shall specify the date on which the minister wishes such election to become effective for him, but in no case shall such election become effective (i) prior to January 1, 1971, or the first day of the calendar quarter which begins no earlier than the first day of the sixth calendar month before the month in which such minister files such certificate, whichever is later, or (ii) after the first day of the quarter following the quarter in which such minister files such certificate.

"(B) Any organization which makes an election under paragraph (1) shall file a certificate of such election and a waiver of exemption from taxes imposed by section 3111 in such form and manner, and with such official as the Secretary or his delegate shall by regulations prescribe. Such certificate shall specify the date on which the organization wishes such election to become effective for such organization, but in no case shall such election become effective (i) prior to January 1, 1971, or the first day of the calendar quarter which begins no earlier than the first day of the sixth calendar month before the month in which such organization files such certificate of such election, whichever is later or (ii) after the first day of the quarter following the quarter in which such organization files such certificate.

"(3) Coverage shall become effective with respect to service specified in paragraph (1) on the first day of the first quarter for which both an election by the minister is effective under paragraph (2)(A) and an election by the organization is effective under paragraph (2)(B). Such service shall constitute employment under this subsection beginning with the first day of the calendar quarter in which coverage is effective with respect to such service.

"(4) Any election under this subsection shall be irrevocable. An election made under this subsection by a minister shall apply with respect to any service performed by such minister in the exercise of his ministry in the employ of any organization which has made an election under this subsection or in the employ of any employer specified in paragraph (6); an election made under this subsection by an organization shall apply with respect to any such service performed in the employ of such organization by a minister who has made an election under this subsection.

"(5) An organization which has made an election under this subsection or an employer specified in paragraph (6) shall not, for purposes of sections 3102 and 3111, be considered to be the employer of any minister who has not made an election under this subsection.

"(6) Service performed in the employ of an American employer as defined in subsection (h) (2), (3), (4), or (5) by such a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry shall constitute employment under this subsection for any calendar quarter in which an election under paragraph (2) (A) is effective for him.".

(c) Section 3121(b)(8)(A) of such Code is amended by inserting before "service" the following: "except as provided in subsection (r),".

(f)(1) Section 1402(c) of such Code is amended by inserting before the period at the end of the sentence following paragraph (6) thereof the following: "or, in the case of paragraph (4), unless the service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry constitutes employment under such subsection (r) of section 3121".

(2) The last sentence of paragraph (1) of section 1402(e) is amended by inserting before the period at the end thercof the following: "or if he has made an election under section 3121(r)".

Mr. PELL. Mr. President, what this amendment does is to provide for clergymen the right either to be considered self-employed or to be considered as employed by a church or vestry in which case, they would be required to contribute a smaller amount than if they were self-employed, but that amount would be matched by the employer. This would mean that the clergymen would not be faced with the problem they are faced with today where they do not receive the same benefits at the end of their service as they would if they had been considered as normal employees.

The amendment is not mandatory in force, but is optional. I think that in general it justifies some support.

I am very conscious of the fact that the chairman has pointed out to me that this was not introduced in time to secure hearings. I would hope that if I do withdraw the amendment now that he would be kind enough to let me have a hearing at the first opportunity.

Mr. LONG. Mr. President, the problem of social security protection for clergymen has been very difficult to deal with because of the different problems facing different religious groups. We tried to work out the best compromise between the various religious groups we could in previous legislation. We thought that we had, to about the greatest extent practicable, resolved these conflicts and different points of view consistent with the actuarial problems presented by the administration. It would seem to me that it would be appropriate to raise this matter next year in connection with the social security bill that the House intends to send to us.

I hope that the Senator will raise the question at that time and that we could have hearings so that those who might oppose the amendment could be heard as well as those who favor it.

I do welcome the opportunity to look at the matter and see if we can work it out in a fashion that would be agreeable to all.

Mr. PELL. Mr. President, I thank the junior Senator from Louisiana.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1116

Mr. HARRIS. Mr. President, on behalf of myself and the distinguished Senator from West Virginia (Mr. RANDOLPH) I call up amendment No. 1116 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read as follows:

WORKMEN'S COMPENSATION OFFSET FOR DISABILITY INSURANCE BENEFICIARIES

SEC. 134. (a) Section 224(a)(5) of the Social Security Act is amended by striking out "80 per centum of".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

Mr. HARRIS. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, would the Senator be willing to consider a time limitation on the amendment?

Mr. HARRIS. I would be willing to have a 10-minute limitation to the side.

Mr. RANDOLPH. I suggest 15 minutes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation of 25 minutes, with 15 minutes to the distinguished Senator from Oklahoma and 10 minutes to the distinguished Senator from Louisiana.

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

Mr. HARRIS. Mr. President, I yield 5 minutes to the distinguished Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 5 minutes.

COMBINED WORKMEN'S COMPENSATION AND SOCIAL SECURITY DISABILITY PAYMENTS MUST BE RAISED TO 100 PERCENT TO AVOID FAMILY HARDSHIPS

Mr. RANDOLPH. Mr. President, I cosponsor the amendment of the able Senator from Oklahoma (Mr. HARRIS).

Earlier this year I introduced legislation—S. 1781—to amend title II of the Social Security Act to eliminate completely the reduction of disability insurance benefits. Under present law, the "offset" reduction is required for an individual who qualifies for both workmen's compensation and social security benefits. The disabled worker and family breadwinner finds that the social security benefits payable to him and his family are reduced by the amount, if any, that the total monthly benefits payable under the two programs exceed 80 percent of his average current earnings before he was disabled. This provision has created injustice among those several thousand disabled workers who know that the social security insurance they have contributed to over the years has been cut, because of receipt of workmen's compensation benefits to which they are entitled. There are innumerable individual hardships created by this arbitrary law.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a memorandum which I was privileged to present to the chairman of the Senate Finance Committee and the members of that committee in connection with my prior legislative effort to amend title II of the Social Security Act.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

To: Members of the Senate Finance Committee.

From: Senator Randolph.

Subject: S. 1781, "a bill to amend title II of the Social Security Act to eliminate the reduction in disability insurance benefits which is presently required in the case of an individual receiving workmen's compensation benefits.

S. 1781 would amend Title II of the Social Security Act by repealing Section 224 which provides for reduction in disability insurance benefits in the case of an individual who is receiving workmen's compensation.

Under present law, when a disabled worker under age 62 qualifies for both workmen's compensation periodic payments and social security disability benefits, the social security benefits payable to him and his family are reduced. The reduction is calculated on the basis that total payments under the two systems cannot exceed 80 percent of his "average current earnings" before he became disabled.

The net result is that the combined benefits equaling 80 percent of a disabled worker's average earnings are usually less than 80 percent of his level of earnings achieved at the time of disablement (average about 72 percent) even though his normal expenses continue at the pre-disablement level in addition to expenses caused by his disability not covered by workmen's compensation. The unfairness of this provision is further compounded by its application only to those persons who become eligible for disability insurance benefits after December 31, 1969. It does not apply to those who were already receiving these benefits.

An example: Father of four, age 35, disabled on the job in 1967, received a lump sum compensation award of $8,700. He paid off debts, made down payment on small home. His claim for social security disability insurance benefits was denied, but two years later on appeal, denial was reversed by district court. His social security payments were drastically reduced because workmen's compensation was pro-rated over five-year period at $151.60 a month. Thus, the disabled father's earned social security payments were cut from $262.50 a month to $110.80 a month—even though he already had spent the workmen's compensation award for debts, house payment and living expenses over prior two years before court decision. As a result, the father who previously had earned $328 monthly average before disablement had to apply for public welfare.

Another example: An unskilled worker in the oil industry suffered a work-related accident in 1966. The worker (father of three minor children) was totally disabled and workmen's compensation pays him $35 a week. Over the years, his earnings had varied, but had reached a monthly average of $291 in 1965. After application of the offset provisions, his monthly social security benefits ($106) were totally withheld. His monthly income of $151.60 (from workmen's compensation) amounts to 52 percent of his monthly earnings during the year prior to his disabling injury.

Approximately 18,900 disabled worker beneficiaries (about 1 percent of the 1.4 million disabled workers on social security rolls) were affected by the reduction provision (Sec. 224) which was added to the Social Security

Amendments of 1965. At that time, the Senate Committee on Finance report stated: "It is desirable as a matter of sound principle to prevent the payment of excessive combined benefits."

Although most persons generally would agree with that statement, its application to disabled persons and families creates severe hardship and burdens. There are many injustices and inequities in our system of laws. Very often legislative action favors certain classes of persons or areas. But it is my belief that full payment of combined benefits to the disabled workers and their families would not be challenged on this basis.

Particularly important justification for repealing Sec. 224 is the concept of the programs involved—workmen's compensation is private insurance, while social security is compulsory public insurance.

The Social Security Administration states that the total number of disabled beneficiaries (workers and dependents) whose benefits were withheld or reduced was about 61,100—out of a total of 2.5 million on the rolls. That is 2.5 percent of the total of social security beneficiaries. The higher proportion of disabled beneficiaries affected results from a requirement of the law that any necessary reduction be applied first to dependents' benefits.

S. 1781 would eliminate the economic inequities created by Sec. 224 by allowing full payment of combined benefits to a disabled worker and his family. If the change is enacted, 55,000 beneficiaries would have their social security benefits increased and 5,000 persons who presently receive no benefits would receive some benefits at once.

It is my genuine hope that S. 1781 will be included in the Social Security Act Amendments of 1970.

Mr. RANDOLPH. Mr. President, we have heard testmiony in various committees—for example, the Subcommittee on Labor of the Committee on Labor and Public Welfare—that seldom do disabled workers receive the full benefit of compensation awards. In Charleston, W. Va., recently, the Subcommittee on Labor heard witnesses testify that, although compensation cases nominally do not require the services of an attorney, in actual practices those appealing such cases must share their compensation awards with lawyers.

Under the social security offset provision, a worker's average current earnings for the purpose of establishing benefits are computed on the basis of: First, the average monthly earnings used for computing his social security benefits, or second, his average monthly earnings in employment or self-employment covered by social security during the 5 consecutive years of highest covered earnings after 1950, computed without regard to the limitations which specify a maximum amount of earnings creditable and taxable under social security.

Mr. President, the objective of these provisions is to avoid the payment of combined amounts of social security benefits and workmen's compensation payments that would be excessive in comparison to the beneficiary's earnings before he became disabled.

I point out that the matter of a sum of money is not the total consideration here. The man who has an injured spine or the man who has twisted limbs for all intents and purposes is totally disabled. It should not be necessary for me to impress upon Senators the financial hardship to a worker and his family when the worker's combined social security disability benefits and workmen's compensation payments amount to less than he earned at the time he became disabled.

We must recognize, however, that workmen's compensation is not solely a replacement of lost earnings but is, in part, compensation for pain and loss of function for which the disabled worker might otherwise secure recompense through legal action against his employers. The present provisions are unduly restrictive and result in severe hardships for disabled workers and their families.

A worker's total disability will usually give rise to substantial expenses in addition to the family's continuing regular expenses, particularly in health care and medical expenses. Limiting the combined benefits that are payable to 80 percent of the average current earnings has in many instances caused a significant reduction in the family's living standard. The family's long-term commitments, such as mortgages and time purchases, cannot be reduced accordingly, and in some cases, long-time plans for college educations for children evaporate.

A worker's average current earnings are calculated for purposes of the existing provision on the basis of his earnings over a protracted period, rather than his earnings just before disablement. There are documented cases in which a worker received substantial increases in wages or earnings in the year prior to his disability, and accordingly increased his standard of living. Families often suffer a sharp drop in income upon disablement of the breadwinner which is significantly below 80 percent of the worker's latest earnings.

To correct these inequities, the House committee decided that the allowable amount of combined workmen's compensation and social security disability benefits should be increased. The House amendment would raise the combined payments allowable to 100 percent of the worker's average current earnings.

This provision was deleted by the Senate Finance Committee in its consideration of the social security bill because, as I stated, members of the committee felt the combined benefits to which the disabled worker is justly entitled might be an excessive reward for his disablement, or might somehow discourage him from entering a rehabilitation program.

Mr. President, I believe there is no certain sum of money that can adequately compensate for a broken spine, twisted or missing limbs. I believe that no workingman who is a productive member of our society would trade places with his disabled brother who, along with his family, must face the future with something less than pride of achievement and promising outlook.

The human spirit, I submit, can be as sorely wounded as the human body.

I strongly support our amendment which would provide that, in a case in which workmen's compensation is payable, social security disability benefits will be reduced only by the amount by which the combined payments exceed 100 percent of the worker's average earnings before he became disabled. I remind Senators—and I emphasize this point—that such a formula will not necessarily bring a worker up to his level of earnings just prior to disability. I urge the Members of the Senate to join in assuring that disabled workers receive fair and equitable treatment under the laws governing disability payments.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, in this bill we have liberalized the definition of disability for welfare purposes to provide that the person is regarded as disabled if he is unable to work at gainful employment for one year because of illness or disability. In the years when we first started working on disability, I was one of those Senators seeking to provide assistance to disabled persons. I joined as a cosponsor in the amendment to insure people under social security for disability. But we have two kinds of situations that develop. We have situations where people are disabled for 1 year or a year and a half and after a while they overcome that disability and they are able to go to work, and we hope they do go to work.

If they are to receive as much money in social security plus workmen's compensation as they would receive if they went to work, where is the incentive to go to work? They would lose those benefits if they went back to work, so the incentive would be not to go to work.

The Senator pointed to a situation where the person is truly totally disabled. Let us assume the person had a back injury and is never able to work again. It can well be argued in that case we should let him have 100 percent of what he would make if he went to work. That would be a reasonable compromise between the Senate provision and the House provision because the House would do that which the Senator seeks and say the person can have 100 percent in social security and disability of what he earned prior to being disabled.

However, if the Senator's amendment prevails, we could have only the House position in conference, and even though a person would have a disability that lasted only a year or a year and a few months, the incentive would be not to go to work because that person would get as much money by not working as he would for working. In that case it would make good logic, as in the Senate provision, and as the committee sought to do, that he get only 80 percent as much in social security and disability insurance and in disability benefits under workmen's compensation as 80 percent of what his pay would be, hoping that the other 20-percent advantage would entice him to go to work.

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

Mr. LONG. I yield.

Mr. CURTIS. Will the distinguished chairman tell me what the tax consequences are of disability benefits and workmen's compensation?

Mr. LONG. It is tax exempt; so as a practical matter, this amendment would mean, when taxes are taken into consideration, the person who is disabled

would actually be better off in terms of money if we take the 100 percent amendment because he would pay no taxes on his social security disability benefits while his earnings would be taxed if he went to work.

Mr. CURTIS. What would be the situation with reference to expenses of employment, the expenses of going to and from employment, lunch away from home, and that sort of thing? Those would be expenses that would fall on the individual who was employed, would they not?

Mr. LONG. Well, presumably, it costs him money to go to work. Those are expenses a man would incur going to work so that would come out of his wages. I had not made that argument, but if that were taken into consideration, he would be worse off if he goes back to work.

If one were to take taxes into consideration and expenses in going to work, a person would be better off to continue to draw social security benefits and workmen's compensation benefits than to go to work, so if there is to be any incentive to get him back to work, the Senate will have to do at least part of what the Committee on Finance did, in trying to place the emphasis on work, hoping the person would go to work and make more and improve his ability to do a better job rather than draw the social security and disability insurance, and decline to go to work.

Mr. HARRIS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 5 minutes.

Mr. HARRIS. Mr. President, I think the colloquy we just heard between the Senator from Nebraska and the Senator from Louisiana, with all due respect, does not take into account the real situation of the man who receives benefits because he is totally disabled and is receiving what he paid for. That is the insurance he paid for. This is not some welfare program we are giving him out of the goodness of our hearts. He paid for that and he is entitled to it.

Furthermore, it leaves out the consideration that a man who has been injured on the job and has been adjudicated to be entitled to workmen's compensation because of the fact he has been injured is not better off if he gets the same amount of money. That argument does not take into account that the man has been injured. He had pain and suffering in addition to the loss of his wages. Therefore, it is not correct to say just because he gets what is coming to him, and what he has paid for under the Social Security System, and just because he is receiving what he is entitled to under the law—workmen's compensation, not only for loss of wages but pain and suffering—that he should be held to 80 percent of what he made before. That does not make him whole. He is entitled to 100 percent and that is what the House said in their bill.

Mr. President, this amendment would restore the House-passed provision relating to the reduction of social security benefits when workmen's compensation is also payable.

Under present law, social security benefits are required to be reduced when workmen's compensation is also payable and when the combined payments exceed 80 percent of average current earnings before disablement.

The House amended this provision. The House bill called for a reduction in benefits by the amount by which the combined payments under both programs exceed 100 percent of average current earnings before disability.

This amendment applies to only about 60,000 persons and would cost only about $7 million annually.

I believe a strong case can be made to restore the House language.

A convincing argument for the House provision is made in the report of the Committee on Ways and Means, wherein it is stated:

> Workmen's compensation is not solely a replacement of lost earnings but is, in part, compensation for pain and loss of function for which the disabled worker might otherwise secure recompense through legal action against his employer. It should, therefore, not be necessary to limit a worker's combined social security disability benefits and workmen's compensation payments to less than he earned before becoming disabled . . . Limiting the combined benefits that are payable to 80 percent of average current earnings has in many instances caused a significant reduction in the family's standard of living in comparison with the level attained by the worker at the time of disablement.

The argument is sometimes made that raising the ceiling for combined workmen's compensation and social security disability benefits to 100 percent of the worker's average earnings—during the 5 years of highest earnings—may in some cases result in combined benefits that are larger than the worker's earnings before his disablement.

However, we know that as a rule a worker's wage increases year by year, and over a 5-year period the earnings at the end of the 5-year period are almost always higher than the average for the 5 years.

The argument is also made that since current earnings of a worker are taxable, and social security benefits and workmen's compensation benefits are not, that a 100-percent ceiling on combined benefits could exceed the worker's predisability take-home pay and thereby reduce the incentive of the worker to attempt to become rehabilitated for gainful employment.

There is no merit in this argument. Most of the workers affected by this amendment are workers in the lower income brackets and the taxes involved are relatively small. But, more importantly, a disabled worker's motivation for vocational rehabilitation is strong and would not be influenced by a small amount of additional money that might be received by a worker by reason of not having to pay taxes.

As a matter of basic fairness, a disabled worker should be entitled to 100 percent of average earnings before social security benefits to such worker also receiving workmen's compensation would be reduced.

I yield 1 minute to the Senator from West Virginia.

Mr. RANDOLPH. For the purpose of a question.

Mr. HARRIS. I yield.

Mr. RANDOLPH. It is correct that the worker has been injured and that is why he receives workmen's compensation. Is that correct?

Mr. HARRIS. The Senator is absolutely correct.

Mr. RANDOLPH. He was not on welfare. He was not a drag upon society. He was the breadwinner. He was the head of the family, and the injury which came to him in discharge of his honest labor brought to him a total disability which makes it impossible for him to return to his employment. Is that not correct?

Mr. HARRIS. That is absolutely correct.

Mr. RANDOLPH. Certainly in this amendment we are not seeking to bring an incentive to loaf. Rather, we are asking only equity for a worker who became disabled while engaged in gainful employment.

As some Senators have stated, the combined payments for a limited number of workers will exceed the amount of money such workers were earning at the time of disability. But in most situations this will not be true because of the average earnings formula.

Mr. HARRIS. The Senator is quite correct, and I say, in closing, I am very grateful that the distinguished Senator from West Virginia brought this matter so forcefully to the attention of the Senate Finance Committee. I am pleased to join with him now in bringing it to the attention of the Senate.

I urge the adoption of the amendment.

I am prepared to yield back my time.

Mr. LONG. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "yea."

Mr. GRIFFIN. I announce the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. SAXBE) and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

On this vote, the Senator from New York (Mr. GOODELL) is paired with the Senator from South Dakota (Mr. MUNDT). If present and voting, the Senator from New York would vote "yea" and the Senator from South Dakota would vote "nay."

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from Oregon would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 46, nays 20, as follows:

[No. 451 Leg.]

YEAS—46

Allen	Holland	Pell
Baker	Hughes	Percy
Bayh	Jackson	Proxmire
Bible	Javits	Randolph
Boggs	Jordan, N.C.	Ribicoff
Brooke	Jordan, Idaho	Schweiker
Byrd, W. Va.	Kennedy	Scott
Cannon	Magnuson	Sparkman
Case	Mansfield	Spong
Cook	Mathias	Stevenson
Cooper	McGovern	Symington
Cranston	McIntyre	Talmadge
Ellender	Metcalf	Williams, N.J.
Ervin	Mondale	Yarborough
Harris	Moss	
Hartke	Nelson	

NAYS—20

Aiken	Griffin	Pearson
Allott	Gurney	Prouty
Bellmon	Hansen	Smith
Byrd, Va.	Hruska	Stennis
Curtis	Long	Thurmond
Dole	Miller	Williams, Del.
Fannin	Packwood	

NOT VOTING—34

Anderson	Goodell	Murphy
Bennett	Gore	Muskie
Burdick	Gravel	Pastore
Church	Hart	Russell
Cotton	Hatfield	Saxbe
Dodd	Hollings	Stevens
Dominick	Inouye	Tower
Eagleton	McCarthy	Tydings
Eastland	McClellan	Young, N. Dak.
Fong	McGee	Young, Ohio
Fulbright	Montoya	
Goldwater	Mundt	

So Mr. HARRIS' amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I think we should point out to the Senate just what has been done by this last rollcall vote. Congress has just made it possible for a man who is drawing social security and unemployment combined to equal 100 percent of what he would make if he were working full time, his total wages. That sounds nice; but the fact is that if he works his earnings are taxable, and the social security and the unemployment insurance are not taxable. The net effect of what we have just done here is that a man who does not work gets about 30 percent more than if he goes back on the payroll. So we would be paying him a 30-percent premium not to go back on the payroll.

Unfortunately, this is not in conference; this is now in both bills. I just cannot understand the Senate's taking this position.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

AMENDMENT NO. 1114

Mr. HARRIS. Mr. President, I call up my amendment No. 1114 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Strike out the table which appears on pages 7 and 8 of the bill, and insert in lieu thereof the following new table:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I		II	III		IV	V
(Primary insurance benefits under 1939 act, as modified)		(Primary insurance amount under 1969 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
	$26.94	$90.60 or less	----------	$113	$100.00	$150.00
$26.95	27.46	91.90	$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.36	101.70	147	150	111.90	167.90
31.37	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	253	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.50

"I		II	III		IV	V
(Primary insurance benefits under 1939 act, as modified)		(Primary insurance amount under 1969 act)	Average monthly wage)		Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$136.40	$264	$267	$150.10	$235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	288.70
		155.90	329	333	171.50	293.20
		157.40	334	337	173.10	296.60
		158.60	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.90	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		179.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50

"I		II	III		IV	V
(Primary insurance benefits under 1939 act, as modified)		(Primary insurance amount under 1969 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$183.40	$422	$426	$201.80	$374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	385.50
		188.50	441	445	207.40	387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20
		201.50	488	492	221.70	408.40
		202.80	493	496	223.10	410.10
		204.20	497	501	224.70	412.30
		205.40	502	506	226.00	414.50
		206.70	507	510	227.40	416.30
		208.00	511	515	228.80	418.50
		209.30	516	520	230.30	420.70
		210.60	521	524	231.70	422.40
		211.90	525	529	233.10	424.60
		213.30	530	534	234.70	426.80
		214.50	535	538	236.00	428.60
		215.80	539	513	237.40	430.80
		217.20	544	548	239.00	433.00
		218.40	549	553	240.30	435.20
		219.70	554	556	241.70	536.50
		220.80	557	560	242.90	438.30
		222.00	561	563	244.20	539.60
		223.10	564	567	245.50	441.40
		224.30	568	570	246.80	442.70
		225.40	571	574	248.00	444.40
		226.60	575	577	249.30	445.80
		227.70	578	581	250.50	447.50
		228.90	582	584	251.80	448.80
		230.00	585	588	253.00	450.60

"I		II	III		IV	V
(Primary insurance benefits under 1939 act, as modified)		(Primary insurance amount under 1969 act)	(Average monthly wage)		(Primary insurance amount)	(Maximum family benefits)
If an individual's primary insurance benefit (as determined under subsec. (d)) is—		Or his primary insurance amount (as determined under subsec. (c)) is—	Or his average monthly wage (as determined under subsec. (b)) is—		The amount referred to in the preceding paragraphs of this subsection shall be—	And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
		$231.20	$589	$591	$254.40	$451.90
		232.30	592	595	255.60	453.70
		233.50	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	603	605	259.40	458.10
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	613	616	263.20	462.90
		240.40	617	620	264.50	464.70
		241.50	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	631	634	269.50	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.20
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		250.70	649	650	275.80	482.70
			651	655	276.80	484.40
			656	660	277.80	486.20
			661	665	278.80	487.90
			666	670	279.80	489.70
			931	935	332.80	582.40
			936	940	333.80	584.20
			941	945	334.80	585.90
			946	950	335.80	587.70
			951	955	336.80	589.40
			956	960	337.80	591.20
			961	965	338.80	592.90
			966	970	339.80	594.70
			971	975	340.80	596.40
			976	980	341.80	598.20
			981	985	342.80	599.90
			986	990	343.80	601.70
			991	995	344.80	603.40
			996	1,000	345.80	605.20"

On page 72, line 24, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 73, line 19, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 74, line 6, strike out "$9,000" and insert in lieu thereof "$12,000".

One page 74, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 74, line 24, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 75, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 2, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 5, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 17, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 76, line 23, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 1, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 12, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 77, line 19, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 6, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 14, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 78, line 17, strike out "$9,000" and insert in lieu thereof "$12,000".

On page 83, line 5, strike out "6.6" and insert in lieu thereof "6.15".

On page 83, line 23, strike out "4.4" and sert in lieu thereof "4.1".

On page 84, line 4, strike out "1984, and 1985," and insert in lieu thereof "and 1984,".

On page 84, line 7, strike out "1985" and insert in lieu thereof "1984".

On page 84, line 7, strike out "6.1" and insert in lieu thereof "S. 85".

On page 84, line 20, strike out "4.4" and insert in lieu thereof "4.1".

On page 84, line 25, strike out "1984, and 1985," and insert in lieu thereof "and 1984,".

One page 85, line 2, strike out "1985" and insert in lieu thereof "1984".

On page 85, line 2, strike out "6.1" and insert in lieu thereof "5.85".

On page 85, line 17, strike out "1973" and insert in lieu thereof "1972".

On page 85, line 18, strike out "0.8" and insert in lieu thereof "0.7".

On page 85, line 22, strike out "1972" and insert in lieu thereof "1971".

On page 85, line 23, strike out "0.9" and insert in lieu thereof "0.8".

On page 86, line 2, strike out "1.0" and insert in lieu thereof "0.9".

On page 86, line 5, strike out "1.1" and insert in lieu thereof "1.0".

On page 86, line 21, strike out "years 1971 and 1972" and insert in lieu thereof "year 1971".

On page 86, line 21, strike out "0.8" and insert in lieu thereof "0.7".

On page 86, line 23, strike out "1973" and insert in lieu thereof "1972, 1973,".

On page 86, line 23, strike out "0.9" and insert in lieu thereof "0.8".

On page 87, line 2, strike out "1.0" and insert in lieu thereof "0.9".

On page 87, line 4, strike out "1.1" and insert in lieu thereof "1.0".

On page 87, line 18, strike out "years 1971 and 1972" and insert in lieu thereof "year 1971".

On page 87, line 18, strike out "0.8" and insert in lieu thereof "0.7".

On page 87, line 20, strike out "1973" and insert in lieu thereof "1972, 1973".

On page 87, line 20, strike out "0.9" and insert in lieu thereof "0.8".

On page 87, line 23, strike out "1.0" and insert in lieu thereof "0.9".

On page 88, line 2, strike out "1.1" and insert in lieu thereof "1.0".

Mr. HARRIS. Mr. President, this amendment has to do with the financing of the——

Mr. MANSFIELD. Mr. President, will the Senator agree to a time limitation on this one?

Mr. HARRIS. Mr. President, may I say in response that as far as I am concerned, on this amendment, which has to do with the financing of social security benefits, which I shall offer, and then for myself and Senators JAVITS and MCGOVERN on my amendment No. 1172, which has to do with the elimination of the present law requiring maintenance of effort by a State in regard to medicaid, and then on two amendments which I shall offer together with the distinguished Senator from New York (Mr. JAVITS) on child care, I do not see how we could get to the two child care amendments tonight, that being a matter of

such great importance that I do not see how now, at 15 minutes until 11, we could get into that, or that we could agree to a time limitation.

What I think would be a better procedure—and I would propose it to the majority leader—considering that we have moved along rather rapidly on what is a terribly complicated bill, and according to the last vote, I believe we are now down to about 66 Members of the Senate out of 100, if we might agree that these are the only four amendments remaining, we could perhaps agree to a time limitation on the first two and put all of them over until tomorrow, or, failing that, perhaps agree to a time limitation on the first two tonight, though it is awfully late, and then agree that the two amendments on child care which Senator JAVITS and I shall offer would be the only two remaining amendments before third reading and that they would come up tomorrow. But at this time we would not be in a position—and I think I speak for the distinguished Senator from New York as well as myself—to agree to a time limitation on those latter two.

I yield to the Senator from New York so that he may comment on this last point, Mr. President.

Mr. JAVITS. I think the Senate should be advised on this matter, so that it will not appear that the Senator from Oklahoma and I are failing to cooperate with the majority leader with respect to a limitation.

The fact is that here we are dealing with a new child care corporation with a $50 million initial capital and in the context of the following additional factors:

First, the corporation would be moving into a field in which we now spend somewhere around $500 million a year;

Second, we have just had the White House Conference on Children, with the objective of providing for the educational and other development of youth; and

Third, we have very comprehensive bills by a number of Senators on the entire matter of child care.

The question which faces us is, Will the establishment of the child care corporation preempt or conflict with these additional factors?

Nonetheless, I have agreed with Senator HARRIS that we will go through with it and do our utmost to inform the Senate, and let the Senate exercise its will. It will require a matter of a few hours, probably, in order to really begin to deal with the subject. I hope Senators will understand that with all the good will in the world, to expedite it every way in the world, we simply cannot deal so rapidly with a subject of that size.

Senators will remember that I raised this question when the motion to recommit was made. It is in the bill; the Senator from Louisiana felt strongly that he wanted it in the bill. That is all right, however, we also have some rights as to advise the Senate to what we who have been working on it for months think ought to be done about it.

Mr. MANSFIELD. Would the Senator suggest a time for the two amendments which he mentioned would be amenable to such a proposal?

Mr. HARRIS. As far as I am concerned, on the first two amendments which I have listed, I would be glad to agree to a 30-minute time limitation, 15 minutes to a side. But I would prefer—it seems to me that would not hold the Senate up unduly—that they be the first order of business tomorrow, rather than go on late tonight. As I have said, there are only 66 Senators here, and I think it would be better to start on this tomorrow. I would agree to a total of an hour on both amendments, equally divided. Then we could go to the child care amendments and perhaps agree tonight that they would be the last amendments tomorrow prior to third reading.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Would the Senator agree on a 30-minute limitation on the two amendments tonight? The Senator has mentioned the number 66 several times. The highest number of Senators we have had has been 69. So that indicates that the Senators are sticking around pretty closely.

I would suggest most respectfully to the Senator from Oklahoma that as long as we have gone this far, we ought to at least take up the next two amendments and then see whether we can come to an agreement on the other two for tomorrow, if not tonight.

Mr. HARRIS. Mr. President, I want to be as agreeable as possible, and I think I have been earlier today with respect to the other amendments that have been involved. Many amendments are not being offered by myself and others because of the press of time, although they are almost of equal importance to those which have been offered.

Perhaps we could make it part of one total agreement that we would finish up these two amendments tonight with 30 minutes each, the time to be equally divided—that is, a total of an hour tonight—and I would hope that we would not use all that time; then the only remaining amendments would be the two child care amendments, which could be taken up tomorrow prior to third reading. Perhaps we could make that one package and thereby shorten the work of the Senate.

Mr. MANSFIELD. Would the Senator agree—as I assume he will—that there be a 30-minute limitation, the time to be equally divided, under the usual procedure, for tonight, and that at the conclusion, with no time limitation interspersed on the two remaining amendments, the Senate go to third reading on the bills, and that at that time there be an hour on the bill itself?

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, let us understand this. I do not quite get it. Could we have the unanimous-consent request repeated?

The PRESIDING OFFICER. The understanding is that the unanimous-consent request is that on the two amendments tonight there be a half hour, equally divided between the proponents and the opponents; that two amendments would be offered tomorrow upon which no time limit would apply; and that there would be 1 hour after the third reading of the bill, a one-hour limit on the debate, to be equally divided.

Mr. SCOTT. Mr. President, reserving the right to object, may I inquire why no time limit would apply?

Mr. MANSFIELD. The distinguished Senator from New York indicated that he would have a great deal of explaining to do because it covers such a wide and extensive area.

Mr. SCOTT. Let us fix the time.

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

Mr. HARRIS. I yield.

Mr. HOLLAND. In the proposed unanimous-consent request, is there also wording limiting the remaining amendments to the four about which we are talking?

Mr. MANSFIELD. Yes, indeed.

Mr. HOLLAND. I did not hear that statement.

The PRESIDING OFFICER. The unanimous-consent request is that no further amendments would be in order other than the four amendments, two to be disposed of tonight, and two to be disposed of tomorrow.

Mr. MATHIAS. Mr. President, reserving the right to object——

Mr. MILLER. Mr. President, may I understand the Senator? I feel confident that I know what he is trying to do. Can we agree that the two amendments that we are talking about for tomorrow be the amendments relating to the child care provisions in the bill?

Mr. MANSFIELD. That is my understanding.

Mr. HARRIS. That is correct.

Mr. LONG. Further, can we agree that this does not bar technical amendments which must be offered on behalf of the committee?

Mr. MANSFIELD. That is perfectly acceptable.

The PRESIDING OFFICER. Technical amendments will be excluded.

Mr. MATHIAS. Mr. President, reserving the right to object, would the distinguished majority leader amend his unanimous consent request to include one amendment which has been printed, which I have offered?

Mr. MANSFIELD. Would the Senator agree to a time limitation?

Mr. MATHIAS. Yes.

Mr. MANSFIELD. How much?

Mr. MATHIAS. Half an hour.

Mr. MANSFIELD. And a half hour on the amendment to be offered by the distinguished Senator from Maryland (Mr. MATHIAS).

Mr. MATHIAS. This is the amendment which involves the State taxation of interstate commerce.

Mr. MANSFIELD. The time to be equally divided, under the usual procedure.

The PRESIDING OFFICER. The agreement would also include one amendment to be offered by the Senator from Maryland (Mr. MATHIAS), a time limitation of one-half hour, 15 minutes to each side.

Mr. HARRIS. Reserving the right to object, would that amendment come up tonight?

Mr. MANSFIELD. We hope so.

Mr. GRIFFIN. Mr. President, further reserving the right to object, can we have the two amendments on which there is no time allotted identified by number?

Mr. HARRIS. Not at the present time, but I can show them to the Senator. We are in the process of getting the exact language on one. Both relate to child care, and they will be offered jointly by the distinguished Senator from New York and myself. We can give the Senator a copy of it in just a moment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous consent agreement later prepared in statement form reads as follows:

Ordered, That, effective on Tuesday, December 29, 1970, during the further consideration of H.R. 17550, an Act to amend the Social Security Act, etc., the only amendments, except technical amendments to be offered by the manager of the bill (Mr. Long), that will be in order will be two amendments relating to child-care to be offered jointly by the Senators from Oklahoma and New York (Mr. Harris and Mr. Javits). Third reading of the bill will immediately follow disposition of any technical amendments and the two child-care amendments.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to one hour, to be equally divided and controlled, respectively, by the majority and minority leaders, or their designees.

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HARTKE). The Senator will state it.

Mr. YARBOROUGH. If we take the two or three amendments tomorrow, whichever it is, with the time limitation for debate on the bill, at what hour would the final vote on the bill take place?

Mr. MANSFIELD. It is difficult to say, because we do not know how much time will be consumed on the two child care amendments.

Mr. HOLLAND. Mr. President, reserving the right to object—and I shall not object—I did not understand the request of the Senator from Maryland. Is his amendment germane to the social security bill?

Mr. MATHIAS. The amendment is to add a new section dealing with limiting the State taxation of interstate commerce.

Mr. HOLLAND. Mr. President, I thought the Senate had committed itself to consideration only of social security matters.

The PRESIDING OFFICER. The time is now under control, under the unanimous-consent agreement.

Who yields time?

Mr. HARRIS. I yield myself 5 minutes.

Mr. President, the amendment which is presently before the Senate has to do with the financing of the social security benefits which, in effect, are now a part of the bill which will be adopted. Under the committee provision, the increased social security benefits—that is, primarily the increase of 10 percent in social security benefits and the $100 minimum and the other improved benefits in the bill—would be financed by raising the taxable wage base to $9,000 and then by making certain increases in the tax rate itself. The amendment I offer would raise the taxable wage base to $12,000 instead of the $9,000 which the committee recommends.

It would make certain adjustments in the tax rate over time, but it has this one other counter cyclical economic aspect: There is presently a tax rate increase written into the law, whether this bill is passed or not, which would go into effect on January 1, 1971, raising the tax rate by 0.4 percent. The amendment I offer would increase the taxable wage base to $12,000. It would put off for 1 year the 0.4 percent tax rate increase now in the law, and then it would make certain other adjustments in the tax rate over term.

Mr. President, I think it is important to do this for two very basic reasons. One, as I have indicated earlier, I am firmly convinced that the social security tax rate represents presently a regressive tax system. It is a flat rate. It is not graduated on the basis of income. Furthermore, it is limited in the total amount of salary upon which the tax is levied.

Under the Senate bill, that would be $9,000, and therefore the average lower and middle income wage earner is overburdened, and overtaxed, paying more than his fair share of social security taxes as, unfortunately, is also true under our present income tax system.

The wage base in 1951, as I said earlier today in connection with another amendment, was $3,600. From time to time, Congress has increased that wage base until its present level is $7,800. That $7,800, by and large, represents an adjustment for increases in wages and increases in the cost of living since the original wage base was set.

To raise the taxable wage base not only makes the social security tax system more progressive; that is, based more on the ability to pay, but also widens the coverage so that those who would receive benefits under the social security system would more nearly receive benefits on their retirement or disability which are in accordance with the wages they had received while earning wages.

Second, the amendment which I offer would have another important aspect and that is the economic effect of avoiding too immediate increase in the tax rate, deferring for 1 year the effective date of present law, raising tax rates by four-tenths of 1 percent.

Mr. President, this country is in a serious recession. There are millions of people who are needlessly out of work, who are needlessly out of work because of the mistaken and misguided fiscal and monetary policies which have consciously been made effective during this administration by its policies.

What we need to do now is to stimulate consumer demand and spur the economy of the country; otherwise, I sadly fear that unemployment which now stands at 5.8 percent is going to get worse, and we will continue with a needlessly slack economy, with jobless lines needlessly long. If on the 1st of January, at a time when we are in a recession, when the economy is down and unemployment is up, we put into effect an increase in the social security tax rate, taking out of the private economy additional millions of dollars, we will add to the recession and the slump in the economy.

What we should be doing is spurring consumer demand. What we will do, unless this amendment is enacted, will be to add to the recession and take more out of the consumers' hands and more money out of the private economy. What I propose to do is to make the social security tax system more progressive by increasing the wage base taxable up to $12,000 rather than $9,000. I would postpone the four-tenths of 1 percent tax rate increase that would otherwise go into effect under present law except for this amendment and increase the tax rate over time after that. By this amendment, there would continue to be a cash surplus in the social security accounts. There would not be a deficit in any year. And over term, as the actuaries for social security have made clear, the fund would continue to be actuarially sound.

Mr. MILLER. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. I yield 2 minutes to the Senator from Iowa.

Mr. MILLER. The argument advanced by the Senator from Oklahoma on his pending amendment is about the same as those advanced by him in connection with an earlier amendment, which was substantially defeated by the Senate. He keeps insisting that social security taxes are regressive.

As I said earlier, everyone knows that. It has always been that way. As long as we adhere to the concept of social insurance, it always will be that way.

Now, if the Senator from Oklahoma does not want to have regressive taxation, he does not want to have social insurance, he wants to have welfare.

We might as well throw out the whole social security tax system, legislate the benefits, and take it all out of the general fund of the Treasury; and we can make an argument for that, too.

As a matter of fact, the Senator from Iowa believes that, in connection with benefits relating to the $100 minimum, there will be hundreds of millions of dollars of unfunded liability connected with such a provision. Many of these people will receive $100 minimum even though they have only paid a fraction in taxes necessary to support that $100 minimum. So that if we do not take the money needed to pay for it out of the general fund of the Treasury, we will take it out of the hides of the workers and especially the ones I am concerned about, the lower paid workers trying to maintain their families and getting caught with social security taxes needed to underwrite this $100 minimum. That, to me, is not fair.

I think the way to handle this would be to take the money out of the general fund of the Treasury into which taxes are generally paid according to relative ability to pay.

If the Senator from Oklahoma wants to do that, I would join him in that; but that only. Because it relates to benefits that have not been funded by the social security taxes paid by the recipients. That is a unique aspect of social security

which is not social insurance. It is welfare. But if we are going to adhere to the concept of social security as being social insurance, then I think we had better understand that we are going to have to pay taxes in proportion to the benefits each of us will be entitled to. This is a regressive approach, but it is the necessary approach if we are going to stick with the concept of social insurance.

People do not go out and buy insurance policies and pay different premiums according to their relative income. Relative income is beside the point. This is a regressive approach. But that is the way to pay for insurance. I think that we should be pretty chary about changing the concept of social insurance. And that is what we will be doing if the Senator from Oklahoma's amendment is adopted.

Mr. HANSEN. Mr. President, will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. I yield 2 minutes to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I too rise to express my opposition to the amendment proposed by the Senator from Oklahoma.

The amendment would revise the financing of the committee bill by increasing the tax base—$7,800 under present law and $9,000 under the committee bill—to $12,000 a year and by revising the schedule of taxes.

Under the committee bill, employer and employee taxes are each scheduled to increase from 5.2 percent next year—this is also the rate under present law—to 5.5 percent in 1972 and rising in a number of steps until they reach 7.6 percent for 1986 and after.

Under this schedule, a person earning $9,000 or more will pay social security taxes of $495 in 1972 and $684 in 1986 and after.

Under amendment No. 1114, the tax rates under the committee bill would be reduced so that in 1972 the rate would be 5.2 percent and rising in a number of steps to 7.25 percent in 1985 and after.

Under this schedule, a person earning $12,000 or more will pay social security taxes of $624 in 1972 and $870 in 1986 and after.

The amendment fails to take into account the need to revise the proportion of social security taxes allocated to the disability insurance trust fund which arises when the tax base and schedule of tax rates is revised.

I would point out that the amendment was offered in the committee and was voted down. I think it is unfair to impose these rates on higher incomes and thus make this, as has been pointed out by the distinguished Senator from Iowa (Mr. MILLER), a welfare bill instead of a social security bill.

I hope that the Senate will reject the amendment.

Mr. HARRIS. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 2 additional minutes.

Mr. HARRIS. Mr. President, I point out in closing that this amendment postpones for an additional year the increase in the tax rate from 4.8 to 5.2 percent which is otherwise scheduled to go into effect in January 1971, under present law. Instead of the increase in the wage base from $7,800 to $9,000, the amendment would increase the wage base to $12,000.

The amendment provides for actuarial soundness, with less of an increase in the tax rate over a period of years than recommended by the Senate committee.

The amendment is important because the committee bill and the House bill do not properly take into account the economic impact of the financing provisions in the proposals and do not take into account the presently regressive nature of the social security tax system.

Unless the rate increase is postponed, it will have a seriously dampening effect on consumer demand at a time when the economy is much too sluggish and unemployment too high. Stimulation of consumer demand through postponement of the presently scheduled tax rate increase and through increased benefits would not be inflationary in my view and in the view of eminent economists such as Arthur Okun, Chairman of the Economic Advisers, and others, by serving to cause expanded production volume, allowing some reduction in unit cost.

By increasing the wage base, rather than the tax rate, the social security tax system would be made more progressive.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. LONG. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. HARRIS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

The yeas and nays were not ordered.

Mr. HARRIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. 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. LONG. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY: I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from North Carolina (Mr. ERVIN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

On this vote, the Senator from Rhode Island (Mr. PASTORE) is paired with the Senator from North Carolina (Mr. ERVIN).

If present and voting, the Senator from Rhode Island would vote "yea" and the Senator from North Carolina would vote "nay."

Mr. GRIFFIN. I announce the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Florida (Mr. GURNEY), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Utah (Mr. BENNETT), the Senator from Ohio (Mr. SAXBE), and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

If present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from South Dakota (Mr. MUNDT) would each vote "nay."

On this vote, the Senator from New York (Mr. GOODELL) is paired with the Senator from Texas (Mr. TOWER). If present and voting, the Senator from New York would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 24, nays 40, as follows:

[No. 452 Leg.]

YEAS—24

Bayh	Jackson	Moss
Brooke	Javits	Pell
Byrd, W. Va.	Kennedy	Proxmire
Case	Magnuson	Randolph
Cranston	Mansfield	Ribicoff
Harris	McGovern	Stevenson
Hartke	Metcalf	Williams, N.J.
Hughes	Mondale	Yarborough

NAYS—40

Aiken	Fannin	Percy
Allen	Griffin	Prouty
Allott	Hansen	Schweiker
Baker	Holland	Scott
Bellmon	Hruska	Smith
Bible	Jordan, N.C.	Sparkman
Boggs	Jordan, Idaho	Spong
Byrd, Va.	Long	Stennis
Cannon	Mathias	Symington
Cook	McIntyre	Talmadge
Cooper	Miller	Thurmond
Curtis	Nelson	Williams, Del.
Dole	Packwood	
Ellender	Pearson	

NOT VOTING—36

Anderson	Cotton	Eastland
Bennett	Dodd	Ervin
Burdick	Dominick	Fong
Church	Eagleton	Fulbright

Goldwater	Inouye	Pastore
Goodell	McCarthy	Russell
Gore	McClellan	Saxbe
Gravel	McGee	Stevens
Gurney	Montoya	Tower
Hart	Mundt	Tydings
Hatfield	Murphy	Young, N. Dak.
Hollings	Muskie	Young, Ohio

So Mr. HARRIS' amendment No. 1114 was rejected.

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AMENDMENTS NO. 1172

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read the amendments, as follows:

On page 181, strike lines 1 through 5.
On page 301, strike lines 10 and 11.

Mr. HARRIS. Mr. President, this is the last amendment for the night, as I understand it. I yield myself 5 minutes.

I refer Senators to the separate views which I filed with committee report on this bill. Under present law States are required to maintain their present financial efforts in support of medicaid and are required to build toward comprehensive medicaid programs by 1977.

The State of Missouri asked the Senate Finance Committee to pass legislation giving it a special one-time exemption from the maintenance of effort requirement under medicaid. The committee granted that special request, and my amendment would not have anything to do with that special request of the State of Missouri for the one-time provision exempting Missouri from the maintenance of effort requirement; that special provision would still remain in the bill.

But the Senate Finance Committee went far beyond the special request of the State of Missouri and simply repealed the maintenance of effort provision altogether.

The committee recommended repeal of the entire section 1902(d) of the present law, under which States are required to maintain their financial efforts under medicaid. The House of Representatives had previously stricken section 1903(e), which requires States to enact comprehensive medicaid programs by 1977.

The recommended repeal of these two provisions will become law unless the amendment which I have now offered is adopted. That would be most unfortunate. The poor people who are covered by medicaid are entitled to better medical attention and care—not less.

What we would do, unless the amendment is adopted, is to say to the States, "You do not have to build up a better and more comprehensive medicaid program by 1977, as the present law requires; you do not even have to maintain your present efforts, as the present law requires. Those requirements are stricken from the law."

What we ought to be doing here is providing better medical attention for poor people, not less. We ought not to be reducing the requirements.

If we do that, it seems to me there will be less demand for a comprehensive national health insurance program, which we should have, and for a massive increase in funds for health personnel and facilities which is desperately needed. We are going to allow health care, which is provided for in the law and is already inadequate to deteriorate further.

It just seems a shame that a matter as serious as this should come up at 11:30 at night, with not the amount of time that ought to be provided for its consideration. This is a backward step so far as health care is concerned, and I hope the Senate will not agree to it.

Mr. LONG. Mr. President, I yield myself 5 minutes.

The Senate Committee on Finance considered this measure before, in 1969, and we recommended that something be done about the fantastic increase and enormous waste in the medicaid program. This was a program which was originally estimated to cost about $230 million more than existing expenditure levels when put into effect. It is costing about 10 times that much. Some of us have been complaining that, in the first years of experience under medicare, it cost twice as much as estimated. This one is costing 10 times as much. Why is it costing so much?

We in Louisiana had the most liberal, free medical program in the United States prior to medicare. With that program we provided for all who needed medical care. On the most liberal basis, we provided medical aid to those who needed it.

Then the Federal Government provided 70 percent of the matching funds, so the Federal Government would put up $7 out of every $10, meaning that we would be required to provide 200 percent of the needs in Louisiana. The Governor of Louisiana pleaded to be permitted to save money under the program, because he was being required to provide far more medical care than anybody could justify. He wanted to do that to save the State some money. Every time the State would save $1, the Federal Government would save $3. He could not do it, because it would be against the law to save 5 cents under the program.

I helped write the law, and I apologize for it. Listen to what it says:

Section 1903(e) of the Medicaid statute requires that each State make "a satisfactory showing that it is making efforts in the direction of broadening the scope of the care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance."

What does that mean? Even if a State meets all the medical requirements of all the poor people of that State, it is still required to go upward and onward, broader and greater, just up and out, just keep moving to make it bigger and more expensive, and it cannot save anything.

So here comes the Senator from Missouri (Mr. EAGLETON), former Lieutenant Governor of his State, to plead for Missouri, which, together with other economies, was trying to get cutbacks to save the State from fiscal disaster. He said "Will you please let us make reductions in this program to meet a very

desperate situation in the fiscal affairs of the State of Missouri?" The State passed a constitutional amendment to try to raise taxes to pay for this program, but the people voted it down.

So at the same time the State is saving money, it will save money for the Federal Government. Here is California with the same problem. Texas has a parallel problem. There are problems to a lesser degree in other States.

Does it make sense to say that we have all the wisdom here in Washington? If the States are doing as much as they can and in so doing the program costs 10 times what it was estimated to cost, and they would like to make some reductions, should not the Governors be able to do so, since they have to account to their people? Should not the State Representatives, who have to run even oftener than U.S. Senators, be able to fix the requirements for the services? There are six basic services involved—in-patient hospital services, out-patient hospital services, other laboratory and X-ray services, skilled home nursing services and others, also visits whether secured in office or hospital and home health visits.

So they have to furnish all those basic services. If they do make a saving, they have to account to their people.

Mr. HARRIS. Mr. President, if the Senator will yield, the State does not have to provide any particular level, but just some.

Mr. LONG. I agree. Admittedly, it would be conceivable that a State could drastically reduce what it is doing to provide medical care for its aged or poor people in that State. Admittedly, that could happen.

The committee proceeded on the assumption that the State should have some power to make a mistake toward economy rather than the other way.

What is the alternative offered by the Senator from Oklahoma? Ever upward and outward. Ever onward. Ever more expensive, even though there is being spent 10 times what it was estimated to cost and in some respects it is virtually impossible for the States to meet their budgetary requirements.

Why should not a State be permitted to have some discretion about this matter? Why not let the States use a little of their discretion, and see if they can find where some money could be saved? Mr. President, I do not know of any reason for a requirement that they should be required to spend ever more, ever upward, for ever broader services. The House of Representatives has tried to provide some relief in this area. The Senate has tried to provide some relief. It seems to me that at least at some point, we ought to respect the States and those who represent the people there, and let them be accountable to their people.

One more minute.

Mr. President, I was the original sponsor of these maintenance-of-effort proposals. I used to sponsor those proposals at times when I was personally offering amendments to try to get Grandpa $5 or $10 extra in his welfare check. and some Governor or some legislature would not pass it through, or would delay it a year or so, and cut it in half, and then say, "Look what we did for you." I wanted to see if, by increasing it, maybe the people would get a little extra in their checks.

But at some point, we ought to let the States have some responsibility in this area. Mr. President, in this medicare and medicaid program, we have worked mightily, and so has the House of Representatives, to try to reduce waste and eliminate a lot of extravagant expenses and costs. But I know of no way in which economy could be more effectively achieved than to stop implementing a law requiring States to continue to broaden their programs and continue to spend more money, even though they, in their best judgments, are spending all they think they ought to spend on this.

Mr. HARRIS. Mr. President, I yield myself 2 minutes.

Mr. President, this is no way to legislate. The President of the United States has stated that he will recommend to Congress next year some kind of health insurance program. I support another. All Senators are aware of the tremendous cost of the medicaid program and the welfare programs that States have to bear. It is much more than they ought to bear. That is precisely what the Senate will go into next year, when we bring up the President's welfare reform bill and related amendments.

All Senators are aware of the alarmingly increasing costs of medical care. That is precisely what we will go into next year, Mr. President, in considering the President's proposals on national health insurance, and other health insurance proposals which are pending before the Senate.

But this is no way to legislate. We are taking care, in this bill, of the special case of Missouri, on a one-time basis. That is the only State that came before us and made a special presentation for relief. I do not think we have handled that exactly right, but it is in the bill, and I do not now quarrel with it, and would not try to take it out or amend it out now. But, Mr. President, next year we can take up these other things.

The Senator's position and the committee position does nothing at all about rising costs.

I yield myself 1 additional minute.

It does nothing at all about the shortage of medical personnel, which is one reason why costs have gone up. It does nothing about trying to hold down unnecessary costs. It simply says to the States, "You can reduce care, reduce expenditures, do anything you please."

Mr. President, it is aimed only toward reducing costs, and it leaves out the real solutions to these problems. It leaves out the real health needs of the poor people of this country, the old people and other welfare recipients in this country. It does nothing at all except back away from the problem. It just says, "Do anything you please to reduce costs, and that will be all right with us."

I yield myself 1 additional minute.

I say that is not the way to legislate. Let us adopt this amendment, strike this provision of the bill that no one is pushing us for, and all these matters will be before us later. I plead with Senators not to take this backward step to reduce the quality of medical care, which is already insufficient, at this late date in this session of Congress.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. I yield the Senator from Delaware 2 minutes.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from Oklahoma points out that all Senators are concerned about the rising costs of medicaid.

I say to Senators that if you are concerned and want to do anything about rising medicaid costs, you had better reject the amendment offered by the Senator from Oklahoma, because if his amendment carries, there will be no reduction whatsoever in the medicaid program for this year, next year, or thereafter.

Under the law, we would then be in a position where whatever a State was spending last year would be a plateau. That would be the spending floor, and all they could do would be increase expenditures each year thereafter.

The committee went into this matter in detail and held hearings for several months before this bill even came over from the House. We have done a lot of work on the rising cost of the medicaid program. But with the adoption of the amendment of the Senator from Oklahoma, there would be no reduction whatsoever in these costs. The only chance that we can achieve a reduction is by maintaining the committee position. As the Senator from Louisiana points out, the medicaid program is costing now about 10 tmes what we were told it would cost. Let us either vote for economy or else stop talking about our concern.

Mr. HARRIS. Mr. President, I yield myself 1 additional minute.

Mr. President, we would not have any cost at all under medicaid if we just did away with it altogether. What the committee position asks us to do is something like that. It says, "Do away with part of it until the States reduce what they spend, and that will cut down the costs."

Mr. President, that does not get at the rising costs of medicaid. It does not get at the need for better and increased care for old people and other covered by medicaid. All it does is back away from the problem, saying it is costing too much, rather than doing something about such problems as the need for additional medical personnel and the shortage of medical facilities in the country now. It merely provides that we will say to the States, "Reduce, if you want to, what you spend for medicaid, and that will reduce the cost."

I say that is not the way to go about the matter now, when all these matters will be before us again this very next month.

Mr. LONG. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Louisiana has 7 minutes.

Mr. LONG. I yield myself 3 minutes.

Mr. President, the Senator from Oklahoma has completely incorrectly stated what the amendment would do. He says this amendment tells the States they

must cut. It does not tell them anything of the sort.

Mr. HARRIS. If the Senator will yield, I do not believe I said that. I said that is the way it is suggested to reduce expenditures, by the States reducing what they are doing.

Mr. LONG. I understood the Senator to say that this amendment tells the States they ought to cut their programs. It does not say any such thing as that.

Mr. HARRIS. Well, I do not believe I said that.

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. What the amendment does, Mr. President, is to permit the States to either spend more or spend less. The way the law reads now, the State has only one choice—to spend more, more, more. Even a State like Louisiana, in which the Federal Government puts up 70 cents every time Louisiana puts up 30 cents, may be required to provide somewhere between 250 percent and 300 percent of the medical needs of people who are regarded as being indigent. You still have to broaden more. Where are you going to broaden to? Just tax your imagination.

That is the way existing law reads. How that got in there I cannot imagine, because I was manager of that bill. That was the language that came to us in the House bill. I do not think the House Ways and Means Committee could have been quite that foolish; that provision had to be drafted by the Department and sent up here.

It says no matter how much you are doing, that is not enough, next year you have to spend more and next year you have to spend still more, and that no matter how broad your program is, next year it must be broader, ad infinitum.

So then they start saying, "Why does not somebody save some money on the program?"

The answer to that is easy: We have made it against the law. So Louisiana could still spend another $3 million, and the Federal Government would have to match that with $7 million more. That is still permissible; and if any State wants to spend more, they will get at least 50 percent matching funds.

But if a State decides, "If we do that, we are already spending more than we ought to spend for this purpose; we ought to be able to make some savings on the program," that is, against present law.

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

Mr. LONG. I yield to the Senator from Georgia.

Mr. TALMADGE. Does the Senator feel that the Senate has greater knowledge and wisdom concerning the needs of the States than the combined wisdom of the 50 State legislative bodies and the 50 Governors of those States?

Mr. LONG. I do not think so, and I would challenge anyone to go out and tell his State legislature that—and we are often called upon to address our legislatures—that we have all knowledge here, and that no matter how desperate they might be, they just do not have enough legislative wisdom to match the legislative wisdom of this body.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. I yield myself 1 additional minute.

Mr. TALMADGE. Does the Senator feel that this Senate should put the combined legislatures of 50 States and 50 Governors in a straitjacket as to how they shall levy and spend their tax money?

Mr. LONG. I do not think we should.

Mr. President, there may be Senators here—I am sure some of the former Governors—who know more about the problems in the States and the relative demands upon the State budgets than do the Governors and the legislatures of their States. But having done this kind of thing to the point of being ridiculous and having a program that exceeds estimates by 10 to 1, one would think that in some area a State would be permitted to have some discretion, and I hope that would be true in this instance. This is not the first time the committee felt something should be done about this matter. We tried to do something about it last year, and we did, but we did not go far enough. We ought to at least give the States this small amount of discretion.

Mr. HARRIS. Mr. President, how much time do I have remaining

The PRESIDING OFFICER. The Senator has 6 minutes remaining.

Mr. HARRIS. I yield myself 1 minute.

Mr. President, there are very obvious ways by which we can and should relieve the States of their increasing and difficult burdens with regard to welfare and medicaid. Some, including the President of the United States, have said we should do it through revenue sharing. Some, including the President of the United States, have said that we should do it through welfare reform which takes part of the welfare burden off the States. I agee with that principle. There are ways we can can do something about the health costs. Some, including the President of the United States, have said we ought to have some kind of national health insurance program. I agree with that, but I do not think his plan goes far enough.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HARRIS. I yield myself 1 additional minute.

All these things are going to be before the Senate Finance Committee, and the Senate will have before it such matters as increasing medical personnel and getting at other shortages which have helped to make costs of medical care skyrocket.

The question before us is, will we, in those ways, in a reasonable manner, deliberately go about trying to solve these problems, or will we simply say, "Reduce the cost of medicaid by permitting the reduction in medical services for those who need it most"? That is the question.

SEVERAL SENATORS: Vote! Vote!

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. LONG. I yield back the remainder of my time.

Mr. HARRIS. I yield back the remainder of my time.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma. On this questions the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. CHURCH), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from North Carolina (Mr. ERVIN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from Mississippi (Mr. EASTLAND), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Islands (Mr. PASTORE), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN), and the Senator from Rhode Island (Mr. PASTORE) would each vote "nay."

Mr. GRIFFIN. I announce the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from New York (Mr. GOODELL), the Senator from Florida (Mr. GURNEY), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

If present and voting, the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The Senator from Utah (Mr. BENNETT), the Senator from Ohio (Mr. SAXBE), and the Senator from North Dakota (Mr. YOUNG) are detained on official business.

The result was announced—yeas 18, nays 44, as follows:

[No. 453 Leg.]

YEAS—18

Bayh	Hughes	Mondale
Brooke	Jackson	Moss
Case	Javits	Ribicoff
Cranston	Kennedy	Schweiker
Harris	Mathias	Scott
Hartke	McGovern	Williams, N.J.

NAYS—44

Aiken	Fannin	Pearson
Allen	Griffin	Pell
Allott	Hansen	Percy
Baker	Holland	Prouty
Bellmon	Hruska	Proxmire
Bible	Jordan, N.C.	Randolph
Boggs	Jordan, Idaho	Smith
Byrd, Va.	Long	Sparkman
Byrd, W. Va.	Magnuson	Spong
Cannon	Mansfield	Stevenson
Cook	McIntyre	Symington
Cooper	Metcalf	Talmadge
Curtis	Miller	Thurmond
Dole	Nelson	Williams, Del.
Ellender	Packwood	

NOT VOTING—38

Anderson	Goodell	Murphy
Bennett	Gore	Muskie
Burdick	Gravel	Pastore
Church	Gurney	Russell
Cotton	Hart	Saxbe
Dodd	Hatfield	Stennis
Dominick	Hollings	Stevens
Eagleton	Inouye	Tower
Eastland	McCarthy	Tydings
Ervin	McClellan	Yarborough
Fong	McGee	Young, N. Dak.
Fulbright	Montoya	Young, Ohio
Goldwater	Mundt	

So Mr. HARRIS' amendment was rejected.

AMENDMENT NO. 1181

Mr. PROUTY (for himself and Mr. SAXBE) proposed an amendment to the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes, which was ordered to be printed.

SOCIAL SECURITY AMENDMENTS OF 1970

The PRESIDING OFFICER (Mr. CANNON). The Chair now lays before the Senate the pending business, which the clerk will state.

The legislative clerk read as follows:

The bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARRIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CANNON). Without objection, it is so ordered.

Mr. HARRIS. Mr. President, I send to the desk on behalf of myself and Senators JAVITS, MONDALE, and BAYH, an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 418 strike lines 20 through 24, and strike all of pages 419 through 448, and on page 449, strike lines 1 through 10.

Mr. HARRIS. Mr. President, the pending amendment is the first of two child care amendments which were covered by the agreement entered into last night. It

would strike that section of the bill which would create a Federal Child Care Corporation.

At this time, I should like to set forth, in brief, an explanation of the amendment and the basic reasons why I hope it will be adopted by the Senate. Then I should like to yield to one of the cosponsors of the amendment, the distinguished Senator from Indiana (Mr. BAYH), for a statement on it. There will be other Senators who will want to speak on this amendment. I shall reserve my argument-in-chief until other Senators have spoken.

First of all, Mr. President, the Federal Child Care Corporation which would be created under this bill, and which would be stricken by the pending amendment, should be stricken, in my view, and in the view of the cosponsors of the amendment, because this is a major piece of legislation dealing with the children of the country and it has not been adequately heard. In the press of other business in the consideration of what came to be called "the conglomerate bill," where issues such as trade legislation, welfare reform, and social security benefits and increases and other major issues took up the major attention of Senators and of members of the Finance Committee. There has not been a sufficient effort to coordinate this piece of legislation and the creation of this new Federal Child Care Corporation with the many other Federal programs which also deal with or touch upon child care or day care services.

Under the provision of the bill which is sought to be stricken by the pending amendment, there would be created a Federal Child Care Corporation to be governed by a board of directors appointed by the President by and with the advice and consent of the Senate.

The Federal Child Care Corporation would undertake to provide child care services under contract with States and localities and others for children of families receiving welfare assistance and others.

It is deficient, it seems to me, in several respects but, first of all, because it is such a massive piece of legislation, it should have, as I have said, far more careful and deliberate consideration.

I point out that there is no need to rush here, at this late date in this session of Congress, to pass this kind of major new legislation when, as a matter of fact, as has already been made clear on the floor of the Senate, during the early days of the next session of Congress, this very next month, the new Senate will take up welfare reform as recommended by President Nixon and by others. In connection with that bill that we will have to consider, child care and day care services, and that will be the appropriate time for us to consider what we are about.

Second, this provision which is sought to be stricken is deficient in two fundamental requirements which I think any system of child care services should meet. Those are parental involvement and community control, which are not adequately safeguarded by the provisions in the bill, and I think that they are absolutely necessary. All the experts who have dealt with this question think they are absolutely necessary—that is, parental involvement and community control—if there is to be a successful program of child care and child development.

Third, the standards set up in the bill are not adequate. They are not adequate in regard to child-staff ratios, not adequate in regard to staff qualifications, and they are not adequate in regard to facility standards. This bill would supersede State and local standards. Last, but most important, those standards are not adequate in regard to child development concepts.

Will this be mere custodial care?

Will there be an educational component?

What sort of standards will have to be met?

What kind of concepts will be instituted under this massive new major child care program?

I think it is well known that a child's early years are extremely important in intellectual development. I think that we had better be awfully careful when we set up a new program which will be very much like and of equal importance to the public school programs in this country, that we had better be very sure about what we are doing, and about what its effect will be upon millions and millions of young schoolchildren in this country.

A good many organizations vitally interested and concerned in this matter, and very knowledgeable in regard to it, have submitted comments in opposition to that provision in the bill in its present form.

These include the Child Welfare League and the National Association for Black Child Development. May I say, Mr. President, that I think the day has long since passed, as I said last night, when poor people or black people or other minorities will sit idly by while outsiders come in, as can be done under this provision in the bill—and it could be a private enterprise franchiser—coming and control the child care and development of the children of that community.

The Day Care and Child Development Council of America, Inc., is also one of the organizations, together with those I have previously mentioned, which are not in agreement with this provision in the bill in its present form.

The same is true of the American Academy of Pediatrics. I invite attention to a letter which that organization wrote on December 18, 1970, to the distinguished chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG), in which it is stated in part:

> The Academy is gravely concerned with that section of this bill which established Federal child care standards. The minimumal standards prescribed in this legislation will result in mere custodial care programs, and will severely neglect intellectual, social, and emotional developmental needs of children.

Mr. President, I ask unanimous consent to have the entire letter written by Robert G. Frazier, M.D., executive director, printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN ACADEMY OF PEDIATRICS,
Arlington, Va., December 18, 1970.

Hon. RUSSELL B. LONG,
Chairman, Finance Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR LONG: The American Academy of Pediatrics, the national organization of board certified pediatricians, wishes to express its concern with S. 4101, establishing a Federal Child Care Corporation. This bill, one of the amendments to the Social Security Act reported out by the Senate Finance Committee, would create Title XX of the Social Security Act.

The Academy is gravely concerned with that Section of this bill which establishes federal child care standards. The minimal standards prescribed in this legislation will result in mere custodial care programs, and will severely neglect intellectual, social, and emotional developmental needs of children. Because S. 4101 further provides that state and local licensing and similar requirements would be superceded, much of the constructive work and planning done at state and local levels to enhance the quality of child care programs would be negated. Health services are an integral part of child care and provisions for an adequate health program are needed.

This bill attempts to overcome financial barriers associated with the establishment of child care centers. Although there is a need for such funding, the primary intent of this proposal is to help more mothers find gainful employment. It is our opinion that this objective is being achieved at the expense of the child. Adequate provisions do not exist in the bill to assure that high quality child care programs will be established to meet the developmental needs of children.

The primary purpose of day care should be to offer a sound basis for learning and further development of the child and to support and encourage the mother in her efforts to care for her child. Consequently, the Academy would urge that the provisions of S. 4101 be deleted from the Social Security Amendments this year.

Sincerely yours,
ROBERT G. FRAZIER, M.D.,
Executive Director.

Mr. HARRIS. Mr. President, I pay deserved tribute to the distinguished chairman of the Finance Committee, the Senator from Louisiana (Mr. LONG) for his great and laudable concern for the need to expand and improve child care services available in this country. I believe that mothers receiving welfare assistance are entitled to have high quality child care available to them.

I believe, however, that we should not stop there. I think that the other mothers in this country, not just those receiving welfare assistance, are also entitled to that kind of child care service.

I believe it is terribly important that we not stigmatize child care or day care as being merely a welfare program. I believe that it has got to be a universal program which extends far more broadly than the present provision would allow it to do.

Mr. President, the distinguished Senator from Louisiana is most well intentioned. But I believe that if we can lay aside this provision in the pending bill and take it up again in a deliberate and careful fashion after the first of the year, we will be able to make some important steps forward in providing adequate child care services in this country.

It is important that we do that and take it up again after the first of the year, as we will do if this provision is stricken

from the bill. As I said earlier, there are so many programs, programs under the Commissioner of Education at HEW, under the Office of Economic Opportunity, under Headstart, under HUD to some degree, in regard to facilities, and under the welfare laws in regard to those receiving welfare assistance.

It seems to me that we must make some kind of uniform system out of all this hodgepodge we have at present.

We will have time to do that if we agree to the motion to strike the present provision and go into all of this matter in the kind of detail and with the kind of care it deserves.

Mr. President, I am pleased at this time to yield the floor to one of the distinguished cosponsors of the amendment who is quite knowledgeable in this field, the distinguished Senator from Indiana.

Mr. BAYH. Mr. President, I have listened with a great deal of interest to the discussion which has been initiated by my friend, the Senator from Oklahoma. I find myself in a rather unique position, I say to my friend, the Senator from Louisiana, in joining in a motion such as that presented by my colleague, the Senator from Oklahoma, which would strike the provision for day care from the pending legislation.

I say this because for over a year, for about a year and a half now, the Senator from Indiana and his wife, who is his No. 1 adviser in this matter, have been deeply concerned about day care. Together we have examined day care facilities in the United States, in our home State of Indiana, and in the Nation's Capital. We have had the good fortune to compare facilities here with those available in other countries, such as the Soviet Union, Great Britain, the Hague, Japan, and Israel, just to name a few.

In the course of this study, the Senator from Indiana has become convinced that one of the most critical problems confronting us today is the lack of significant child care and child development facilities in this country.

Thus I find myself joining in a motion to strike the child care corporation provision of the distinguished Chairman of the Committee on Finance from the bill.

Before proceeding further, I would like to echo the words of the Senator from Oklahoma in paying tribute to the Senator from Louisiana for recognizing the need that something be done. I do not think that any of us should take lightly the suggestion that is made by the Senator from Louisiana, because this is a start. This is an idea which could be, and should be, considered in an overall study of the problem of child care and development in this country.

If this problem is as significant as the Senator from Indiana feels it is, I do not feel that we should start with just a small crumb, but rather that we should give this problem the study in committee and in debate on the floor that it so rightly deserves.

Mr. President, we are all aware of some of the very difficult and perplexing problems confronting us today.

There is the problem of law and order, the problem of juvenile delinquency, the the problem of high school dropouts, the problem of welfare, the problem of the low capability wage earner, and the impact that he has on our economy as a whole, the problem of the obsolescence so far as individual employee skills are concerned, the problem of terrible housing conditions, which produce the ghetto and urban blight. These are just a few of the problems that are tearing at the very foundation of our society today.

There is not a Senator who is not aware of these problems. I think it is fair to say, or at least that is the judgment of the Senator from Indiana, that there is not a Senator who is not concerned with these problems.

As I have looked over them, particularly over the last year, and as I have studied the potential impact of adequate child care and development programs, it is my judgment that no one program, if it is approached in the right manner, in a comprehensive manner, could do more to alleviate the multitude of problems confronting us than adequate child care and development programs.

These problems are not going to be whisked away with one speech on the Senate floor or with the acceptance or rejection of one Senate amendment. It will not be done in 1 day, 1 month, 1 year, or in 10 years.

The problems are the result of general conditions of neglect and they will not disappear overnight.

The Senator from Indiana thinks that with comprehensive planning of adequate child care and development programs in our lifetime we can hope to reverse the pathways in those areas of our country which today lead only to despair.

So I rise to support the proposed amendment to delete the child care corporation, not because the Senator from Indiana does not believe that this particular proposal might not some day be part of a comprehensive proposal, and certainly not because he finds fault with the desires of the Senator from Louisiana to bring some legislative input to the problem, but because the Senator from Indiana believes that this is a day late and a dollar short approach to the question. It can lead some people to believe that the problem is going to be an easy one to solve and that providing adequate day care and child development centers is going to be inexpensive. It is not. In my judgment, to do the job adequately will cost much more money than most people realize.

I cannot think of a better investment. And let us not suggest that we will get something for nothing. We have had too much of this already in this country.

If we are going to give our attention to the children of America, the Senator from Indiana happens to believe that there is no better place to invest our money.

I think it is to the credit of the Senator from Louisiana that his original bill authorized $500 million for the Federal Child Care Corporation. That would be a good start. However, when the present measure was reported, it contained only $50 million.

It is rather difficult for the Senator from Indiana to talk about only $50 million. We are talking about an expenditure of hundreds of millions of dollars, indeed billions of dollars, if we are going to provide adequate child care and child development programs for the younger people of our Nation.

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

Mr. BAYH. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, the Senator has introduced a measure to expand child development. His bill would start out by spending $2 billion a year and go on to spend about $6 billion a year. It may be that a program of this magnitude is necessary and that it should become law some day. But what we are trying to do in the committee bill is to provide at least enough child care to see to it that mothers who want to work to supplement the income of their families are not denied the opportunity to do so.

I would like to have had a larger program than the Committee on Finance was willing to agree upon, but I would submit that something is better than nothing. The best I can make of the Senator's argument and the argument of the Senator from Oklahoma is that nothing is better than something.

I would earnestly and sincerely hope that we would not be denied the opportunity of doing what is provided in this bill to help provide mothers the child care they need and which will be adequate to meet their needs, merely because we cannot have the kind of program the Senator would like to have.

As far as I am concerned, as a member of the Committee on Finance, I say more power to those who serve on other committees if they can work out something to provide this kind of child development program. As proposed, it will cost from $6 billion to $10 billion.

But for the life of me I cannot understand why the Senator takes the attitude that although the committee bill only provides $50 million for working capital for the corporation and it increases the Federal matching rate from 75 percent to 90 percent, it is still not better than nothing. It seems to me that this is a straightforward attempt to make child care available where it is not available now.

If one can go forward with a program for complete child development as the Senator advocates, more power to him. But I cannot see why the Senator would take the position that nothing is better than something, because in my opinion the committee bill will go a long way toward meeting the problem.

Mr. BAYH. Mr. President, I appreciate the comment of the Senator from Louisiana. As I mentioned earlier, while he was in conference, I think he is to be complimented for directing this matter to the conscience of the Senate in an attempt to move forward.

I find myself in what might be considered by some a presumptuous position, because I have long respected and admired the distinguished Senator from Louisiana. He has serve in this body for many more years than the Senator from Indiana, and is the author of many more

pieces of legislation than the Senator from Indiana, but I think he would be the first to suggest that we do not solve complicated national problems by passing legislation upon which there have not been extensive hearings. We have not had benefit of such hearings.

I know the Senator has studied this matter, but I have been looking at it for a year and a half and I still do not have all of the answers.

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

Mr. BAYH. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG. The Committee on Finance held extensive hearings on the proposal. For example, I have before me the statement of the American Federation of Labor which was made when they testified on the proposal we are talking about. Admittedly the bill as introduced was a bit larger in the amount of money provided for working capital, but basically it was the same proposition. The AFL stated:

> We support the very constructive and comprehensive provisions of the day care bill introduced by the chairman of the committee, which would provide both the financial incentive and the means to eliminate some of the barriers preventing development of day care centers.

That is the statement of the American Federation of Labor. They want child care for children so that mothers can work and earn a decent wage. They favor this proposal strongly.

Other groups testified, for example the Child Welfare League of America. They have some suggestions of ways the proposal might be improved upon, but basically they state that—

> This is an ingenious and innovative plan to design and deliver day care and other child care services appropriate to the needs of a diverse child population. We agree with the bill's findings and declaration of purpose, in section 2001, taken in the context of our understanding of the bill's intent. . . . What is proposed is a means to discover the kinds of services needed by all children and their families, and to arrange for the delivery of those services in the most appropriate, timely, and efficient manner possible.

So I say again that we did have hearings. When I introduced the bill on July 20, I made this statement:

> Mr. President, it would be my hope that persons and organizations interested in child care would study the bill and present their views to the Committee on Finance at the same time as they testify or submit their views on the Family Assistance Act.

We had hearings from August 24 to September 10. This matter was discussed by a number of witnesses. Finally the committee approved this proposal, with some modifications.

The chairman of the committee, in introducing the amendment on which his committee was conducting hearings, urged all interested persons to express their views on it, and, of course, urged the organizations to come before the committee to discuss it. If Senators wanted to ignore the possibility that the amendment was going to be voted on, they could do so. The chairman asked Senators to look at the proposal and urged them to express their views on it if they were interested in this type of legislation.

Mr. HARRIS. Mr. President, will the Senator from Indiana yield?

Mr. BAYH. I yield.

Mr. HARRIS. Mr. President, I wish to respond to the distinguished chairman of the committee as a member of the Committee on Finance. I said earlier I thought there had been inadequate hearings. I was careful to say why. There was certainly no reflection on the distinguished chairman or any indication that he did not give adequate notice that this matter was being considered by the committee. I made clear and I reiterate now that there were inadequate hearings on this provision or any child care provision, because in the consideration of what has come to be called "the conglomerate bill," we had all we could do to consider the trade provisions, which encompassed the most important revisions in trade law since the Trade Expansion Act of 1962, a new concept of welfare reform, which President Nixon advocated and many of us supported in principle, and concerning which many of us had ideas of our own; and, of course, there was the social security bill, with its financing, benefits increases, the catastrophic illness plan that the Senator from Louisiana presented—all of these matters were together in one set of hearings

We had hearings on most of these provisions, then started executive sessions, then came back for 2 more days on trade, then the committee went back into executive session, and there were just too many riders on one horse; too many things were involved in one bill.

I presided all one afternoon in the Committee on Finance. The Senator from Louisiana was good enough to let me do that so that I might ask questions particularly about welfare reform. But I did not begin to get into all the questions I wanted to ask concerning child care, even though I asked as many questions concerning it as time would allow on that day and on other days.

The surface of the problem of child care and development has not even been scratched. We must really go into this matter. We will have time next year.

There is certainly no reflection on the way the chairman conducted the committee. He did so with complete fairness and complete notice, but I say that Senators were so burdened down with all of the other provisions of the bill that they did not have time fully to consider this major new proposal of the Senator in regard to child care.

That is what I meant by saying there have been inadequate hearings on this provision and insufficient effort to try to coordinate this provision with all of the many other Federal programs which relate to it.

Several Senators addressed the Chair.

Mr. BAYH. Mr. President, I believe I have the floor. I would like to make one further remark, then I would be glad to permit free discourse.

I want the RECORD to show that the Senator from Louisiana was busy consulting with his staff when I started my remarks. As the Senator from Oklahoma has just done, I salute him for his efforts. I think in the months he has been looking into this it should be readily apparent even on a casual study of this matter, how complicated it is if we are really trying to solve the total problem.

The Senator from Louisiana has had so many burdens to carry. I do not know how he carries them all. That is why I said earlier I hope the critique and constructive criticism that we are involved in today is taken in proper perspective by our friend from Louisiana.

He mentioned a moment ago that he finds it difficult to see how the Senator from Indiana or other Senators could suggest that no solution is better than a partial solution. I think when we are starting out with a complicated, multifaceted problem involving adequate child care and development. If we are to be totally responsible in our efforts to reach a final consideration, the proposal of the Senator from Louisiana has to be taken into consideration with other needed aspects of this problem. When we start out we might have to retreat, come back to point zero, and then start again on the well-intentioned approach of the Senator from Louisiana. That is why I do not at this particular time, particularly at this 11:30 hour in this session, feel that this is the proper way to proceed. After thorough study, it is entirely possible and conceivable that we will find there is a proper place for corporations to play in comprehensive provision of child care and child development programs.

I made a proposal for the consideration of the Senate. I did not introduce it because I thought, at this stage of the legislative process, something that is as comprehensive as this should not be introduced, since it could not be passed, and it ought to be passed after being subjected to minute study and hearings next year. But I did put in the RECORD that the approach to child care was studied in detail by the recent White House Conference on Children. Frankly, as the result of that conference there are some changes I want to make before I introduce it next year.

One thing that comes to mind is that there are a number of child-care centers today, concerned that a major national child-care program would make it more difficult for them to operate. That is not our intention. We want to help those child-care centers that are being operated today, and at the same time do something about the despicable child-care centers that are not really child-care centers at all, but inadequate custodial centers, and some of them I would not want to be caught dead in.

I yield to the Senator from Minnesota.

Mr. MONDALE. I thank the Senator for yielding.

The Senator from Louisiana asked the question whether something is not better than nothing. The answer to that is that to do the wrong thing to children may be worse than to do nothing. What I fear in this pending proposal and why I am supporting the Javits-Harris amendment to strike is that the basic philosophy underlying the proposal is to let the mother work and store the children somewhere while she is working.

The question is: Is the emphasis upon the development of the child or is it upon letting the mother to get to work? The

trouble with this proposal is that it is the latter.

It fails to recognize and make provision for the special child development needs of millions of disadvantaged youngsters who suffer irreparable harm from a lack of adequate nutrition, health, and educational assistance in the crucial first years of life.

It reveals a emphasis on the needs of adults to find or maintain employment rather than on the best interest of the children involved—two goals which sometimes conflict.

It contains none of the necessary emphasis on parental participation and community involvement in child development efforts.

Let me emphasize how important this parental and community involvement is, There are hundreds of thousands of Mexican-American, Puerto Rican, black, and Portuguese, and other minority group children with different cultures, different languages, and different backgrounds. Many times those of us in the white middle class, with the best of intentions, thrust on those children our notions, our language, and our ideas, and as a result mangle those children, insult them, put them down by our behavior. By our example we are saying to them that their culture is inferior and ours is superior. This runs through our school system. It is one reason why they were able to identify in New York City last year only 200 Puerto Ricans who got academic degrees out of a total Puerto Rican student body of a quarter of a million in that city. We have not been responsive to their needs. Yet there is nothing in this proposal which will remedy that basic problem. There is nothing to guarantee the parental and community involvement that is necessary.

Finally, it contains a general thrust toward full day, full week day care programs without sufficient emphasis on part time, part day tutoring programs such as the infant research project here in the District of Columbia which hold so much promise for real child development.

I favor putting more money into creative child development efforts. But in my judgment there is one over-riding nonnegotiable criteria for determining whether early childhood development efforts should be supported. That criterion is not whether the program enables mothers to work, but whether the program enhances the child's development. I do not see this criterion receiving the priority it requires in the Federal Child Care Corporation proposal.

There was just completed in Washington a White House Conference on Children. Four thousand people came from all around the country, including many of our Nation's experts, many of them having been involved in this problem. One of their key recommendations was exactly in this area and bears directly on the point I have made. That is the recommendation of the White House conference to strengthen the family, to bring the parent or parents and the children together, to have early childhood development programs that treat the family as a unit and do not simply stack children like cordwood in some kind of custodial care center while the mother is working.

It so happens that the head of the Office of Child Development, Dr. Zigler, is one of the most gifted men in this field in the world. I commend the administration for finding him and putting him in this position. I am sure that on the basis of his advice, the Department of Health, Education, and Welfare has urged the adoption of the motion to strike.

How to deal with children in early childhood involves the best and most sophisticated kind of advice that we can receive. To preempt or to go into the field with a new corporation, with this kind of remoteness for the community, and with this kind of job oriented and nonchild development program, seems to me is a step in the wrong direction. It can do more harm than good.

For that reason I join the Senator from Oklahoma (Mr. HARRIS) in the motion to strike.

Mr. LONG. Mr. President, I would hope the Senator would not continue to beat a straw horse by arguing against what is not in the amendment. The Senator argues that this is something that forces mothers to go to work. But experience shows that all over the country there are mothers who want to go to work but cannot go to work because they have no place to leave their children to be cared for while they are working. This provision of the bill would seek to provide that opportunity where it does not exist now.

The Senator somehow assumes that the committee bill is not concerned with the welfare of individual children. But let us look at the aim of the Corporation, as stated on page 420 of the bill. The language of the bill requires the Corporation to "promote the well-being of all children by assuring that the child care services provided will be appropriate to the particular needs of the individuals receiving such services."

Mr. President, child care provided by the Corporation may well include the comprehensive child development programs of the kind the Senator would like to provide for all children. But not all child care need be of that type. For example three out of four children on welfare are school age children. Since they are already going to school, they do not need an educational program after the school hours are over. For most school age children, it should be sufficient to provide them a good recreational program, both outdoors and indoors. After all, what kind of things do school age children do if their mothers are not working? Typically, after school they play in the backyard or on the playground, or watch television with their friends.

Now, as to the scope of the corporation's operations, this provision is not limited to people participating in the work incentive program, or to other people on welfare. This is and has been all along, since I first introduced the proposal, intended to help all mothers who want safe and adequate child care for their children. They should have an opportunity to get the kind of child care they want, provided either at their own expense or, if they are drawing welfare assistance, at the expense of the Government. The committee bill is not at all intended to segregate children on welfare from other children; it is in fact intended that all kinds of children be provided the care.

As it stands now, out of at least 7 million children who need child care because their mothers work, there are only 700,000 of them who are in any kind of licensed child care facility at all. The bill provides standards; perhaps the Senator would like to have them higher. The standards in the bill were very carefully considered, and we think that they are about as high as can be reasonably required at the present time. We do provide standards to guarantee such things as safety and healthful conditions. The main thing is that the bill provides a mother with a variety of choices of kinds of child care if she lives in a city that is large enough to have a number of child care facilities.

Just to outline briefly some of the kinds of standards the committee bill provides, Mr. President, we stipulate what the ratio of children to staff must be; we stipulate that the facility must meet the Life Safety Code of the National Fire Protection Association, the nationally recognized and accepted fire safety code; and we provide that there must be sufficient space both indoors and outdoors. Thus where today at least 90 percent of the children of working mothers are in facilities meeting no standards whatever—if they are in any facilities at all—we would hope to reverse that, and have virtually all of the children in facilities which do meet these standards.

The Senator has talked about parent participation as though this is hampered by the bill. The opposite is true. The difficulty today is that when parents try to get together to set up child care services for their children, there is no one to help them. The committee bill will help them. Let me read from page 338 of the committee report:

> Child care services organized by parents or run with extensive parent participation have shown great promise in raising the educational level of disadvantaged children in deprived areas. Groups interested in promoting parent involvement should find it possible to establish child care facilities through the Corporation where they are unable to do so today.

We provide someone to whom they can go, who can help them to set up exactly the kind of child care facility with parental participation that the Senator thinks desirable. The Corporation will help them by providing training, by providing them with the technical assistance and information they need, and by advancing initial operating expenses.

Mr. BAYH. Mr. President, will the Senator permit me to raise a couple of questions?

Mr. LONG. Yes.

Mr. BAYH. He has great familiarity with this particular bill.

Suppose the parents of a given community feel one thing should be done,

and the authority for establishing this service under the bill feels something else should be done for the children. Who rules the day in a situation like that?

Mr. LONG. The mother makes the decision as to what kind of child care facility the child will go in.

Mr. BAYH. But the standards, the programing, the type or lack of comprehensive care available at any facility is not determined by the parents involved, but the vehicle for governing it established under the corporation; is that not accurate?

Mr. LONG. The Corporation would make a contract with the provider of child care services. If it is a group of parents who wish to establish a child care facility, then the Corporation would make the contract with those parents and they would proceed to establish a day care center. But the Corporation might also contract with a day care center already run by a city, or one run by a nonprofit organization. But the main point I want to make to the Senator is that it is the mother who would have the choice as to whether she wanted to send her child to this child care center or that child care center, or whether she wants to join with other parents in organizing a new child care center instead. In the first and last analysis, the choice rests with the parents of the child.

I want to point out also that the bill does not require that the State use the services of this Corporation at all. If the State thinks it can do a better job, it can do so. Frankly, the fact is that the States are now doing a pitiful, miserable job in arranging for child care. They are not even using 50 cents on the dollar of Federal funds appropriated for this purpose. In effect we are saying to the States, "If you cannot get the job done, we will put someone in business who will do it for you."

Let me take a moment to document what I have said about the States' failure to utilize child care funds. We all know that there is a crying need for child care for mothers who would like to work, to provide additional family income, to put meat on the table and milk in their children's mouths. Now then, what happened in fiscal year 1969? The Federal Government appropriated $25 million for child care, but what did the States use? Only $4 million. In fiscal year 1970, we appropriated $52 million for child care, and how much of this were the States able to use? Only $18 milion out of the $52 million.

In the committee bill, we change the ratio from 75 percent Federal matching to 90 percent, and we also have a stipulation that the States must continue to spend at least what they are spending now. That should mean at least 3 times as much money available for child care. But that will do us little good if we have to rely on the performance of the States.

We must do more than just increasing the matching. We must also provide a mechanism for making child care available. We say to the States, if you don't want to provide child care yourselves, we will get the best experts we can find, and have them arrange for child care services. Here is someone who will do the job for you if you don't want to.

This is about the same kind of situation as when one wants to decorate his home. He can do it himself, or he can hire someone to do it for him, or work with someone he has hired to do it for him. Most people are better satisfied if they hire somebody who has some credentials as an interior decorator, but they do not have to do it that way.

Under the committee bill the States, if they want to, can do exactly as they have been doing, though overall there is little to be proud of, or they can do it the other way by doing business with the Corporation, and the Corporation can then proceed to arrange for child care the way that we think, on a nationwide basis, it should be done. The Corporation will be accountable to the Congress to explain what they have or have not done, just as I would like to have Mr. Richardson explain what his department has failed to do. I would like to ask him, "Now, when we gave you money to meet this crying need for child care, why did not you spend it and get the job done?"

Now that we are proposing to give someone else the job, Mr. Richardson comes along and says, "Oh, we do not want to shake up our bureaucracy. We would prefer to do business as usual."

Our reaction to this is: If you cannot get this job done, Mr. Richardson, then we want to set up an organization that can get this job done. The Corporation will be headed by a three-man board, with 3-year terms, one member's term expiring every year. We will want that board to be accountable to the Congress for its activities to provide for the care of children.

If a member of that board fails to perform the function we intend, we will not reappoint him. As far as I am concerned, the Committee on Finance will not confirm any of those people for reappointment unless they show us they are doing what we are trying to do: namely, provide these mothers with adequate child care for their children.

Mr. HARRIS and Mr. BAYH addressed the Chair.

Mr. HARRIS. Mr. President, I want to answer that question about what has happened up to now.

Mr. BAYH. Well, suppose the Senator proceeds first.

Mr. HARRIS. As the Senator from Louisiana knows, there is a great difference between the present situation and what the Secretary of Health, Education, and Welfare recommends. Under present law, there is a requirement that the States put up 25 percent of the costs. The States are hard pressed, as the Senator knows, and have not been able to come up with their portion of the money rapidly enough.

What the Secretary recommends and I support is that we increase that Federal matching, and then we will see greater action. But the Secretary made it quite clear that the principal reason why they have not had the necessary support from the States in getting these programs underway is that it requires too much in the way of new contributions from the States.

What the Senator would do, instead, would be to set up a totally parallel system, parallel to HEW and related administrative offices and employees, which, goodness knows, seem to be quite a few already. He would set up a totally new corporation, parallel to existing agencies. They would have their own regional offices and some local offices, I presume, and some national offices and some employees. That, it seems to me, would be a terribly duplicative and inefficient use of funds.

Mr. BAYH. The Senator from Oklahoma pointed to one aspect on which the Senator from Indiana wanted to touch. From what the Senator from Indiana has been able to ascertain from the results of his study—and I would suppose from what the Senator from Oklahoma has said and from what the Senator from Minnesota said earlier—little question has been raised about the expertise of the individuals who are now running the Office of Child Development. The question is how we give them the flexibility, how we take the chains off, give them the resources and say, "All right, get the job done."

I think that establishing a separate entity and a new element of the bureaucracy and suggesting that, with minimal funds, they are going to be able to do any better than the other administrative agencies have been doing is begging the question.

Let me, if I may, touch on the size of the job about which we are talking, and then we can talk about some of the details of how we are going about doing it.

This problem is of critical proportions even though it is not readily apparent to the average citizen who hears us discuss it on the floor of the Senate or who reads about a proposal in the newspaper or hears about it via the electronic media.

Today, in our country, we have 14 million children with working mothers. If we are going to set up rigid standards for qualification under a given bill, it seems to me that we have to recognize that only a small percentage of this 14 million total are going to be able to qualify. Of these 14 million children, we need to recognize that 2.8 million working mothers today are the sole support of their families.

I, for one, do not for a moment suggest that it is other than laudatory for a mother to work if she feels that she should work and has the opportunity to do so. I do not think she need be whipped over the back, if she has small children at home, to go out and work.

Perhaps she is needed in the home to provide love, kindness, and guidance for those children. But if it is her desire and if it is possible for her to find gainful employment, I think this is fine.

I think that what we are arguing about here is the kind of facility that is available for her. In the past, almost all attention—particularly official attention, unfortunately—has been directed at custodial care. If we are talking about solving the problems that confront us today, it has to be more than custodial care. It has to be child care and development—not just care.

Like it or not, we have to look at the present figure of 2.8 million working mothers and recognize the trend that has occurred. In 1940, 10 percent of the working mothers had preschool children. In

the 1960's, it was 40 percent. The trend indicates that in 1970 it is going to be as high as 70 percent. If we think the problem is great now, it is going to be even greater, and we want to start with a program that can ultimately cope with the gigantic size of the problem.

One thing that concerns the Senator from Indiana is that we need to make this a comprehensive care program, not just custodial. It needs to deal with the problems of health, nutrition, environment, and all the other aspects that lead to the development of an adolescent and, hopefully, an adult who can go out in society and fend for himself and shake off the shackles of neglect that may have been on the shoulders of his parents.

Also, I want to emphasize again that when we are talking about $50 million, I think we almost, by definition—if not specifically—by administration, are going to confine that to the most desperate need dollarwise. Today, one of the unique characteristics of child care and development is that it is not needed just by the poor and by those who live in the ghettos; but, increasingly, large numbers of middle-income families have mothers who are now working. As the cost of living goes up, there has to be a second wage earner in more and more homes to foot all the bills. So we find middle-class mothers going to work, and there is no place at all to care for their children.

Mr. President, I ask unanimous consent to have printed in the RECORD an abbreviated section-by-section analysis of the proposal to which I alluded earlier, which was the subject of a floor statement, of a bill I intend to introduce next year. This is not for discussion at this time, but so that anyone who is following the debate might have some idea of what the Senator from Indiana is talking about when he talks about comprehensive care.

There being no objection, the section-by-section analysis was ordered to be printed in the RECORD, as follows:

SECTION BY SECTION ANALYSIS OF UNIVERSAL CHILDCARE AND DEVELOPMENT ACT OF 1971

(As proposed by Senator BIRCH BAYH, Dec. 10, 1970)

SEC. 2—STATEMENT OF FINDINGS AND PURPOSE

States (a) the findings of Congress that (1) The provision of adequate childcare, including developmental programs for infants, children of preschool age and children up to 14 years of age in need of such care is of the highest national priority;

(2) adequate family support for the care, protection and enhancement of the developmental potential of children does not now exist;

(3) the mobility of our society has tended to separate family units from traditional family support thereby affecting the quality of life, including the proper care and nurture of the young;

(4) appropriate childcare services and resources are not now available to provide needed family support;

(5) such services and resources are necessary in a modern society to ensure adequate care and development of the children of this Nation, the opportunity for parents to participate as productive members of society and the opportunity for parents to achieve their own potential as humans.

States (b) It is the purpose of this Act to provide financial assistance in order to fulfill the responsibility of the Federal Government to contribute to attaining an optimum level of adequate care, developmental and other services for young children, to help to assure the stability of the family unit, and to offer an increased opportunity for parents to participate in society at the maximum level of ability.

SEC. 3—PROGRAM AUTHORIZED

Authorizes the Secretary of Health Education and Welfare to make grants to the public agencies created by the Act.

SEC. 4—ALLOTMENT OF FUNDS

Allots funds in proportion to the number of children in each state, infant to age 14.

SEC. 5—USES OF FEDERAL FUNDS

Authorizes the use of grants for planning and furnishing childcare services including (a) infant care; (b) comprehensive preschool programs including part day and day care programs; (c) general childcare services for children 14 and under during evening and night time hours; (d) day care programs before and after school for school age children 14 and under in need of such care; (e) emergency care for young children 14 and under; (f) day care and night care programs to aid working parents and (g) combinations of such programs. Health, nutritional and social services will be an integral part of programs funded. Planning, research, and construction funds are provided.

SEC. 6—APPLICATIONS FOR GRANTS AND CONDITIONS FOR APPROVAL

Sets conditions for the application for and approval of funds granted to the Child Service Districts including criteria for fiscal accountability, periodic evaluation, and other requirements as may be necessary to assure proper disbursement of funds. Programs funded must be consistent with criteria and standards of quality prescribed by the Secretary and consistent with the purposes of the Act.

SEC. 7—CHILD SERVICE DISTRICTS

Authorizes establishment of public agencies named Child Service Districts. Such Districts will not be larger than the attendance of five public schools. The geographic boundaries of each District shall be determined by appropriate local officials in each Standard Metropolitan Statistical Area over 100,000 persons. State officials will determine District boundaries in all other areas in given states. Governors of each state shall conduct elections in each district to choose a Board of Directors for each District. Eligible voters are parents having one or more children who have not attained 15 years of age who reside with their children within the geographic area of the District established pursuant to the Act. The Board of Directors will consist of 9 to 15 members. It will plan for, contract for, and operate programs authorized by the Act. In all municipalities having populations greater than 100,000 persons, one or more Child Service Advisory Councils shall be appointed by the chief executive of such municipality. Advisory Councils shall consist of representatives of public and private agencies with established interest and expertise in the area of childcare and development services, and function as a consultative body to the Districts. For those areas of each State not included in municipalities over 100,000 population, a State Child Service Advisory Council will provide consultation.

SEC. 8—LOANS AUTHORIZED

The Secretary of Health Education and Welfare is authorized to make loans to any Child Service District for construction or remodeling of facilities appropriate for use as Child Service Centers and other facilities deemed necessary to provide services assisted under the Act. Applicants must be unable to secure a loan from other equally favorable sources and must assure that construction and remodeling will be both economical and consistent with delivery of quality service. Loans shall be repaid within twenty-five years. A total of $600 million is authorized to carry out this section; $300 million for the fiscal year ending June 30, 1972; $200 million for the fiscal year ending June 30, 1973; $100 million for the fiscal year ending June 30, 1974.

SEC. 9—RESEARCH, DEMONSTRATION AND TRAINING—PROJECTS AND TECHNICAL ASSISTANCE

The Secretary is authorized to provide for (1) research to improve childcare and developmental programs (2) experimental, developmental, and pilot projects to test effectiveness of research findings; (3) demonstration, evaluation, and dissemination projects; (4) training programs for inservice personnel; (5) projects for development of new careers, especially for low income persons.

SEC. 10—PAYMENTS

Each approved applicant will receive a grant amount equal to the total sums to be expended under the terms of the application or such lesser amount as the Secretary determines on the basis of objective criteria, relating to fees charged to the parents of children to be served, if any, and other similar factors prescribed that the applicant can afford.

SEC. 11—WITHHOLDING OF GRANTS

Grants may be withheld after reasonable notice for failure to comply substantially with any requirement or applicable provision set forth in the Act.

SEC. 12—RECOVERY OF PAYMENTS

Provides that, if a facility which was constructed with the aid of federal funds under this Act ceases to be used as a public childcare facility within 20 years, the government can recover from the facility's owner the portion of its value which is equal to the federal share of the original cost of the building.

SEC. 13—REVIEW AND AUDIT

Provides for access for audit and examination of records by the Comptroller General.

SEC. 14—LABOR STANDARDS

Provides that prevailing wage rates shall be paid to laborers and mechanics employed on construction projects assisted under the Act.

SEC. 15—EMPLOYMENT AND BUSINESS OPPORTUNITIES FOR LOWER INCOME PERSONS

Provides opportunities for training, employment, and business development for lower income persons in the planning and implementation of projects authorized by the Act.

SEC. 16—ADMINISTRATION

Establishes the Office of Child Development within the Department of Health, Education, and Welfare to administer the provisions of the Act. The Director of the Office shall report directly to the Secretary.

SEC. 17—EVALUATION AND REPORTS

Provides for complete review of programs assisted under the Act. Requires the Secretary to directly consult with as many of the members of the Child Service District Boards of Directors as possible. Requires the Secretary to submit annually to the Congress a report on the administration of the Act.

SEC. 18—REPEAL, CONSOLIDATION AND TRANSFERS

Consolidates major early childhood, day care, child service, and preschool programs authorized by existing laws to form a single coordinated comprehensive childcare and development program in the Department of Health, Education, and Welfare.

SEC. 19—DEFINITIONS

Defines the terms used in the Act to insure accurate interpretation of its intent.

SEC. 20—AUTHORIZATION OF APPROPRIATIONS

Fiscal year 1972, $2 billion.
Fiscal year 1973, $4 billion.
Fiscal year 1974, $6 billion.

Mr. BAYH. I think the Senator from Louisiana was accurate when he pointed out that some of these children are not going to need babysitters. Some of them are going to need a playground, a warm room. Too many children today rush home with the key around their neck, with nobody there but perhaps the rats that scurry around the tenement. So I salute the Senator from Louisiana for his goal to have maximum flexibility. I am concerned however that we really are not going to have maximum flexibility under his bill, the way it is written.

I do not criticize the Senator from Louisiana for this, but I think we need to recognize that if we accept as a beginning this type of minimal program, we are providing a sedative to deal with a problem that requires a comprehensive, costly program. I want an efficient program. I want $1.10 worth of delivery for every dollar we spend, if that is possible. But let us not deceive ourselves. This is going to cost a lot of dollars. As I said earlier, I cannot think of a better place to invest our dollars.

One of the significant aspects of this bill about which I still am concerned despite the very thoughtful discussion by the Senator from Louisiana in answer to a question I posed is that it does not provide for the type of local control we need. We have in this bill approximately five pages of standards which, as I understand them will have to be applied universally. One of the things we need to recognize is that the problems that exist today in poverty and in urban blight are not solely problems that can be solved in the classroom. We have to get people involved—mothers involved, fathers involved. We have to make this a family operation. The more we can get local people involved in deciding what their children need, the more chance we have of finally breaking the shackles and moving forward with a total program. That is why in the proposal of the Senator from Indiana and in the proposal of some others, we provide for direct involvement of mothers and fathers in planning and administration of programs.

I note that the National Advisory Council on Child Care, established by the well-intentioned proposal of the Senator from Louisiana points out—and I read from page 441 of my bill:

> And the remaining appointed members shall be selected from individuals who are representatives of consumers of child care (but not including more than one individual who is either a recipient of public assistance or a representative of any organization which is composed of or represents recipients of such assistance).

I wonder whether this is really giving us an opportunity to have on that advisory council enough individuals who really are directly affected by the problems of poverty and neglect which unfortunately confront too many of our children today.

Mr. President, I do not want to belabor this matter any more and I would hope that the Senator from Louisiana would take this criticism of the Senator from Indiana in the light in which it is given.

As I said earlier, perhaps there is a place for such a corporation, but it should be determined after comprehensive hearings and study by committee and thorough discussion by this body. Then let us come forward with a full-fledged bill and a comprehensive program that can realize that children are individuals and what we are trying to do is to say that every individual born in this country has equal access to the American dream, which we talk about but unfortunately, large numbers of our children never have that opportunity.

I might make one closing reference to the White House conference, because the White House conference came along after the introduction of several bills and the proposal of the Senator from Louisiana and the Senator from Indiana. It brought under one roof, I suppose, more experts both at the national and grassroots level, experts concerned about and familiar with the problems of children, than I think has ever been brought together before. They wrestled with problems we are wrestling with now.

A fair consensus of their suggestions would be that they feel only a comprehensive approach can solve the problem.

I hope we will not be satisfied with just a crumb. We have been satisfied with crumbs for too long as far as our children are concerned. We speak in laudatory terms about the need to care for our children, along with the need for motherhood, God, and the American flag.

The time has come to stop talking and start making some significant investments in this area.

Unfortunately, the investment that was originally intended by the Senator from Louisiana has now been cut to one-tenth of its original proposal and, in the judgment of the Senator from Indiana, that is not sufficient for what we really need to have done.

I appreciate the courtesy of the Senator from Louisiana, and to learn from discussing with him, his interest in this problem.

I am hopeful that out of this debate will come not just a temporary solution, or a beginning but, indeed, the foundation on which we can build an ultimate solution to the problems that confront our children.

I notice that Carl Rowan, an outstanding columnist, who has served his country well, wrote a stimulating and perceptive column not long ago about the problems of poverty, the poverty change, and the poverty cycle. He said that we are never really going to be able to break the poverty cycle of "Poor home, poor education, poor job. Poor home, poor education, poor job. Poor home, poor education, poor job," until we are able to harness the system of public education to achieve that end.

Many of us who have studied the problems that confront young Americans today, teenagers, pre-teenagers, which unfortunately they carry with them to their dying days, have to recognize, that the traditional definition of school, as given in the admonition by Carl Rowan, cannot be accepted today, if we are going to solve these problems. All too often, we provide a first-class educational opportunity for a first-grade, 6-year-old, only to find that because of the horrible environment to which that young, impressionable human being has been subjected during the first 6 years of its life, because of malnutrition, or undernourishment from the point of conception, this young human being may be mentally retarded, and unable to take full advantage of a first-class educational opportunity.

The Head Start program, which was one of the most innovative devices we have developed to recognize the need to start early, if we are going to deal with these problems, has not been totally successful because we learned that we cannot take a young 5-year-old or 4-year-old out of its horrible environment in the summer, or during the year, and then subject them to that same horrible environment for the rest of their young lives and expect not to have almost total regression.

What we need is a program to start early. As soon as a mother wants to leave her child in a day care development center, she should have the opportunity to do so. If the mother wants to work, fine. We should have a total, comprehensive program that deals with education, as well as custody, and with medical, nutritional, and environmental problems. They should be administered during out of school and after school hours. We should care for the problems of a mother who works from midnight to 8 a.m. or from 8 a.m. to 4 p.m. These are comprehensive problems. We cannot just scratch the surface of the problems and expect to get any results.

So it is with this thrust in mind that we should have a program that truly starts with the child, its needs for services, and the family needs for services, and its continuance through the early teens, if necessary, until we finally get that child on its own two feet, so that he or she can hold its head high, have pride and dignity, and the capacity to move out on its own and make for himself or herself a meaningful life.

I know that the Senator from Louisiana wants to accomplish this goal. I am just concerned that the vehicle he presents us with, although well intentioned and with the study he has brought to it, is not going to do the job that needs to be done.

That is why I, with great reluctance, find myself on the opposite side of an issue on which I know the Senator from Louisiana, the Senator from Indiana, the Senator from Oklahoma, the Senator from Minnesota, and others, want to see resolved. We are looking down the road and we see that shining moment with the opportunity to accomplish the same goal but appear, at least for the present, to be wanting to travel different pathways to reach that goal.

Mr. LONG. Mr. President, the problems existing here, I find, strongly parallel the problems of providing public service employment to the needy.

The Finance Committee, in looking at the welfare problem, felt that one way to help would be to provide jobs in the public sector. So it was suggested by the

Senator from Connecticut (Mr. RIBICOFF) and the Senator from Oklahoma (Mr. HARRIS) that as part of the bill, we should provide some public service jobs, about 30,000, at least, to provide opportunities for people to do something that would benefit the community.

That was included in the bill. The administration was not particularly enthusiastic about it, but they went along with it. I believe the motion agreed to was made by the Senator from Georgia (Mr. TALMADGE), but the committee generally shared that worthy purpose. These Senators agreed that we would do what we could to gain as much acceptance as we thought we could get for public service employment, to put people to work who otherwise would be on welfare.

There are many kinds of public service jobs that need to be done, from helping to clean up neighborhoods, to serving as policemen, teachers, or nursing aides. With this goal in mind, we succeeded in providing about 30,000 public service jobs in the Committee bill.

Meanwhile, the Committee on Labor and Public Welfare had a much more ambitious plan. They reported a bill, which I voted for, starting out in 1972 with 400,000 public service jobs, more than 10 times as many as we have in our bill; and in 1973, 500,000 public service jobs.

But the President of the United States vetoed that bill. I voted to override the President's veto. I would be happy to have 500,000 public service jobs made available. If we cannot provide a job in the private sector, public service employment is better than having a person living on the dole.

The devil finds works for idle hands to do. It is certainly better to put these people to work than to have them sitting around doing nothing. We should put them to work doing something useful.

But that attempt to create public service jobs failed in spite of the good work of the Labor and Public Welfare Committee. The President vetoed the bill. We tried to override the veto, but failed. So that was the end of it.

Let us now look at the problem that exists in the child care area. In the 1967 amendments we tried to provide an opportunity for everybody on welfare to have an opportunity to have training and to get a job, a subsidized job, if need be. We realized that to provide this kind of opportunity for mothers, child care would have to be available.

This year we undertook to try to find out why it was that the Labor Department was such a miserable failure at making the program work. We found that mothers wanted to go to work, but could not obtain child care for their children.

Twenty-five million dollars was appropriated to HEW in fiscal 1969 to provide child care for children if the mother wished to work. What did the Department use? It used only $4 million of the $25 million which we appropriated. We provided six times as much money as was used to provide child care.

This year, we appropriated more money to provide adequate child care so that those mothers who wished to could work. We provided $52 million. The Department of Health, Education, and Welfare spent $18 million.

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

Mr. LONG. I yield.

Mr. HARRIS. Mr. President, will the Senator state on what matching basis the expenditures were provided and what the matching basis is that the Secretary of HEW now recommends that funds be provided.

Mr. LONG. It is on a 75-percent basis today. In the committee bill, we raise the matching to 90 percent.

We would like to increase the child care expenditures well beyond $52 million. Going in the direction desired by the Senator, we think we need a bigger child-care program. But we also find that there is a need to give the responsibility for providing this care to someone who knows how to do the job.

The Senator talks about States not having adequate funds. But they have not used the funds that we have already provided. The man in the administration who is an expert in this area, Mr. Zigler, in describng to the committee the problems in expanding child care, said:

> I think it is probably true that there have been so many demands placed on both profit and non-profit groups that in certain instances it is becoming ridiculous because there is overlapping responsibility on the part of local people, State people, and so forth. I think if we are serious about setting up a worthwhile social institution such as day care for working mothers we may have to develop guidelines at a national level which would have some nationwide application. It would be a standard process because now it is too difficult and it is too rigid, and I am very much afraid the professionals have overdone themselves here.

Mr. HARRIS. Mr. President, does it not do one other thing? Does it not set up another overlapping and duplicating agency, the new child care agency?

Mr. LONG. It takes the Secretary of HEW, who has failed completely in providing child care, and the Secretary of Labor, who has also failed completely in this effort, out of the picture as the exclusive providers of child care services.

Mr. HARRIS. I believe that a Senator said earlier that the States are confused over whether to proceed under the present system or under the new system. It would not take them out of the picture. It would add one other factor.

Mr. LONG. Mr. President, the bill would create a corporation composed of people who know something about child care.

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

Mr. LONG. I yield.

Mr. BAYH. Mr. President, the Senator from Louisiana does not want to leave the impression that the present director of the Office of Child Development does not know anything about child care.

Mr. LONG. On the contrary. He is a good man. He would be a fine man to serve as chairman of the board of the Corporation. But I would like to put this responsibility in a new organization that has the ability to get this job done. If the board does not get the job done, we can do something about it.

Secretary Richardson has 50,000 other worries, not the least of which is trying to get the family assistance plan passed in this Congress.

We would put this responsibility on the Corporation. There would be three members of the Corporation's board. The term of one member would expire each year. If the members of the board do not get the job done, then we will ask them when they come up for reappointment why they failed.

We have also found that there are all sorts of problems concerning overly rigid State and local standards required of child care providers.

I think that anyone who has been a Governor or a mayor knows how these things happen. Someone has some kind of material, and he thinks it would be a great thing if there was a requirement that his type of material be used in public buildings. This is then made part of the building code.

There is a lot of space in good, modern church buildings that could be made available for child care centers. The space is used for Sunday schools, but it is not made available for child care purposes because of restrictive building codes.

We say that there should be Federal standards for day-care centers. For minimum safety standards, we would use the life safety code of the National Fire Protection Association. That is a nationally recognized safety standard. If a building meets that standard, it will be adequate for a child-care center.

The bill also provides $50 million in initial operating capital for this corporation to train people to work in child-care centers and to sign contracts with groups to help them provide child care. Subsequently, the corporation would be authorized to borrow $50 million annually to help construct additional facilities. That authorization would go into effect 2 years in the future, and would probably be used sparingly.

With the provisions in the committee bill, there ought to be at least three times as much money available for child care as was available in the past.

And, together with more money for child care, we want an organization in the child-care business that knows someing about providing it. Let us not forget that more than 90 percent of the children whose mothers are working are either receiving no child care or are receiving it in child-care centers that could not meet any standards whatever.

We provided standards in the committee bill that we thought would be adequate. There are health standards. There are nutritional standards, and standards to assure adequate indoor and outdoor space.

We provide that the purposes to promote the well-being of all children by assuring that the child care services provided will be appropriate for the particular needs of the individual receiving such services. The whole proposal is centered on the good of the child.

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

Mr. LONG. I yield.

Mr. PASTORE. Mr. President, what is the corporation the Senator mentions? Is is a national corporation?

Mr. LONG. It is a national corporation, called the Federal Child Care Corporation.

Mr. PASTORE. It would be appointed by whom?

Mr. LONG. The Board of Directors, consisting of three members, would be appointed by the President. There would also be an advisory council committee of 15 members, the majority consumers of child-care services.

Mr. PASTORE. How far would that jurisdiction extend? Would it preempt the jurisdiction of the State?

Mr. LONG. It would not. The State could contract with this Corporation to provide for child care if it so wished, but it would not be required to. It could make its own arrangements for child care. Frankly, as the situation exists today, most States are doing little in the child-care area. Under the proposal, the State could contract with the Corporation, which will have the capability of providing the child-care services, if the State wishes them to do so.

Mr. PASTORE. Could they not do that without the corporation?

Mr. LONG. They could not contract with a Federal corporation that does not exist. Of course, without a corporation the State could contract with some group that they hope would assist them in providing child care.

Mr. PASTORE. If we give them this 90 percent the Senator talks about, they put up their 10 percent. Why could not they on their own exercise exclusive jurisdiction to provide these facilities?

Mr. LONG. They could. The problem is that it is not being done now.

Mr. PASTORE. What guarantee do we have it will be done with the Corporation?

Mr. LONG. The Corporation would be exclusively interested in and involved with making child-care services available.

Mr. PASTORE. Does the Senator mean the Federal Government is not?

Mr. LONG. The Federal Government is interested to the extent of providing money for child care, but we are not getting results. We have a crying need for child-care services, but Federal funds go unused for lack of a mechanism to actually assure that child-care services are made available.

Mr. PASTORE. Maybe we did not get results because the matching was 25 percent against the 10 percent now. Maybe they did not have the money.

Mr. LONG. That is what one Senator said, but testimony before the Finance Committee has shown that there are other reasons. Here is what Mr. Ziegler, head of the Office of Child Development, said about this problem.

He said that overly rigid local ordinances designed to protect the physical welfare of the children have been enacted at the expense of the psychological well-being of the children and that he accordingly does not find himself in sympathy with some of the things now being done in the child-care field.

He meant that some States pass laws with regard to child care which may be too restrictive. The committee bill simply sets Federal standards and say that if a facility meets these standards, then it complys with whatever requirements may be necessary for a child-care center.

Why is there a big argument against what we are trying to do here? This would put an organization in the child-care business that is exclusively interested in child care, a corporation that would succeed in accomplishing what we have been unable to achieve thus far.

One problem is that the President held a White House conference where some people came up with some elaborate, albeit worthy ideas about child care. It was said that there are perhaps 5 million children who could benefit from an overall program to develop them educationally and culturally. It would cost at least $2,000 each to provide these children with the kind of care they would like to see; $2,000 multiplied by 5 million children is $10 billion.

Most of the people attending that conference said, "If that is all it takes, $10 billion, then that is what we should have—a program that does everything in the way of child development and nothing less than that."

The Senator from New York has a proposal providing for about $3 billion in child development funds. The Senator from Indiana has a bill based on the same philosophy which would cost about $6 billion. The Senator from Minnesota has a bill that could cost more than $6 billion. These ambitious ideas may come to pass, and it is all right with me if they do. I will applaud them if they come about.

But in our immediate efforts under the bill we are trying to effectively spend about $300 million to provide child care for mothers who want to work. We do not have to provide $2,000 a child for all these children. Seventy-five percent of the children in AFDC families are of school age. They do not need further education in any extensive manner after school hours. Let us provide supervised recreation for them, or whatever would be appropriate for some other constructive activity for children. That would not cost $2,000 per child. The chances are that $500 a child would be enough, and that would provide for 75 percent of the children.

The objection has been made that we must guarantee participation of the mother in all child care programs. I would like the mothers to participate. Under the bill they would be free to organize and form a child care center as long as it would meet minimum standards. We would be happy to have such a child-care center sign a contract with the Corporation, and the State welfare agency could sign a contract to pay for the child-care services provided. Parent groups that cannot set up child-care centers today would be able to do so thanks to the Corporation.

In short, here is a mechanism that would make available good care for children during the time the mother is not able to look after them. It may be that one of these days the Committee on Labor and Public Welfare will come out with a bill for a comprehensive program costing $3 billion, $6 billion, or $10 billion a year. The way matters have been going with some of these highly motivated programs which the Committee on Labor and Public Welfare has reported, such as the manpower bill, a comprehensive child care bill will probably be vetoed and we will try to override the veto and fail. In the meantime, why should we fail to enact this modest provision for child care?

At the present time adequate child care is largely unavailable. Take, for instance, the highly motivated mother who wants better housing and better health for her family. She cannot provide it because there is no safe place she can leave her child and have the child properly cared for. We want somebody to provide for that care. If the States think they can provide it, that is good; but if they do not wish to, at least they would have someone to help them, and this will result in better child care.

Furthermore, many States would like to have the Federal Government take over all of their welfare programs. If this is to happen some day, it would be better to have someone in the Federal hierarchy with experience.

Mr. PASTORE. With reference to the 10 percent the State puts up if the Corporation is created, who spends that 10 percent, the Corporation or the State?

Mr. LONG. The State pays the Child Care Corporation. The Corporation then proceeds to pay whoever they contract with to provide child care. That could be a publicly owned corporation, it could be a nonprofit corporation, it simply could be a woman who makes her home available for child care, or it could be provided in a facility run directly by the Corporation.

Mr. PASTORE. I realize that but, in fact, are we not saying to the States that they have to put up 10 percent, but how that 10 percent will be spent will be decided by the corporation that is created in Washington?

Mr. LONG. There is no requirement whatever that the State utilize the services of the Corporation. The State will be given 90 percent Federal matching for child care, and will have to put up 10 percent, but they would not be required to spend any of this money through the Corporation.

Mr. PASTORE. They would be on their own?

Mr. LONG. Yes. It is the same as if an individual wanted to build a house with FHA. They are there to help him with financing if he would like for them to do it. The same is true with respect to the services of the Corporation.

Mr. PASTORE. They would still get the 90 percent?

Mr. LONG. Yes; whether or not they used the Corporation, they would have the same Federal matching for child care.

But I want to stress that, as essential as it is to provide the additional money, it is equally necessary to provide an organization that is competent and qualified to do the job.

I was presented on the floor today with a letter which indicated Mr. Elliot Rich-

ardson does not support the committee amendment. That is something which I could have been made aware of earlier, since when we discussed this matter in executive session, the Department took the position that if Congress wants to provide for child care this way, that is acceptable to HEW.

The fact is that now, with the responsibility resting with Mr. Richardson, we cannot get the job done. I certainly think we would do well to put the responsibility definitely on a particular organization that is doing nothing but providing child care. What we are trying to do is to remedy this one big lack, the lack of adequate child care for mothers who want to work.

I want to point out that it is not intended that the use of the Corporation be limited to people who are receiving welfare assistance. It is intended that any mother who is working would have child care available to her through the Corporation, child care which would meet reasonable standards and would be safe and adequate for the children. Instead of less than 10 percent of the children needing child care receiving that care in facilities which meets some kind of standards, we would reverse that and try to see to it that 90 percent, or hopefully 100 percent, would have available to them some kind of child care that would be appropriate and would meet specified standards.

Mr. BAYH. Mr. President, will the Senator permit me to direct one question to him on, I think, a relatively insignificant point, but I think in the colloquy with the Senator from Rhode Island the Senator from Louisiana pointed out that, in his judgment, a woman could make available a home for this type of service. I notice on page 432, in subsection (13), it says "other than home child care facilities." Is that inconsistent with the answer of the Senator from Louisiana or is that in another part of the bill?

Mr. LONG. That provision only says that if something is to be built, construction money would not be spent remodeling somebody's home.

Mr. BAYH. One of the basic problems is that there are too many hellholes in the basement with perhaps some "wino" serving as the principal jailer during the daytime while a number of welfare mothers are out working. I am certain this is the type of thing the Senator from Louisiana wants to keep from happening.

Mr. LONG. Let me satisfy the Senator on that, if I can. All this provision says is that if the Federal Child Care Corporation is going to spend its construction money to build facilities, it will not spend that money just remodeling somebody's private home.

There could be a situation where day care in a private home would be adequate, However, I invite the Senator to carefully scrutinize the provisions of the bill that describe the space that must be made available and also the fire standards that must be met, and the space, outside as well as inside, that must be provided.

The Senator will see that while these may not be as high standards as some would advocate—and they could be upgraded later—at the same time these standards will provide for adequate child care.

The facilities would have to meet the Life Safety Code of the National Fire Protection Association. At the present time in ghetto areas, as well as elsewhere, facilities for child care often cannot be found. Yet there are good, solid church buildings, where Sunday school for children is conducted. There are gymnasiums, and other places, which may be satisfactory. We say that if those meet the safety standards we would expect of a public building, why should they not meet the standards for a child-care center? This feature of the committee bill was an attempt to get around archaic building codes which hamper efforts to expand child-care services.

We say that, as a Federal standard, if the facility meets the life safety code of the National Fire Protection Association, it is safe enough for a child-care center.

Mr. BAYH. I thank the Senator from Louisiana.

In the time I have had available during the past few days, I have tried to scrutinize the provisions of his measure. There are many things about it that, frankly, recommend themselves to the Senator from Indiana. That is why from the beginning I have tried to compliment the Senator for his interest and concern.

I think one of the positive contributions relating to what has just now been described is with respect to the problem of standards. We find at one end a total lack of standards, horrible, utterly indescribable, of conditions that exist in some areas. The Senator from Louisiana deals with that. At least, I think the provisions of the bill begin to deal with it. On the other hand, for one reason or other, there have been zoning or other standards that really are exclusive as far as construction and maintenance of reasonable facilities are concerned.

I think we need to recognize that one of the basic problems we have today, as far as child care is concerned, is not that we have insensitive, unqualified bureaucrats or political spoilers at the top of the system. I have yet to hear one word in derogation directed at the qualifications of the present director of the Office of Child Development. This man is extremely qualified.

Therefore I do not think it is necessary to set up a competing organization, whether we call it corporation or anything else, but rather maximize the capacity that we do have of the people in government concerned with child care. We have them fettered with regulations, and, most specifically, we have them fettered with lack of adequate funds. I do not care whether it is on the farm or in suburbia, if we provide adequate funding, the parents of a given community are going to provide adequate child care for their children.

We had the opportunity of discussing this with some of the officials of West 80th Street Day Care Center of New York City, which is a classic example of a community-controlled child care center. So this can be done if we provide the resources.

I am concerned that by setting up a competing corporation, we are creating conflicting programs and dissipating all too limited resources.

As I said earlier, I think the Senator from Louisiana is to be complimented for the flexibility he brings to this program. His thoughtful efforts and parts of this bill could be exactly what we need.

But let us give this the real, extensive investigation it merits, and come up with a comprehensive program to deal with all of the intricate aspects of adequate child development, not just adequate custodial care.

I point out that although the Senator from Louisiana points to his frustration as far as the JOBS program is concerned, and the Senator from Indiana shares his frustration, I think we can make a different case than if we are talking about job related child care programs only. If we are talking about the political muscle in this country, development of public opinion that can be harnessed to support a child development program in a JOBS type program such as that vetoed by the President, the only people who are really affected are the unemployed or the unemployable. That is not a very viable political lobby and bloc. But if we are talking about a child development program available to all children in this country, I suggest that whether it is the President, a Senator, or a State legislator, that type of interest group throughout this country is all inclusive, is a very broad political bloc, and would perhaps convince the President that it would be unwise to veto legislation designed to deal with this significant problem.

I hope, Mr. President, with all due respect to the Senator from Louisiana, that we can support the amendment of the Senator from Oklahoma and the Senator from New York, not at all as inconsiderate opposition to the Senator from Louisiana, but as a recognition of the fact that this is an insufficiently studied, yet well-intentioned effort to deal with a very complicated long-range problem. We should come back here next year, have a full set of hearings, study all the nuances of the problem, and with the advice, counsel, and help of the very prestigious and helpful Senator from Louisiana, come to this floor with a comprehensive program that, once and for all, considers all children in this country as individuals, not as poor children or middle income children, but as children. In my judgment, if we provide the comprehensive program that is necessary, we will do more to deal with the complicated problems that confront our society than by anything else the Senator from Indiana is aware of.

In closing, I am reminded of a quote from a television preview of the recent White House Conference on Children in which I was pleased to attend and participate:

> Children are above all individuals who have a claim on the future, a right to exist. They must know they belong to a society that cherishes that existence.

Mr. JAVITS. Mr. President, I regret that I have been unable to attend upon the Senate until now, but I wish to state

for the RECORD the fact that I had a longstanding engagement to do a television tape in New York, and I made the round trip notwithstanding that I left here at almost 2 a.m. this morning, and have since been discussing with my colleagues in the Republican conference what ought to be our position on this matter.

Mr. President, I am able to say authoritatively—and a copy of the letter is on every Senator's desk—that the Secretary of Health, Education, and Welfare believes that this particular provision should be stricken from this bill. I ask unanimous consent that the letter from Secretary Elliot Richardson to that effect be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: I very much appreciate your inquiry as to the views of this Department regarding the amendment you have co-sponsored with Senator Harris to strike Title XXI authority in H.R. 17550 to establish a Federal Child Care Corporation. This title is, as you know, almost identical to S. 4101 which was introduced by Senator Long on July 20, 1970.

The Administration, as you well know, is committed to improving the quality of life for children in the United States, especially the vitally important first five years during which so much of a child's cognitive abilities is developed. To consolidate the effort within the Department, the President has established the Office of Child Development and appointed Dr. Edward Zigler, formerly a professor at Yale University, as its Director.

The Administration agrees with the purposes of this amendment, but does not favor enactment of this title at this time. We think that insufficient time has passed to enable OCD and the other offices with which it works to prove their worth and effectiveness before a new government corporation is formed to meet the needs of the nation for child care services. We also call attention to the very important child care component of the Family Assistance Plan which will receive early consideration by the 92d Congress. We do not believe that this corporation would be the most effective way to handle that program when it becomes law.

It would create a new unit in the Executive Branch, independent of the other Departments and agencies, with branch offices in each major urban area and other areas as deemed necessary. To the extent that the corporation would constitute a mechanism for bringing the fee-paying non-poor family together with a private child care facility, there arises the real question of whether the cost of the administrative overhead for such service is necessary or desirable.

To the extent that it would bring the child in receipt of services under another Federal program in contact with a child care facility, the question arises of whether it is necessary to have this separate and additional machinery to accomplish that purpose. In summary, the establishment of an independent corporation to provide child care services appears to be unnecessarily duplicative and costly.

Related to this problem of the independent new agency is another basic point. At the present time, there is lodged within the Department of Health, Education, and Welfare, extensive responsibility for child development and child care. To assure coordination between all the Federal sources of day care funding, and to assure access to the technical expertise of the Department in this area, as well as related services, such as health and educaiton, any new authority for the development and provision of child care services should, in our opinion, be lodged in our Department.

We are also aware of other day care-child development legislation which has been introduced by you and others in both the House and Senate. The Administration is currently studying these proposals and thinks that more complete hearings and study are necessary before the Congress enacts the Federal Child Care Corporation or other related legislation.

We appreciate your cooperation and look forward to continuing to work closely with you in the future.

With best wishes for a happy holiday season, I remain,

Sincerely,

ELLIOT L. RICHARDSON,
Secretary.

Mr. JAVITS. The key sentence, Mr. President, with respect to this matter, is the following:

The Administration agrees with the purpose of this amendment, but does not favor enactment of this title at this time. We think that insufficient time has passed to enable OCD and the other offices with which it works to prove their worth and effectivenesss before a new government corporation is formed to meet the needs of the nation for child care services. We also call attention to the very important child care component of the Family Assistance Plan which will receive early consideration by the 92d Congress. We do not believe that this corporation would be the most effective way to handle that program when it becomes law.

Mr. President, to summarize my views:

First, I agree with the Secretary of Health, Education, and Welfare that we should not abort the child care provisions of the family assistance plan, which we have not even considered, before we consider it, by prejudging what shall be the administrative apparatus that will be used for the purpose.

Second, Mr. President, we are asked by the sponsors of the proposed Federal Child Care Corporation to come to a conclusion which I think would be most prejudicial to our further consideration of that matter, and that is to centralize Federal responsibility in this Corporation.

I point out the fact that that is exactly what is contemplated, because, in the committee report, at page 335, we have the following statement justifying this particular Corporation:

It is the committee's view that we need a new mechanism in facing this problem, a single organization which has both the responsibility and the capability of meeting this Nation's child care needs. It must be an organization which has the welfare of families and children at the forefront, an organization which, though national in scope will be able to respond to individual needs and desires on the local level. It must be an organization which will be able both to make use of the child care resources which now exist and to promote the creation of new resources. It must be able to utilize the efforts of governmental agencies, private voluntary organizations, and private enterprise.

The new Federal Child Care Corporation, which would be created under the committee bill is intended to be such an organization.

Now, Mr. President, if ever I saw an example of putting the cart before the horse, it is in that situation. We are asked to legislate a fixed form of organization, with specific capital, specific authority, and specific criteria for its operation, before we have even decded what should be the fundamental objective which we wish to achieve with respect to child care in this country.

There are four basic alternatives, and this corporation proposal would have us choose one now, even before we decide what shall be our basic plan that we wish to carry out.

The other alternatives are as follows:

First, a State plan with Federal administration. That is, incidentally, contemplated by a very exhaustive bill introduced in the House of Representatives by Representative BRADEMAS with the sponsorship of a number of Members. That is known as Comprehensive Preschool Education and Child Day Care Act of 1969.

Second, there is a State plan with State administration, and that is the plan contemplated by a measure introduced, again in the other body, by Representative DELLENBACK of Minnesota, and, in this body by the Senator from Vermont (Mr. PROUTY).

Finally, Mr. President, there are various aspects of the community plan, which really is based upon working from the grass roots upward, and that plan is contained in my own bill, which I introduced just about a month ago. It is also contained in the bill of the distinguished present occupant of the chair (Mr. MONDALE), his bill being known as the Head Start Child Development Act of 1969, and the bill introduced by the Senator from Indiana (Mr. BAYH), known as the Universal Child Care and Development Act of 1971.

So there are four basic plans: community, State plan with Federal administration, State plan with State administration, and the Federal Child Care Corporation, the plan of Senator LONG.

We also ought to take a look at the orders of magnitude here. Senator LONG's corporation, which he says would be a single organization with both the responsibility and the capability of meeting this Nation's child care needs—this single organization, supposedly, to deal with all the needs for child care, is to have a $50 million capital, and, when it gets rolling, it is to have the ability or the authority to issue $250 million in revenue bonds, not guaranteed by the United States but dependent for their validity as bonds upon income which would be earned by day care centers and that is all.

Mr. President, juxtapose those financial vertebras to the need and to the actuality. Right now, we are spending in round figures about $450 million a year for day care. And, Mr. President, under any of these bills one may choose, and even the contemplation of the administration itself, faces a very material increase. We all hope that much of that will be self-financing, but nevertheless, we are dealing with an order of magnitude which make the financial base of this corporation either completely inadequate to the purpose to be served, or

an effort to so materially reduce the whole size of the day care operation in the country as to absolutely defeat any plan—such as one which ties in the day care to a very critical reform of welfare or the White House Conference's plan or any of our plans in Congress—all of them are much broader in scope than would be contemplated by this corporation. So all this corporation would do is try to fit a big foot into a very small shoe. When that is added to the fact that it would abort our consideration of the President's family assistance plan and that it would commit us to one course of administration when we have an aggregate of four before we even know what our plan is going to be about child care, it seems to me to be highly improvident.

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

Mr. JAVITS. I yield.

Mr. PERCY. Before making a comment on the motion to strike, I should like to repeat what I said to the Senate Finance Committee when I testified before that committee on behalf of day-care centers and certain proposed legislation that I had introduced to provide for their construction.

I believe that the Senator from Louisiana (Mr. LONG), the chairman of the committee, is devoted to finding an answer to the day-care problem, and I commend him for his initiative. I intend to keep a deep and a continuing interest in methods of solving the problem of child care. I believe it is one of the most critical problems we are going to have to face in the near future. However, despite this interest and despite the fact that I have introduced a measure in this area as it relates to the President's family assistance plan, I wish to support the motion to strike this section from the pending bill.

Mr. President, my prime reason for adopting this position lies in the fact that I believe that the proposal contained in the bill has resulted from less consideration than the problem deserves. The committee included the proposal in the bill without benefit of the recommendations of the White House Conference on Children and, in fact, without benefit of any specific hearings whatsoever.

As a result, there was no opportunity to explore the proposals on this subject made by other Senators, including those of the distinguished Senator from New York (Mr. JAVITS), who has given a tremendous amount of attention to this field and is extremely knowledgeable in it. I believe his proposed legislation should be given every possible consideration, because my own initial reaction to it is that it is a basic thrust in the right direction and goes to the heart of the problem. Also, as has been mentioned, the Senator from Minnesota (Mr. MONDALE) and the Senator from Indiana (Mr. BAYH) have made proposals that have not been considered thoroughly.

There was no opportunity to consider the question of how deeply an individual community should be involved in planning to meet the community's child care needs. There was no real opportunity to adequately consider the adequacy of the structure of the Corporation, including the relationship between the Corporation and the Office of Child Development and the Office of Economic Opportunity. Finally, there was no opportunity to consider the adequacy of the level of authorization contained in the bill.

I should like to ask the distinguished Senator from New York, from his vast experience in establishing enterprises of this type, whether, rather than coming from the top down, projects involving the people, a community do not come out better when they come from the community up.

Mr. JAVITS. There is no question about that. I should like to make two points in that regard.

One is that we are not even arguing for that. We are saying, yes, we feel that projects should come from the ground up. We are not asking the Senate to accept that now. But we are also asking the Senate not to foreclose it by taking a project which proceeds from the top down.

I should like to ask the Senator this question, because he has the city of Chicago in his State, and the Senator knows I have New York: What does the Senator think will be the reception of the Federal Child Care Corporation when it comes into one of the Chicago ghettos to set up day care centers? Are we going to have a new set of militants who are going to ride them out on a rail or throw them out or picket their projects or refuse to participate in them or burn them down, or are we going to do something constructive in day care?

Mr. PERCY. I think we would be ill advised to go ahead and establish this corporation until we actually know more than we do now. I really cannot tell the Senator what the reaction of the leadership of the various ghetto areas in Chicago would be. I would feel much better if they had been able to come down and testify, the leadership, for instance, of a community of some million blacks, who really have a deep concern about this problem, and the leadership of other concerned communities, and have them feel that they have had a voice in the making of this vital legislation.

It is better that these programs come from the community up and give residents a sense of participation, rather than just establish a superstructure setup from Washington, have a corporation established, without the benefit that we could gain from participation in what should be adequate hearings. I would tend to think that we should have these hearings as early as possible next year. It ought to be one of the earliest orders of business, and it fits together well with the early consideration that has been promised on the family assistance plan.

Mr. JAVITS. I thoroughly agree with the Senator.

I am not trying to prejudge it, either. I have an idea. I prefer the community approach, but there may be many bugs in that. Hence, I think the only fair way to do it is to start with an effort to design really a child care program. We may very well end up with the idea of a corporation. But to abort all our considerations by opting for that now seems to me to be most improvident and ill advised.

I point out to the Senator that it is not less than absolutely obliterating all other ideas because the committee itself says that this is the single organization that is going to have the job of meeting of the Nation's child care needs in its hands. For example, on page 420:

> The corporation shall have the responsibility and authority to meet the Nation's needs for adequate child care services.

Mr. President, that may have the responsibility and authority, but they are not going to have the resources or the organization. So it seems to me to be a most improvident provision.

I do not think one need plead for my bill, which I like very much and many other people do, or for that of Senators MONDALE and BAYH, or PROUTY and Representatives BRADEMAS, DELLENBACK, and QUIE. One need not plead for any of those. All one has to do is to give them a chance to draw the breath of life, rather than to extinguish them now in this improvident way, before we are remotely ready.

I might say to the Senator from Illinois that it bears out what Senator HARRIS knew and what all of us knew—that we let this survive in the bill though it is of exactly the same gender as what we eliminated—trade and, to the dismay of many of us, the President's FAP—because we were just up against it. Here we are with the same kind of proposition, which we are asked to swallow the very moment that we have rejected a number of others of exactly the same kind because we just cannot give them the consideration we know they should have. I cannot think of legislating more improvidently than doing this.

As we all know from the colloquies which ensued when we considered the motion to recommit, this was something the chairman, Senator LONG, insisted on. We all respect him, and he certainly helped us to cut the Gordian knot on this bill. So we stood aside and are now arguing the same provision we should have argued on the motion to recommit.

I should like to add one other thing: The chairman remains the chairman of the Finance Committee; he will be the chairman of the Finance Committee next year. It seems to me that there is no insecurity in his position. He will be just as strong and just as effective and just as able to have his prestige count with his colleagues for the Federal Child Care Corporation next year as this year. So I do not think there is any derogation of the respect we owe to the chairman of the committee that is bringing out a bill. On the contrary, I think it would be inconsistent if we did not do our best to make the provision—if it is going to be the final choice of the Senate—at least be the best possible, after a consideration of alternatives, and after—as Senator PERCY has said—the opportunity for hundreds of thousands or millions of blacks who are very deeply involved, and the poor generally, to testify for or against this proposition, so that we will have some idea as to whether or not it will work.

Again I point out to Senators that for the same reasons we are discussing, the Secretary of Health, Education, and Welfare agrees that this is ill advised and

wants very much to see it stricken from the bill.

Mr. PERCY. Mr. President, there is one further point I might make lest we leave the impression, in striking this particular section of the bill, we are saying that we are doing nothing about day care problems at this time.

There are certain provisions in the bill now which are unaffected by this motion to strike which will serve as temporary measures to deal with the problem until we can adequately explore the implications of the Child Care Corporation.

One of the major reasons for the failure of the work incentive program has been the absence of adequate day care facilities. The bill provides a temporary solution to this problem by increasing Federal participation in the financing of day care facilities from 75 to 90 percent. While this will not solve the problem, I believe that it will alleviate some aspects of the situation until, early in the next Congress, we have had an opportunity to adopt a comprehensive solution.

Thus, Mr. President, I shall vote for the amendment to strike. I hope that a majority of my colleagues will do so as well. I do so despite the urgency of the situation and despite my own deep interest and commitment to providing adequately for day care facilities. I do so, because I believe that in the long run, we shall make a better contribution to the solution of this most critical problem.

I share with many of my colleagues the feeling that some of the nongermane things we have stricken out of the social security bill the country will be better for. It would have been an utter disaster, for instance, for this country to have pushed ahead just for the sake of legislating and adopted a trade bill that would have set the country back 40 years in its policies.

There is the kernel of a good idea here, but we are not ready now to see it nurtured and come to growth until more work can be done on it. That work can be done in the 92d Congress.

I congratulate again and commend my colleague from New York for his distinguished leadership in this field and the expertise he brings to it. I know he offers this amendment in the belief that if the bill passes in its present form, the country will feel that we have solved the day care problem and that we have really thought through the answers, when we have not done so carefully enough.

Successful action on this motion to strike, I think, will give us the opportunity, early next year, to pursue this with the deliberate care it requires. That does not mean undue delay. It means that we can have action quickly, once we have full hearings.

Mr. JAVITS. I thank my colleague from Illinois very much. He has been most helpful.

Mr. COOK. Mr. President, will the Senator from Illinois kindly stay here for a moment? I should like to ask a question, if this is the kernel of a good idea, let us talk about financing it for a minute.

On page 434 of the bill, it states that the Corporation will receive $50 million, and starting in 1975 they must pay it back at the rate of $2 million a year. This is $2 million a year out of its revenues from day care centers. However, to borrow the $250 million from the public, it says on page 436 of the bill:

> Any such bonds may be secured by assets of the Corporation, including, but not limited to, fees, rentals, or other charges which the Corporation receives for the use of any facility for child care which the Corporation has an interest.

In order to borrow the $250 million, what kind of assets is it going to be able to build in the meantime?

It has a $50 million debt which it has to start paying back in 1975 at the rate of $2 million a year. It cannot borrow $250 million. It has to have $250 million worth of assets or more.

How is it ever really going to be able to accomplish that?

Mr. JAVITS. I would say, looking at it from the point of view of the chairman of the Finance Committee, that they would immediately have to go into the day care business for the relatively upper level, upper middle income families, in order to make the program viable financially. So, all our purposes here would be defeated at one fell swoop, because we are setting conditions which obviously they cannot meet, and still serve the clientele we want them to serve.

Mr. COOK. I thank the Senator.

Mr. JAVITS. I thank my colleague from Kentucky.

Mr. MONDALE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. MONDALE. The comments just made by the Senator from Kentucky are very useful. I had not realized what he stated. We have had hearings before the Employment, Manpower, and Poverty Subcommitee on this proposal, which I introduced along with about 20 others, which we call the Headstart Childhood Act of 1969. We heard from a number of nationally recognized early childhood specialists in the country. I am pleased to say that the President was wise in appointing one of our witnesses, Dr. Zigler, as the Director of the Office of Child Development. Dr. Zigler is recognized as one of the best experts in the field.

I came away from the hearings appalled by the way we treat our preschool children. I felt increasing concern that as the Nation moves in the direction of dealing with the problems of the first 5 years of life, particularly for the most disadvantaged, we make sure that we do so in the right way. A child—especially a young child—is a sensitive and highly destructible entity.

Middle-class American parents do everything they can for their children, with decent housing, the best nutrition and health assistance in the world, with all the love and affection they can provide, and when it is all over they hope and pray that, somehow, their children will make it. But, under this proposal, we would take a different approach. When a child in its early formative years, the emphasis is on letting the mother out of the house to work. In the interim we take the child—like a commodity—and stack him like cordwood in some day-care center. To be sure, the day-care center is supposed to achieve certain physical minimums. It it supposed to be fireproof. It is supposed to be warm. It is supposed to be clear and if the children are fed, it is supposed to be nutritious, and so forth. But nowhere in the proposal, in my opinion, is there any sensitivity shown toward the emotional or psychological problems which every decent parent knows is essential to the rearing of a healthy child.

If this Nation launches a program aimed toward letting mothers work and in the process simply salts thousands and thousands of children away in these cold and sterile custodial centers, I think we will be producing a generation of emotionally crippled children that will cause more trouble than anything we have seen in the past. I think we will regret having taken this well-motivated but, in my opinion, yet-to-be-perfected proposal.

In my opinion, the country is quickly coming to the conclusion that we need quality, healthy childhood programs for our children. It is the most exciting new theory for dealing with disadvantaged in America. In my opinion, most children who grow up in tragically disadvantaged circumstances are ruined by the time they even go to the first grade. They need sensitive child development efforts. But I think we should do it right. I do not believe this does do it right. I think the theory is wrong. I believe it can do more harm than good. I hope we will strike it and that the next Congress will really take hold of the issue and pass the kind of proposal that gives quality, total, child development assistance to the hundreds and thousands of disadvantaged children in this country who so desperately need it.

Mr. JAVITS. The Senator is 100-percent correct. I should like to point out the kind of services that can be provided—which is contained in section 2118 of this particular provision, on page 442 and on later pages. What the Senator is really talking about is custodial care.

Mr. MONDALE. The Senator is correct.

Mr. JAVITS. It is not developmental care, and that is one of the biggest issues in this field. Obviously when we are dealing with this Corporation, and considering its restrictions, we see what must happen.

The Corporation cannot even earn interest on the bonds, as the Senator from Kentucky (Mr. Cook) pointed out. The Senator from Kentucky pointed out to me privately—and I would like to say publicly—that the only investment it could make it in Government securities. It canont even buy high interest bonds. It is confined to U.S. bonds.

It is this money and money earned from day-care centers that will give them earnings and enable them to pay back the basic investment of $50 million, at $2 million a year. This is not even a Government bond.

The whole thing becomes a business operation other than the kind we want.

As always happens in debates of this character, it is unnecessary to extend the argument that far. The fact is that in

this case what we are arguing for is that we withhold our action, rather than that we take action.

While we speak with admiration and respect for the idea—because I am devoted myself to original ideas—and this is an original idea—I certainly am not devoted to such ideas until after they have been tested out in some fashion, even if it is only in debate.

We should deal with the bugs in the program, some of which have been pointed out in the debate today, especially when we will be aborting another approach to the same problem.

The PRESIDING OFFICER (Mr. CASE). Will the Senator suspend? There are conversations going on all over the Chamber.

The Senator may proceed.

Mr. JAVITS. Mr. President, I have named four purposes. I would like to recapitulate them.

First, there is the community approach, which we are following now in our appropriations for the OEO, used for child care. That is the Office of Economic Opportunity. There is also the approach of State plans with Federal administration, the approach of State plans with State administration, and, finally, the fourth alternative, the Federal Child Care Corporation.

Mr. President, I would like to conclude my observations on this matter by again referring to the opposition to this particular plan at this time. All the Secretary of Health, Education, and Welfare indicates is not that he wishes to knock it down, but that he feels that we would be preempting the field at a time when the field should not be preempted.

Mr. President, I would like again to read a statement from the letter that I read before. Many of the Senators were not here at the time I did this before.

The key portion in the Secretary's letter which was received this morning reads as follows:

The Administration agrees with the purposes of this amendment, but does not favor enactment of this title at this time. We think that insufficient time has passed to enable OCD and the other offices with which it works to prove their worth and effectiveness before a new government corporation is formed to meet the needs of the nation for child care services. We also call attention to the very important child care component of the Family Assistance Plan which will receive early consideration by the 92d Congress. We do not believe that this corporation would be the most effective way to handle that program when it becomes law.

That is the case as I see it for the amendment. I hope very much that the Senate will agree to the amendment and for the present—that is all we ask—strike this particular title from the bill.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, I would like to ask if we might agree to a limitation on debate so that we could vote at some time certain on this amendment.

I ask unanimous consent that the Senate vote on this matter in 20 minutes, the time to be equally divided between the opponents and the proponents of the amendment.

Mr. HARRIS. That is satisfactory with me.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none and it is so ordered.

Mr. HARRIS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask unanimous consent that there be a brief quorum call and that the time be taken equally from both sides.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. 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. HARRIS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 2 minutes.

Mr. HARRIS. Mr. President, mention was made earlier in the debate concerning the position of the National Association for Black Child Development and the lack of approval by that organization of this child care provision as it is presently written.

I have here a position paper on the Federal Child Care Corporation provision prepared by the National Association for Black Child Development. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

POSITION PAPER—FEDERAL CHILD CARE CORPORATION ACT S. 4101—AN AMENDMENT TO THE FAMILY ASSISTANCE PLAN

While the basic purposes of the bill are valid, there are a number of significant objections which make it impossible for the National Association for Black Child Development to support it:

THE STRUCTURE

Sec. 2002 (a) The creation of a nationally lodged vehicle is a logical step in attempting to provide comprehensive child care in this nation. However, such a mechanism must be designed within the context of the recipients for the proposed child care services. Since Senator Long's Act is to be an Amendment to the Family Assistance Act. Child Care Provision Section, the initial child care services offered by the proposed Corporation will be aimed at the Black and poor citizenry of this nation. This is clearly stated in *Sec. 2003.(c)* . . . The Corporation shall accord first priority to the needs for child care services of families on behalf of whom child care services will be paid in whole or in part from funds appropriated to carry out Title IV . . . This has strong implications for controlling contracts under FAP.

Our position on the kind of mechanism we view as being most beneficial has been stated in a position statement entitled *Optimum Conditions for Minority Involvement in Quality Child Development Programming, p. 12, Sec. 4(a)* . . . The Federal government should administer funds for day care projects with minimal state involvement. Providing the Office of Child Development can be sensitized to minority concerns, *it should be the administrative agency.* Provisions must be made for technical assistance to communities preferably by minority firms in advance of actual funding.

The Corporate structure described in the Federal Child Care Corporation Act is similar in many ways to existing agencies which are controlled by persons appointed outside of the Black community. Such persons set policy and develop programs for the Black community residents. *This model has a poor track record.* The act advocates a proposed monopoly for child care services.

The proposed Corporation is basically a compromise child care plan modeled after large profit-making corporations. The Corporation will monitor itself, establish its own codes, standards and regulations. These standards will bypass and supersede federal, state, regional and local requirements as outlined in *Sec. 2006 "Exclusiveness of Federal Standards."* This section should be reviewed in terms of ratios of adults to children as outlined in *"Standards for Child Care," Section 2004(b), (1), (A), (B)* in order to assess its implications. Whereas, optimum ratio (Child-Adult) suggested is 8 to 1, the Corporate Board can authorize a 25 to 1 ratio which clearly speaks to custodial care. Further, such a ratio is very similar to those that have been proposed by Franchisers whose aim is profit-making, and promotes custodial care, instead of quality child care and child development.

The Corporation as presently being proposed, is monopoly focusing on child care needs in this country. It will receive its initial funding *because* of the Family Assistance Act which is designed for the poor. As it is presently set forth, the Federal Child Care Corporation Act will preclude self-determination and the fundamental rights of Black, poor and minority groups to adequately participate in making policy and plans as *they* determine their child care needs.

THE BOARD

Basically the Board is composed of those who will represent the current administration. If persons on the Board do not comply they will undoubtedly be removed by the President. *All powers* rests with this Board. They will appoint the Advisory Council. They will appoint personnel. They are empowered to collect fees directly or through contractual arrangements. It becomes apparent that the Board will probably have subsidiaries—which again speaks to contracting with national franchisers.

FUNDING

The proposed Act calls for a Revolving Fund, *Sec. 2003.(a)* which will be established by the Treasury. The amount proposed, 50 million dollars, will be paid back in annual installments of 2 million dollars. The Corporation will pay interest on this loan, on the basis of a rate equal to the average rate of the Treasury's loan. If the Corporate funds are in excess, the Corporation will invest money in various ventures related to child care. In other words, they will plow profit back into the Corporation to create subordiaries in other program and service areas in child care.

This funding process, as called for in Senator Long's Act initially takes tax monies to *loan* the Corporation. Further, this Corporation will issue Bonds, which the government will not be responsible for, which are sold to the people, similar to war bonds, costing the taxpayer the cost of the loan and capital for it to operate autonomously. Thus, the Corporation will be selling services for operating costs.

This Bill as proposed is basically a thrust toward selling the concept of developing social services as a private sector function, and removing the responsibility from the government in this area. Most appalling is the profit-making dimension which is being initiated on the backs of the poor and Black people in this country, by attaching this Act to the Family Assistance Act.

Components of the bill that are objectionable:

(1) Lack of appropriate representation on the Corporate Board and Advisory Council of Black and other minority people;

(2) Lack of assurance of *quality programs* vis a vis the proposed ratios as outlined in the Act;

(3) Lack of a certification process for individuals who have demonstrated ability in the care of children in the various proposed child care programs;

(4) Lack of an objective evaluation process of the proposed Corporate Board. The Act does not reflect a process of accountability, as exemplified in the revolving fund concept; and the reporting procedure to Congress every two years. It appears that the Advisory Council who have been appointed by the Corporate Board will be the evaluative mechanism. This suggests a self-evaluation process, to which we are opposed;

(5) Black and minority group firms will find it difficult to receive contracts for providing Technical Assistance to the child care programs because of the growing competition by big business and franchisers in this area; and

(6) The possibility that the proposed Corporation will perpetuate custodial programs is glowing due to the lack of specific program criteria. There is no mentioning in the present Act of the ages of children and the different ratios of adults in relationship to this factor.

Mr. HARRIS. Mr. President, reference was also made earlier to the Child Welfare League. I have here comments on the Federal Child Care Corporation provisions prepared by the Child Welfare League. I call attention to excerpts from those comments in which it was said, for example:

In fact, the many implications of S. 4101 are so far reaching and of such importance that we believe there needs to be a very careful examination and analysis of the impact of the bill's provisions by this Committee and by a wide variety of Government and public witnesses. Assessment of S. 4101, alone, might well require many weeks. Because of the press of business already before this Committee, we respectfully suggest that substantive discussion of this important legislation take place within the context of full Committee hearings, arranged solely for this purpose at some later date. The League would be pleased to assist the Committee in any possible way to prepare for these hearings. We offer the Committee the use of our resources and pledge our cooperation.

I certainly support that statement.

Mr. President, I ask unanimous consent to have printed in the RECORD other excerpts from these comments made by the Child Welfare League.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

There have been several other bills introduced in both the House and the Senate dealing with various kinds of children's services, including "Head Start" type programs, child development services, early childhood education and day care. A common feature has been a concern for the children of mothers who work or are in training. An examination of these bills, along with S. 4101, presents several issues to which we believe this Committee should address itself.

What types of programs should be authorized by legislation affecting young children?

Can and should the so-called "day care needs" of children be considered separately from the educational and developmental needs, or should these programs be combined?

Are the programs needed for the children of working mothers and guardians essentially different from those required for children from disadvantaged and so-called "culturally-deprived" families?

What are the essential ingredients of any child care program if it is to provide adequately for a child's developmental and educational needs, particularly when the mother is employed and absent from the home?

We believe that the Committee should consider the following questions before concluding that consolidation in a new, quasi-governmental body such as the Federal Child Care Corporation is advisable.

Is it advisable to give authority over all child care services to any one agency—whether that agency is governmental, like the Office of Child Development, or quasi-governmental, like the proposed Federal Child Care Corporation?

Is it possible to utilize the administrative skill and the trained personnel at various levels within the government agencies to design programs and deliver programs through through an existing government agency?

Several Commissions have recommended fuller utilization of Head Start programs so that they could also serve as full-time day care facilities. Is it desirable to have one agency, such as the relatively new Office of Child Development, administer the large Head Start program, and establish another Federal agency to administer all other child care services?

HEW has had virtually no funding to finance remodeling, or construction of new child care facilities. Does this factor make it difficult to assess the Department's ability to assume the responsibility of meeting the Nation's needs for adequate child care services?

What would be the relationship between the Office of Child Development, with its highly-trained and skilled Director, and the Federal Child Care Corporation?

Skilled, capable personnel in the field of child development, special work, psychology, and education are in very short supply. But some of these scarce and skilled professionals capable of administering and developing the standards necessary for such * * *.

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

Mr. HARRIS. Mr. President, I yield 2 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOK. Mr. President, I would like to direct these remarks to the distinguished Senator from Louisiana because, for the life of me, I cannot figure out how financially this Corporation will be able to come into existence. If it borrows its maximum of $250 million, floats a non-Government-guaranteed bond, and if they are fortunate enough on that basis to sell a public bond at 7 percent interest the first year alone would be $17.5 million. If they floated the bonds for 25 years, it is conceivable their first principal payment in the first year would be $10 million. Then they have an automatic payback of their $50 million beginning in 1975 of $2 million a year. That means that the first year of its first full borrowing capacity, with the $300 million Corporation, as far as its assets are concerned, it has to earn over and above its expenses and pay back to the Treasury, and pay interest to bondholders, to the tune of $29.5 million.

I am not sure I know of a major private corporation in the United States capitalized at $300 million after all expenses that could conceivably pay back $29.5 million in any one year. I am wondering financially how this Corporation can even come into existence with the first payout load of $29.5 million. If anyone can answer that question for me, I would appreciate it, but it is a matter of figuring interest on $250 million, plus the principal payment, plus the fact that starting in 1975, they have to pay back $2 million on the $50 million of capitalization.

Mr. LONG. Mr. President, we are talking about only $50 million, because the remainder of that money does not become available until after 2 years, when bonds could be issued for construction purposes. This Corporation would begin its operations with the $50 million loan. For all services provided it would be paid fees, whether from the parents or from the welfare agency.

Mr. COOK. Mr. President, will the Senator yield further?

Mr. HARRIS. I yield 1 minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. COOK. Is the Senator saying in essence the Federal Government is going to pay to the Corporation on nonguaranteed bonds the full extent of the private market interest rather than have them guaranteed by the Federal Government, because you also provide to go on the open market and sell these at the highest rate, that the funds of the Corporation, and I refer to section (b) on page 433: "shall not be invested in any obligation or security other than obligations of the United States or obligations the principal and interest on which are guaranteed by the United States."

Mr. LONG. Mr. President, I wish to call to the attention of the Senator that the Corporation is not trying to make money through investment. This provision simply states that, if they have extra money, they could invest it in Government obligations on an interim basis so they would be earning money on it.

Mr. COOK. Mr. President, will the Senator from Oklahoma yield further?

Mr. HARRIS. I yield 1 additional minute to the Senator from Kentucky.

Mr. COOK. I have listened with a great deal of interest to what the Senator said. If money is borrowed on the open market, it has to be paid back.

The PRESIDING OFFICER. The time of the Senator has expired. Does the Senator from Oklahoma yield further?

Mr. HARRIS. No; I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, the Corporation initially borrows up to $50 million from the Treasury. That is for initial operating capital. But once it is in operation it charges for the services it is providing, and the fees are paid either by the parents or, if they are needy, by the welfare agency. After its first 2 years of operation, the Corporation is authorized to borrow $50 million annually for up to 5 years for construction of facilities.

Here, too, the Corporation will charge for services provided in the facilities it constructs.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. LONG. Mr. President, I yield myself 2 additional minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 additional minutes.

Mr. LONG. Mr. President, one of the great crying needs in this entire child welfare area is the need for adequate child care for children of working mothers. There are two major problems involved. One problem is that the States need fiscal help. We took care of that by liberalizing the matching formula. No one complains about that. Second we need to have someone who has the ability and will to provide child care services. Most State welfare agencies are, apparently, not well equipped to do this now, and this is evidenced by the fact they are not now using even half of the Federal funds we have made available.

How do we handle this problem? We set up a Federal Child Care Corporation, start it out with a $50 million loan from the Treasury for initial operating capital, and then have the Corporation make child care services to as many mothers as possible who would like to have child care provided.

The PRESIDING OFFICER. The Senator's time has expired. Does the Senator yield himself additional time?

Mr. LONG. Not at this time.

The PRESIDING OFFICER. Who yields time?

Mr. HARRIS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 2 minutes.

Mr. HARRIS. Mr. President, I ask unanimous consent that a memorandum in support of this amendment be printed in the RECORD at this time.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMO IN SUPPORT OF HARRIS-JAVITS-MONDALE AMENDMENT TO STRIKE THE FEDERAL CHILD CARE CORPORATION PROVISIONS FROM H.R. 17550

1. There have been inadequate hearings on this far-reaching piece of legislation and insufficient effort to coordinate it with other Federal programs which touch on day care services. Many parts of this provision could be improved by thoughtful amendment, but there is simply not time to handle this whole matter at this late date in the session.

2. The whole question of child care will come up again anyway early in the next session in connection with welfare reform. There is no need to rush into this major new program right now.

3. There is a great need to expand child care services, but two fundamental requirements should be parental involvement and community control. These requirements are not properly safeguarded in the provision sought to be stricken.

4. Standards set up by the bill are inadequate in regard to child-staff ratios, staff qualifications, facility standards (this bill would supersede state and local standards) and, most importantly, in regard to child development concepts.

Mr. HARRIS. Mr. President, I yield the remainder of my time to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. Mr. President, I think the case has been made adequately. It comes down to the fact that we are aborting all other plans and opting for a plan that is much too small for the situation and a plan that is not financially viable. I believe the Senator from Kentucky (Mr. COOK) put his finger on the problem in noting that a corporation with $300 million to operate, and with this kind of income from welfare agencies it cannot be financially viable. Hence it will have trouble selling bonds. We will put ourselves in a box.

Let us not abort other plans and improvidently opt for a plan which has not been designed or developed to meet the situation because we will not know the plan for child care for the country until we finally deal with FAP.

For all those reasons I believe that the amendment is an appropriate vehicle for the Senate to get out of the situation which we face here, in addition to the other difficulties we have gotten into. There has been inadequate inquiry into this matter and there are many flaws in the proposal. It aborts the situation long before we are ready for it and coming at this time in this session it is most improvident.

Mr. LONG. Mr. President, I yield 5 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. RIBICOFF. Mr. President, throughout the consideration of this bill I have found myself in sharp disagreement with the chairman of my committee over certain provisions. But that does not mean every position he advances is wrong. In this instance the Senator from Louisiana has a good idea and it has my support.

We must realize that in this country we have need for day-care facilities for some 7 million children. We only have facilities in this country for some 700,000 children. Consequently, throughout this Nation, in small towns and big cities, we are unsuccessful in many of our social programs because there are insufficient facilities to assist mothers with young children.

The WIN program, the work incentive program, adopted in the Senate in fiscal 1969, appropriated $25 million and has used only $4 million. In 1970, we appropriated $52 million and used only $18 million.

The reason why such small percentages were used was due to lack of facilities in the United States to take care of the children involved. What has been proposed here is not an exclusive program; and here is where I think the Senator from Oklahoma and the Senator from New York misread the purpose of the particular Corporation sought to be brought into existence. In the family assistance plan, which failed, there was provision for some $386 million for day care. In this bill there is some $250 million for day care.

That does not mean the proposals the Senators from Indiana or New York or Oklahoma have in mind would be immediately put out of existence because of the proposal. What the Senator from Louisiana is saying in this bill is this: We have been unsuccessful over the past decades in providing day-care centers. The old methods just are not working and we must find a mechanism that is right for today, and not a mechanism that has failed in the past.

What we are saying is that the Federal Corporation would be the coordinating corporation to supply inservice training and day-care facilities involving diversity and imagination. In some areas a church could be used. In some areas a school could be used. In some areas an apartment house could be used. In some areas an existing day-care center could be used. In other areas of the country where there are no day-care facilities, it might become necessary to build such facilities. So there is a great variety.

The Senator from Louisiana is bringing forth a new concept where the old concepts have failed. Unfortunately, the bureaucracy that exists through American life is just as strong in the entire social welfare field and there is a reluctance to try out new concepts and new ideas.

The ideas that are advanced by the Senator from Louisiana deserve our attention and cooperation. Three men will be appointed by the President of the United States with the advice and consent of the Senate to run the Corporation. It will have an advisory committee to advise the Directors.

The bill would permit the Child Care Corporation to make available a wide variety of child-care services where they are not available today. Such services would include educational, recreational, and home-care services.

No welfare agency, no community, no individual has any obligation to use the facilities supplied by the Federal Corporation. They can use any facilities in existence or to come into existence. This is not mandatory. It just is a mechanism to allow day care to become a reality. The goal of the Corporation is to arrange to make child care services available where they are needed. Its first priority will be to provide service to welfare recipients who need child care to undertake employment.

I have been intimately connected for many years with this great movement, and there is no group more dedicated to the improvement of social service laws than those in the day-care-center movement. Yet they have had great difficulty getting the movement off the ground, and, consequently, we find ourselves as a nation with only 10 percent of our needs being provided.

I commend the Senator from Louisiana for realizing that there is a new method, a new concept, to take care of the problems of tomorrow. I would hope the Senate would give attention to a new idea and recognize that his proposal is worth trying because past methods and past ideas have failed.

In addition, Mr. President, two other specific provisions of the pending social security legislation, H.R. 17550, deserve special consideration and support by the Senate.

Since the original medicare program was enacted in 1965, over 20 million Americans have been enrolled and are eligible for its benefits. However, many Americans have not been permitted to share in this program. In particular, public employees in a number of States, including Connecticut, are not eligible for medicare because they have not been part of the national social security program.

Several years ago, I introduced legislation to permit these employees to enroll in medicare. I introduced similar legislation again during this Congress. I am pleased to report that both the House of Representatives and the Senate Finance Committee have approved this concept. Section 202 of the present bill would permit voluntary enrollment in the hospital insurance program of people reaching age 65 who are not part of the social security system. The cost of this medicare insurance is estimated at $27 a month. State and public organizations, by agreement with the Secretary of Health, Education, and Welfare will be permitted to purchase this needed protection for their members on a group basis.

The persons now affected most severely by exclusion from medicare are State and local employees, including three-quarters of a million teachers in 13 States as well as policemen and firemen, who are not part of the social security program but belong to their own retirement plan. Because eligibility for medicare was originally predicated on eligibility for social security benefits, these men and women who serve the public and teach our children have been left out of the medicare program.

Some type of hospital insurance, of course, has been available to these people, but only limited coverage is offered. Few private insurers make available comprehensive hospital insurance to the aged. Eligibility for medicare will assume these citizens of adequate health protection.

Mr. President, I am also pleased to note that this legislation makes an urgently needed and long-overdue increase in the retirement income tax credit available to taxpayers 65 years of age or over who have retired under a public retirement system.

Since social security benefits are not taxed, it is only a matter of equity to provide an offsetting tax credit for retirees who are not eligible for social security but have contributed to a retirement plan other than social security.

The retirement income tax credit was first enacted into law in 1954. In 1962, the credit for an individual was increased and a corresponding increase for married couples was passed in 1964. Since that time, social security benefits have been increased substantially: by 7 percent in 1965, 13 percent in 1967, 15 percent in 1969, and an additional 10 percent in the Senate version of H.R. 17550.

Regrettably, the retirement income tax credit has not kept pace.

On September 29, 1969, I introduced legislation to restore an element of tax equity to many of our older citizens by increasing the base amount on which the retirement credit is computed from $1,524 to $1,872 for individuals and from $2,286 to $2,805 for couples. This would increase the maximum credit from $228.60 to $280.80 for individuals and from $342.90 to $421.20 for couples. I am pleased that the House of Representatives and the Senate Finance Committee have adopted this provision and I hope the full Senate will support it.

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining. Does the Senator yield back his time?

Mr. LONG. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. Less than 1 minute now.

Mr. LONG. Just to summarize, Mr. President, we have heard the opposition to doing something to provide child care by Senators who themselves have introduced measures in this area. The measure of the Senator from New York would cost about $3 billion. The Senator from Indiana has a bill that would cost $6 billion. The Senator from Minnesota has a bill that might cost more than $6 billion.

In the committee bill, we are simply trying to provide $50 million to get a Corporation started in order to try to see that child care is provided. That is the best we have been able to work out in committee. In the past, we have not been able to get the job done by just providing money, so this time we provide both money and a mechanism to get the job done.

The PRESIDING OFFICER. The question is on agreeing to the Harris-Javits amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Tennessee (Mr. GORE), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from New Mexico (Mr. MONTOYA), the Senator from Georgia (Mr. RUSSELL), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. STEVENSON) would vote "nay."

I further announce that, if present and voting, the Senator from Michigan (Mr. HART) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from Texas (Mr. TOWER), and the Senator from Delaware (Mr. WILLIAMS) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

The Senator from New York (Mr. GOODELL) is detained on official business.

If present and voting, the Senator from New York (Mr. GOODELL), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 41, nays 38, as follows:

[No. 454 Leg.]

[YEAS—41]

Aiken	Curtis	Murphy
Allen	Dole	Muskie
Allott	Ervin	Packwood
Baker	Griffin	Pastore
Bayh	Harris	Pearson
Bellmon	Hartke	Percy
Boggs	Hruska	Prouty
Brooke	Hughes	Saxbe
Case	Javits	Schweiker
Church	Jordan, Idaho	Scott
Cook	Mathias	Stevens
Cooper	McGee	Yarborough
Cotton	Mondale	Young, Ohio
Cranston	Moss	

NAYS—38

Bennett	Jordan, N.C.	Randolph
Bible	Kennedy	Ribicoff
Byrd, Va.	Long	Smith
Byrd, W. Va.	Magnuson	Sparkman
Cannon	Mansfield	Spong
Ellender	McClellan	Stennis
Fannin	McGovern	Symington
Fulbright	McIntyre	Talmadge
Gravel	Metcalf	Thurmond
Gurney	Miller	Tydings
Hansen	Nelson	Williams, N.J.
Holland	Pell	Young, N. Dak.
Jackson	Proxmire	

NOT VOTING—21

Anderson	Goldwater	McCarthy
Burdick	Goodell	Montoya
Dodd	Gore	Mundt
Dominick	Hart	Russell
Eagleton	Hatfield	Stevenson
Eastland	Hollings	Tower
Fong	Inouye	Williams, Del.

So the amendment was agreed to.

SOCIAL SECURITY AMENDMENTS OF 1970

The Senate continued with the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Mr. HARRIS. Mr. President, following conversations I have had with the Senator from Louisiana (Mr. LONG), concerning possible hearings next year in regard to the entire subject of day care, I am willing now to go to third reading. On behalf of myself and the distinguished Senator from New York (Mr. JAVITS), we are willing to forego offering the second amendment in regard to child care which was referred to in last night's agreement. We are willing to do that if the bill can go now directly to third reading.

The PRESIDING OFFICER (Mr. BELLMON). Under the agreement of last evening, the technical amendments may now be offered.

Mr. LONG. Mr. President, I have a number of technical amendments which I send to the desk. They are technical, clerical, perfecting, and conforming amendments, and I ask that they be considered and approved en bloc.

The PRESIDING OFFICER. Without objection, the reading of the technical amendments will be dispensed with and they will be printed in the RECORD at this point.

The text of the amendments is as follows:

On page 89 of the bill, between lines 17 and 18, there should be inserted in linetype

the language contained in lines 11 through 22 of the House passed bill.

On page 31, line 11, the close quotation mark should not be linetyped.

On page 134, line 15, delete "organs" and insert "organ".

On page 174, line 13, delete "clause 11" and insert "clause II".

On page 174, line 14, delete "section 1802" and insert "section 1832".

On page 231, line 16, delete "further".

In column II of the table which appears on page 7 of the bill, strike out "197.40" and insert in lieu thereof "179.40".

In column V of the table which appears on page 7 of the bill, strike out "288.00" and insert in lieu thereof "288.70".

On page 24, line 10, strike out "shall".

Beginning on page 29, line 23, strike out all through page 30, line 3.

On page 32, between lines 23 and 24, insert the following:

(i) In the case of any individual who became entitled to a widow's or widower's insurance benefit after attaining age 62 and who is entitled to such benefit for the month of December 1970, the provisions of this section shall not operate to reduce such benefit to less than 82½ percent of the primary insurance amount of the deceased individual on the basis of whose wages and self-employment income such benefit is payable.

On page 32, line 24, strike out "(i)" and insert in lieu thereof "(j)".

On page 89, line 12, insert "so reported, and" immediately after "and".

Beginning with the word "For" on page 271, line 24, strike out all before the period on page 272, line 4, and insert in lieu thereof the following: "The provisions of paragraphs (9)(A), (29), (32), and (33) shall not apply to Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, in Boston, Massachusetts'.

On page 301, line 6, strike our "fourth-quarter" and insert in lieu thereof "four-quarter".

On page 405, line 2, strike out "one);" and insert in lieu thereof "one);.".

On page 406, line 14, strike out "; and".

On line 407, line 6, strike out "; and".

On page 407, line 24, strike out "and".

On page 408, line 2, strike out "and" and insert in lieu thereof "or".

On page 408, line 3, strike out "respectively".

On page 410, line 19, insert "which" immediately after "work".

On line 411, line 20, insert "which" immediately after "work".

On page 416, line 21, strike out "or assistance".

On page 418, line 15, strike out "rsepect" and insert in lieu thereof "respect".

On page 449, lines 17 and 18, strike out "appropriate members of such families and such other individuals" and insert in lieu thereof "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)".

On page 450, line 6, strike out "organization" and insert in lieu thereof "organizational".

On page 451, line 3, insert "and that" immediately before "any".

On page 463, strike out the matter appearing on lines 5 and 6, and insert in lieu thereof "duty of which shall be to establish uniform reporting and".

On page 465, line 6, insert "of such Act" immediately after "442".

On page 465, line 13, insert "of such Act" immediately after "443".

On page 465, between lines 15 and 16, insert the following:

(13) (A) Section 444 (c)(1) of such Act is amended by striking out "section 402 (a) (15) and section 402 (a) (19) (F)" and inserting in lieu thereof "section 402 (a) (19)".

(B) Section 444 (d) of such Act is amended (i) by striking out "a special work project" and inserting in lieu thereof "public service employment"; (ii) by striking out "project" at the end of the first sentence and inserting in lieu thereof "employment"; and (iii) by striking out "402 (a) (15)" and inserting in lieu thereof "402 (a) (19)".

On page 564, line 16, strike out "(13)" and insert in lieu thereof "(14)".

On page 466, line 8, strike out "(C)" and insert in lieu thereof "(c)".

On page 499, lines 13 and 14, strike out "520(b)(14), 530, and 542" and insert in lieu thereof "520 (b) (14) and 530".

On page 499, line 17, insert "commences after December 31, 1970 and which" immediately after "which".

On page 535, line 13, strike out "432(b)(1)(B)" and insert in lieu thereof "432 (b)(1)".

In the table of contents which appears on page 546 of the bill, strike out, in the matter describing section 520 of the bill, the word "Society" and insert in lieu thereof "Social".

The PRESIDING OFFICER. The question is on agreeing to the technical amendments en bloc.

The technical amendments were agreed to en bloc.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is on final passage. Under the unanimous-consent agreement, debate is limted to 1 hour, to be equally divided and controlled, respectively, by the majority leader and the minority leader or their designees.

Who yields time?

Mr. MANSFIELD. Mr. President, I yield control of my time to the Senator from Louisiana (Mr. LONG).

Mr. LONG. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG. Mr. President, notwithstanding the disappointment shared by many in this body, including the chairman of the committee, that parts of the committee-reported bill that we would like to see enacted cannot become law in this session of Congress, there yet remains in the bill $7.5 billion in benefits under social security and public welfare programs to beneficiaries, to persons who find it necessary to come to the public welfare program for assistance, and to those persons who desire jobs, job training, and child care, and other opportunities for a better life.

I think, Mr. President, that this is a landmark bill, that it is one of the largest social security-public welfare bills ever passed in the history of this country. In fact, it may very well be the largest bill of its kind in the public welfare and social security areas, perhaps even more significant than the medicare bill, so far as size and the effort to get on with the job of caring for those who depend upon our public welfare and our social security systems are concerned.

So I hope that the Senate will pass this bill. I believe that when we review what remains, we will find that this is a good bill and a credit to the Senate.

Mr. HARRIS. Mr. President, I want to pay a well-deserved tribute to the distinguished Senator from Louisiana (Mr. LONG). He has spent long hours on this bill. In the hearings, he has been eminently fair in every respect, allowing every member of the committee to present his views fully. The work he has done and the motion he made in committee in support of the $100 minimum for social security, which is now a part of the bill, and the efforts he joined in toward raising the benefits by 10 percent, and the other wholesome provisions in the bill, are primarily due to his diligent work and dedicated efforts for the people of this country who are served by the social security, medicare, medicaid, and welfare programs of this country.

I honor him as my chairman of the committee. I believe he is entitled to the highest praise of the Senate for the bill that is now before us and is, I hope, about to be passed.

Mr. LONG. I thank the Senator from Oklahoma. I salute him for the effective work the Senator has done in the committee, as well as here on the Senate floor, in regard to matters in which he was interested. I also believe it is well to point out that the Senators on the committee, the Senator from Georgia (Mr. TALMADGE), the Senator from Utah (Mr. BENNETT), the Senator from Connecticut (Mr. RIBICOFF), and others, all made major contributions to the bill that stands before us. Although there is, of course, a great deal of room for revision and debate on the controversial items, I think the Senate has come forth with an extremely significant bill and one which I believe will do the Senate credit.

Mr. JAVITS. Mr. President, I join other Senators in congratulating the distinguished Senator from Louisiana. It could almost be said in advance that this could not be done. The Senator from Louisiana, in a rare example of subordinating his own feelings and his own deep convictions, got it done. I think he is entitled to all the credit we can give him. Even on the Child Care Corporation on which we differ, I have never said and I do not say now that it is not an ingenious and fresh idea. I can pledge to the Senator, for myself, that I will dig into this matter very carefully. For all I know, we may well end up with exactly that. So that I think the Senator has served the Senate remarkably well, and I would like to join my colleagues in paying tribute to the Senator from Louisiana.

I also join with my colleagues in praise of those colleagues and staff persons of both the executive and legislative branches who worked so hard on the family assistance plan, and particularly of Mitchell Ginsburg, former head of the Human Resources Administration and now dean of Columbia School of Racial Work, who so tirelessly made every effort

to obtain passage this year. It is my hope that early and favorable consideration next year will make this year's effort a fulfilled one both for the individual worker and for the poor.

Mr. TALMADGE. Mr. President, I wish to join my colleagues, the Senator from Oklahoma and the Senator from New York, in paying tribute to our distinguished chairman for his work in accomplishing legislative results which will take place momentarily in the passage of one of the most momentous bills which will have passed the Senate since I became a Member of this body.

I think that the amendments we have made to the Social Security Act raising the benefits by 10 percent with a minimum of $100 a month can do a great deal for the needy people of our country. Also the amendments that raise the benefits to our aged, blind, and the totally disabled people will be of tremendous benefit to millions of Americans.

Also a number of amendments in the field of medicare and medicaid will be most beneficial to hundreds of thousands of Americans as well as to the taxpayers of this country.

In the area of welfare reform, the Senate Finance Committee adopted amendments which I offered, that were based primarily upon the Auerbach Report, a government-financed study of the work incentive program. These amendments will at long last bring some real reform into the area of welfare and will offer training and job opportunities to our people to the point that they will have an income and will become taxpayers rather than beneficiaries of welfare.

I, too, want to pay tribute to our ranking minority member, Senator WILLIAMS of Delaware, who has made great contributions. The Senator from Connecticut (Mr. RIBICOFF), the Senator from Wyoming (Mr. HANSEN), the Senator from Iowa (Mr. MILLER), the Senator from Arizona (Mr. FANNIN), the Senator from Oklahoma (Mr. HARRIS), the Senator from New Mexico (Mr. ANDERSON), the Senator from Tennessee (Mr. GORE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Indiana (Mr. HARTKE), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Virginia (Mr. BYRD), the Senator from Utah (Mr. BENNETT), the Senator from Nebraska (Mr. CURTIS), and the Senator from Idaho (Mr. JORDAN) on both sides of the aisle made major contributions to this mammoth piece of legislation.

I think it is a landmark in the history of the Senate.

I congratulate my distinguished chairman and all the members of the Finance Committee who made such valiant contributions.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. Mr. President, I ask unanimous consent that I be recognized for 5 additional minutes.

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

Mr. LONG. Mr. President, I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, the legislation that we are about to pass has much in it that is worthwhile.

I must repeat, however, my disappointment that the family assistance program did not come to a vote. I believe the Senate should have been given the opportunity to vote on the merits of this proposal.

I, too, have the highest praise for the chairman and the other members of the Finance Committee for their hard work.

I take a few minutes to pay tribute to my legislative assistant, Mr. Taggart Adams, who over the period of a year has worked so closely with me on the family assistance program. He has shown extreme dedication and his knowledge certainly makes us all realize the value of staff assistance in our work in the Senate.

I would say that no Member of the Senate knows more about the family assistance program than Mr. Taggart Adams.

I also pay tribute to Mr. Mitchell Ginsberg of New York, now dean of University of Columbia School of Social Work, who really literally worked himself sick in trying to work out the compromises necessary to resolve the many differences which arose in drafting a workable family assistance program. Mitchell Ginsberg deserves the things of everyone's concern with alleviating the blight of poverty in the United States. I think it will be shown that these two men have been one most responsible for developing the foundations necessary for the eventual passage of family assistance.

Special tribute should also be paid to the following members of the Department of HEW, Under Secretary Jack Veneman, Deputy Under Secretary Bob Patricelli, Special Assistant to the Undersecretary Tom Joe, and Deputy Assistant Secretary Howard Cohen.

I am confident that early next year the Senate will have an opportunity to completely consider and debate the family assistance program, and I predict that the family assistance program will be adopted next year. The men I have named must be credited with a large part of this success.

I also point out that, while on the floor today by a narrow vote, the chairman's proposal for a child care corporation was stricken from the bill, it is my personal opinion that this is one of the most imaginative proposals to have come forth in the entire field of social welfare. Once it is understood that we are breaking out from the bureaucracy and treating social problems, I believe that next year the Senate will have a better opportunity to understand the proposal of the Senator from Louisiana and the Senate will adopt it.

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

Mr. LONG. I yield.

Mr. PASTORE. Mr. President, I join my colleagues in paying tribute to the members of the committee, particularly to the chairman of the committee who marshalled this bill through to a successful enactment. The Senate bill provides for a 10-percent increase for those on social welfare as against a 5-percent provision by the House.

I would hope that the same kind of ingenuity, the same kind of acumen and energy will be exerted in the conference to have the House go along with the Senate on a 10-percent increase rather than 5 percent.

Mr. LONG. Mr. President, I yield to the Senator from California.

Mr. CRANSTON. Mr. President, I join in paying tribute to the chairman of the committee for the remarkable work he and the committee have done.

Let me say first to the chairman that his fairness, tolerance, patience, skill, and good humor all throughout the consideration of this measure have been tremendous. He has won for himself the undying respect of many Senators for his performance on this measure.

May I ask the distinguished chairman a question about section 520 of the pending measure?

In title V of the bill—the so-called WIN amendment—the words "special work projects" are stricken and the words "public service employment" are inserted.

Also, there are a number of other references in section 520 to "public service employment."

I worked very closely with the chairman on this matter and with Senator TALMADGE who offered it in Committee, and Senator RIBICOFF, who also has a great interest in this subject and had prepared a parallel amendment.

I understand that "Operation Mainstream" and "New Careers"—programs authorized in part E of the Economic Opportunity Act of 1964, as amended—would be included within the public service employment intended by the pending measure.

I would like to read very briefly from the Economic Opportunity Act, part E, section 161, a portion of the congressional finding with respect to the Operation Mainstream and New Careers programs.

The Congress found that:

[These two programs] providing jobs for the unemployed and low-income persons leading to broader career opportunities are uniquely effective; that, in addition to providing persons assisted with jobs, the key to their economic independence, these programs are of advantage to the community at large in that they are directed at community beautification and betterment and the improvement of health, education, welfare, public safety, and other public services;

Am I correct in my assumption that such programs will be included in the concept of public service amendment envisaged by the bill?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. Mr. President, I ask unanimous consent that I may have such time as I require.

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

Mr. LONG. Mr. President, the Senator is entirely correct. He will find the committee report emphasizes and underlines what he is saying here, that it is expected that the Secretary would take full advantage of these existing programs in providing public service employment.

Mr. CRANSTON. Mr. President, I ask unanimous consent to have printed at this point in the RECORD part E of sections 161 through 167, the Economic Opportunity Act of 1964, as amended, already referred to.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PART E—SPECIAL WORK AND CAREER DEVELOPMENT PROGRAMS

STATEMENT OF PURPOSE

SEC. 161. The Congress finds that the "Mainstream" program aimed primarily at the chronically unemployed and the "New Careers" program providing jobs for the unemployed and low-income persons leading to broader career opportunities are uniquely effective; that, in addition to providing persons assisted with jobs, the key to their economic independence, these programs are of advantage to the community at large in that they are directed at community beautification and betterment and the improvement of health, education, welfare, public safety, and other public services; and that, while these programs are important and necessary components of comprehensive work and training programs, there is a need to encourage imaginative and innovative use of these programs, to enlarge the authority to operate them, and to increase the resources available for them.

SPECIAL PROGRAMS

SEC. 162. (a) The Director is authorized to provide financial assistance to public or private nonprofit agencies to stimulate and support efforts to provide the unemployed with jobs and the low-income worker with greater career opportunity. Programs authorized under this section shall include the following:

(1) A special program to be known as "Mainstream" which involves work activities directed to the needs of those chronically unemployed poor who have poor employment prospects and are unable, because of age, physical condition, obsolete or inadequate skills, declining economic conditions, other causes of a lack of employment opportunity, or otherwise, to secure appropriate employment or training assistance under other programs, and which, in addition to other services provided, will enable such persons to participate in projects for the betterment or beautification of the community or area served by the program, including without limitation activities which will contribute to the management conservation, or development of natural resources, recreational areas, Federal, State, and local government parks, highways, and other lands, the rehabilitation of housing, the improvement of public facilities, and the improvement and expansion of health, education, day care, and recreation services;

(2) A special program to be known as *"New Careers"* which will provide unemployed or low-income persons with jobs leading to career opportunities, including new types of careers, in programs designed to improve the physical, social, economic, or cultural condition of the community or area served in fields of public service, including without limitation health, education, welfare, recreation, day care, neighborhood redevelopment, and public safety, which provide maximum prospects for on-the-job training, promotion, and advancement and continued employment without Federal assistance, which give promise of contributing to the broader adoption of new methods of structuring jobs and new methods of providing job ladder opportunities, and which provide opportunities for further occupational training to facilitate career advancement.

(b) The Director is authorized to provide financial and other assistance to insure the provision of supportive and follow-up services to supplement programs under this part including health services, counseling, day care for children, transportation assistance, and other special services necessary to assist individuals to achieve success in these programs and in employment.

ADMINISTRATIVE REGULATIONS

SEC. 163. The Director shall prescribe regulations to assure that programs under this part have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, availability of in-service training and technical assistance programs, and other policies as may be necessary to promote the effective use of funds.

SPECIAL CONDITIONS

SEC. 164. (a) The Director shall not provide financial assistance for any program under this part unless he determines, in accordance with such regulations as he may prescribe, that—

(1) no participant will be employed on projects involving political parties, or the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

(2) the program will not result in the displacement of employed workers or impair existing contracts for services, or result in the substitution of Federal for other funds in connection with the work that would otherwise be performed;

(3) the rates of pay for time spent in work-training and education, and other conditions of employment, will be appropriate and reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant; and

(4) the program will, to the maximum extent feasible, contribute to the occupational development and upward mobility of individual participants.

(b) For programs which provide work and training related to physical improvements, preference shall be given to those improvements which will be substantially used by low-income persons and families or which will contribute substantially to amenities or facilities in urban or rural areas having high concentrations or proportions of low-income persons and families.

(c) Programs approved under this part shall, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement.

(d) Projects under this part shall provide for maximum feasible use of resources under other Federal programs for work and training and the resources of the private sector.

PROGRAM PARTICIPANTS

SEC. 165. (a) Participants in programs under this part must be unemployed or low-income persons. The Director, in consultation with the Commissioner of Social Security, shall establish criteria for low income, taking into consideration family size, urban-rural and farm-nonfarm differences, and other relevant factors. Any individual shall be deemed to be from a low-income family if the family receives cash welfare payments.

(b) Participants must be permanent residents of the United States or of the Trust Territory of the Pacific Islands.

(c) Participants shall not be deemed Federal employees and shall not be subject to the provisions of law relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employment benefits.

EQUITABLE DISTRIBUTION OF ASSISTANCE

SEC. 166. The Director shall establish criteria designed to achieve an equitable distribution of assistance along the States. In developing those criteria, he shall consider, among other relevant factors, the ratios of population, unemployment, and family income levels. Of the sums appropriated or allocated for any fiscal year for programs authorized under this part not more than 12½ per centum shall be used within any one State.

LIMITATIONS ON FEDERAL ASSISTANCE

SEC. 167. Programs assisted under this part shall be subject to the provisions of section 131 of this Act.

Mr. LONG. Mr. President, the Senator from Georgia and the Senator from Connecticut led the fight on this particular provision. The Senator is correct in his interpretation of that section.

Mr. TALMADGE. Mr. President, the amendment was based primarily upon the Auerbach report which was financed with Federal funds. They made their report and neither the Department of HEW nor the Labor Department put their recommendations into effect.

It was the opinion of the Committee on Finance that they ought to be put into effect.

I had offered an amendment making 10 important changes in the work incentive program. The distinguished Senator from Connecticut had offered some amendments along parallel lines. In committee, the Senator from Connecticut very gallantly said:

I think that Senator Talmadge's amendments are better than mine. I think his amendments should be adopted.

That is what the committee did.

We are hopeful that these amendments will bring some order out of chaos in the WIN program which was adopted by the Senate 3 years ago and never fully implemented.

Mr. President, I ask unanimous consent that my speech of July 20, introducing my amendment, be printed in the RECORD at this point in my remarks.

My amendment was submitted as an amendment to H.R. 16311, the Family Assistance Act passed by the House. However, when the Finance Committee rejected the Family Assistance Plan, I offered my proposal as an amendment to H.R. 17550, the Social Security Amendments of 1970.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUBMISSION OF AMENDMENT TO H.R. 16311 THE FAMILY ASSISTANCE ACT

AMENDMENT NO. 788

Mr. TALMADGE. Mr. President on several previous occasions I have spoken out against certain aspects of H.R. 16311, the administration's Family Assistance Act.

I have expressed doubts about the cost figures given by the administration.

I have expressed grave reservations about the work incentive aspects of the bill.

I have shown the weaknesses of the evidence produced by the "New Jersey experiment," which is the only proof that this administration has presented to show that its family assistance plan will work.

On May 14, I introduced an amendment to change the name of H.R. 16311 from "The Family Assistance Act of 1970" to "The Welfare Expansion Act of 1970." This was done to clarify the true issues involved in the Finance Committee's consideration of this legislation.

Although the administration's bill has been widely touted as welfare reform, the chief characteristic of the bill which passed the House of Representatives is not welfare reform. It is welfare expansion. The most noticeable feature of this legislation is to extend welfare benefits to 15 million additional Americans.

I had hoped that the revised version of H.R. 16311, which the administration recently sent back to the Finance Committee, would

make meaningful improvements which would add substance to administration rhetoric. Unfortunately, I have been disappointed.

The purpose of the amendment I offer today is to strengthen the work incentive, job training, and job placement features of the administration bill so that the administration slogan about "workfare rather than welfare" will have an element of truth.

When President Nixon first announced in August 1969 that he would seek major welfare legislation, he selected as his major theme his intention to "turn welfare into workfare." Listening to the kind of publicity given to the President's proposals, you would get the impression that Congress had never turned its attention to the problems involved in making welfare recipients independent.

As my colleagues in the Senate know, this is simply not the case. Eight years ago, Congress passed the Public Welfare Amendments of 1962, which were aimed at preventing or reducing dependency by offering rehabilitative and other social services to welfare recipients and other persons likely to become dependent.

This approach was not sufficient, however, and as the welfare rolls began increasing at an accelerated rate, the Committee on Finance in 1967 designed the work incentive program which subsequently became law. I supported the establishment of the work incentive program at that time, and I still feel that it is good basic legislation.

The Labor Department in administering it, however, has failed to meet the promise of the legislation to lead welfare recipients to useful productive lives.

All too often petty jealousy between the Labor Department and the Department of Health, Education, and Welfare, on the local as well as the national level, has undermined the program's sound intent, and both Departments have generously provided funds to the National Welfare Rights Organization, whose stated goal is to defeat the purposes of the work incentive program.

The result is understandable. Although there are about 10 million people who receive welfare in this country, only about 50,000 are currently enrolled in a work incentive program. Inept administration of the WIN program has made it a dismal failure.

Mr. President, in view of this record of dismal failure, one would think that the administration would have given highest priority to strengthening and reforming job training and job placement programs in any proposed welfare reform bill.

But what does the administration's welfare bill do? It repeals the present program, replacing it with vague provisions allowing the Secretary of Labor to provide any kind of training he may feel like providing to any person registered under the family assistance plan in whatever order of priority he deems appropriate.

Since the bill requires the registration of persons already working full time, the Secretary may decide not to train persons whose sole income is from welfare, but only to take people out of work who are now working and to train them for other jobs. Because the bill would extend what amounts to a military pay raise to 50,000 military families, the Secretary of Labor could decide to provide training only to privates on KP.

The examples I have named may sound ridiculous, Mr. President, but this could happen under the vague language of the President's welfare bill now pending in the Senate Committee on Finance.

The past record of the Department of Labor and the Department of Health, Education, and Welfare in administering the work incentive program convinces me that such ridiculous examples are not beyond the realm of possibility.

On April 29 and 30, and May 1, the Committee on Finance began its hearings on the President's welfare bill. We recessed them after 2½ days, after hearing from former Secretary of Health, Education, and Welfare Robert Finch, because it became clear that the administration knew very little about its bill and its impact.

In fact, today, 2½ months later, the Department is still working on the answers to questions we raised at the end of April about the bill. For example, present law has since July 1969 required States to disregard a portion of earnings in determining need for welfare as a work incentive.

I asked the Secretary on April 29 how many welfare recipients have benefited from these earned income disregard provisions, and to what extent earnings of welfare recipients have increased as a result of this provision. This seemed to me a very basic question in view of the fact the Department was recommending substantial changes in the earned income exemption. I found to my surprise that they had no idea of the answer of this question. To this date they have not submitted the answer to my question of 2½ months ago, and this is but one of many examples.

Mr. President, in a way I am sorry we did not have the chance to interrogate the Secretary of Labor before the hearings were recessed in the beginning of May. For if we had questioned him, I am sure that the Department of Labor would have taken more seriously the committee's directive that the bill be rewritten to provide a meaningful work incentive program.

In looking through the administration's revised bill, I find that they have made no substantive change of note in the work incentive provisions.

Mr. President, the Labor Department last year contracted with Auerbach Corp. to review and evaluate operations under the work incentive program. That firm conducted on-site visits in 23 cities and reviewed the programs there in depth. The report of the Auerbach Corp. states that:

"The basic idea of WIN is workable—though some aspects of the legislation require modification."

The Auerbach report details the administrative, and in some cases legislative changes which are needed in the light of experience to improve the sound legislation Congress enacted in 1967.

Unfortunately, the administration has largely ignored the conclusions of the Auerbach report and has gone off in another direction in the legislative proposals it has incorporated in both the original welfare bill and in the administration revision.

Today, Mr. President, I am submitting an amendment to the welfare bill designed to improve the present work incentive program along the lines that experience has shown are necessary. I would like to outline here what my amendment would do.

First, it would mandate coordination between the Departments of Labor and Health, Education, and Welfare on the national, regional and local levels. Today, certain regulations of the Department of Health, Education, and Welfare on the work incentive program conflict with regulations of the Department of Labor. My amendment would require that all regulations on the work incentive program be issued jointly by both agencies, and that they be issued within 6 months of enactment of the bill.

Second, it requires that a joint HEW-Labor committee be set up to assure that forms, reports, and other matters are handled consistently between the two departments. It is imperative that the work incentive program be operated under one set of guidelines, policies, and administrative procedures.

Third, under present law the welfare agency is supposed to prepare an employability plan for each appropriate case and make referrals to the Department of Labor. The Department of Labor is then to prepare an employability plan and place the individual in employment, on-the-job training, institutional training, or public service employment. Problems have arisen in this process.

In some cases, the welfare agency has not referred sufficient numbers of persons, while in other cases they have referred too many persons, without first arranging for the supportive services, such as day care, needed for the welfare recipient to participate in the work incentive program. Due to lack of coordination between the welfare agency and the Labor Department, persons have sometimes been referred who do not match the training or employment opportunities available in the area.

My amendment would solve this problem by requiring the welfare agency to set up a unit with the responsibility of arranging for supportive services so that the welfare recipients may participate in the work incentive program. Furthermore, it would require that the welfare agency and the Labor Department on the local level enter into a joint agreement on an operational plan—that is, the kinds of training they will arrange for, the kinds of job development the Labor Department will undertake, and the kinds of job opportunities both agencies will have to prepare persons for during the period covered by the plan. In addition, both agencies will jointly develop employability plans for individuals, consistent with the overall operational plan, which will assure that individuals will receive the necessary supportive services and preparation for employment without unnecessary waiting.

Fourth, on-the-job training and public service employment have been virtually nonexistent under the work incentive program as administered by the Department of Labor. Instead, that Department has spent most of the work incentive program appropriations on institutional training, which often did not lead to employment, particularly in today's rising unemployment. What is lacking is job development, through utilization of both on-the-job training with private employers, and public service employment.

My amendment would require that 40 percent of the funds spent under the work incentive program appropriation be for on-the-job training and public service employment. If at least this amount is not spent on programs which in effect guarantee placement, it seems to me that we are wasting money if we spend it on institutional training.

Fifth, as an incentive for employers in the private market to hire individuals who are placed in their employment through the work incentive program, my amendment would provide a tax credit equal to 20 percent of the wages and salaries of these individuals. The credit would apply to wages paid to these employees during their first 12 months of employment. The tax credit would be recaptured if the employer terminated the employment of the individual during the first 12 months of his employment or before the end of the following 12 months. This recapture provision would not apply if the employee became disabled or left work voluntarily.

This tax incentive approach is an adaptation of a bill I have introduced previously, S. 3156, the Employment Opportunity Act of 1969. That bill provides for a tax credit for job training and for employees who are hired from a work incentive program.

The tax incentive is a key provision of my amendment. No work incentive or job training program can ever be successful unless we have the full cooperation of private business interests. In many cases, welfare recipients will be very poor employment risks. They will need a great deal of costly training and special consideration before they can achieve full productivity. It is unfair and unrealistic to expect a profit-moti-

vated businessman to undertake this responsibility without some compensation. My tax incentive provision is designed to bridge the gap between a government program and productive employment.

Sixth, my amendment would simplify funding arrangements for public service employment under the work incentive program by providing 100 percent Federal funding for the first year, and a 90-percent Federal sharing of the costs in subsequent years.

Seventh, my amendment would establish clear priority among persons registering for employment and training by requiring the Secretary of Labor to accord priority in the following order:

First. Unemployed fathers;

Second. Dependent children and relatives age 16 and over who are not in school, working, or in training;

Third. Mothers who volunteer for participation;

Fourth. Individuals working full-time who wish to participate; and

Fifth. All other persons.

My amendment would not require persons working full time to register for employment and training, although they could volunteer to upgrade their skills if they wished. Under my amendment, no mother would be required to undergo work and training until every single person who volunteered for work and training was first placed. The evidence shows that there are many more persons who wish to participate voluntarily than the program can reasonably handle in the foreseeable future.

Eighth, my amendment would require, on a State-by-State basis, that at least 15 percent of the registrants for the work incentive program be enrolled in the program each year. If the State falls below this level, Federal matching for State supplementary payments would be reduced.

Ninth, operations under the work incentive program have often failed to meet the objective of the program because too little attention was paid to the actual labor market conditions and requirements in the geographic area. My amendment would require the establishment of local labor-market advisory councils whose function it would be to identify present and future local labor-market needs. The findings of this council would serve as the basis for the work incentive program operational plans on the local level.

Finally, my amendment would specify that appropriations for the work incentive program be allocated among the States in proportion to the number of registrants for employment and training in the States.

Mr. President, my amendment would make basic and fundamental changes in the work incentive provisions of the President's family assistance plan. However, it would not solve all the problems that inherent in H.R. 16311. I know that other members of the Finance Committee have their own ideas as to how to correct some of the deficiencies and the inequities in the administration's revised bill. We will resume hearings on the family assistance plan tomorrow.

I would not care to predict whether the Family Assistance Act will receive the approval of the Finance Committee and the Senate during the current session. I do, however, want to emphasize that I consider my amendment vital, whether we have a family assistance plan this year or in the distant future.

No one is more aware than I that the Government has a responsibility to provide for individuals who are unable to care for themselves—the aged, blind, disabled, and the very young. My legislative record in this session and in past sessions of Congress will show that I have consistently supported and sometimes introduced measures to benefit this group.

However, I feel equally strong that we can never solve the social problems of this Nation by guaranteeing able-bodied individuals a minimum standard of living. The chief thrust of any reform effort must be directed at providing job training and job placement for those individuals who are able and willing to work.

Mr. President, I believe that this amendment will provide a constructive alternative to the very deficient provisions in the welfare bill before the Finance Committee.

Mr. CRANSTON. Mr. President, the Senator from Georgia has been very helpful and tremendously cooperative on this important aspect of the bill. I am most grateful to him.

Mr. TALMADGE. Mr. President, all the members of the committee deserve the praise in this case. My amendments were adopted unanimously. The staff of the Finance Committee as well as my own staff have worked diligently for months on this matter. I offered these amendments hoping to bring some order out of chaos. The Committee on Finance adopted them unanimously without any change whatever.

Mr. RIBICOFF. Mr. President, I confirm the comments of the Senator from Louisiana and the Senator from Georgia. We were disturbed in the Finance Committee over the fact that the WIN program was not successful and was not being utilized. The estimates of the Department of Labor were much lower than should have been the case. The provisions in the bill provide that at least 40 percent of the funds be spent for public service jobs or on job training with some meaning of the interpretation of the definition read by the Senator from California with respect to the concept of public service jobs.

We would hope the Labor Department would really become interested and become involved in public service jobs and on-the-job training so there would be meaningful reason to move people out of welfare, and not into dead end jobs.

Mr. CRANSTON. Mr. President, I wish to express my thanks to the Senator from Connecticut for his leadership in this area and open-mindedness and courtesy throughout.

Mr. LONG. Mr. President, I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I join Senators in paying tribute to our distinguished chairman, the Senator from Louisiana (Mr. LONG). He has been very courteous and fair with all members of the committee. He has so conducted himself on the floor of the Senate.

It seems to me I can never recall a case where a chairman has gone to such lengths to complete a bill and waive points in it which he personally desired very much. There were provisions in the bill as reported by the committee in which my distinguished chairman was very much interested. Yet in order that the bill might advance and in order that our social security beneficiaries might have an increase in benefits now, he waived those provisions—not for other provisions in the bill, but because of the threat of floor amendments. I think he is to be commended for that.

I personally wish to thank the chairman for his kindness to me. I also would like to include praise for the distinguished Senator from Delaware (Mr. WILLIAMS) who is retiring. Had the Senate followed the lead of the chairman of the Committee on Finance and the ranking minority member (Mr. WILLIAMS) this matter could have been disposed of days ago and we could have moved nearer completion of our business and restoration of the respect of the country.

Again I wish to pay tribute to our fine staff for their dedicated work, long hours, professional competence and I know they will be called upon for a great deal of intensive and difficult work and long hours as we approach the conference on the bill.

Mr. LONG. Mr. President, I thank the Senator.

I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. MILLER. Mr. President, I thank the distinguished Senator from Louisiana. I wish to join with other Senators on the committee in extending appreciation and praise to him for the excellent job he has done in managing this very important bill. Like all important pieces of legislation to come before the Senate, there are some things in the bill which we like and there are some things in the bill which we do not like.

To me one of the most serious defects in the bill is the fact that the $100 minimum social security is to be funded out of the social security trust fund. As I pointed out on the floor previously this means that the relatively low-income wage earners who are trying to maintain their families are going to be paying social security taxes to make up for the lack of taxes paid by so many of these recipients of the $100 minimum.

There is no question that many of those $100 minimum recipients need the money, but that money should come from the general fund of the Treasury and not out of the hides of the low-income people who are paying taxes. That causes a very serious minus in the bill.

I am also disappointed that the bill does not contain something covering catastrophic illness, disease, and injury. The Senator from Louisiana offered what I thought was a reasonable approach to this serious problem, one we should have faced up to and taken action on even before action on medicare and medicaid.

As I said in the debate on medicare, I can become more concerned about a man 35 years of age who is taken with multiple sclerosis than with someone who happens to be over 65 who may be a wealthy individual. The Senate has not faced up to that serious problem.

The Senator from Louisiana did his best to meet that situation. I compliment him on his statesmanship in being willing to delete this very important provision in order to get on with the job of the social security bill.

But Mr. President, the most unprecedented and most important feature of the bill is the automatic increase in social security benefits to keep pace with increases in the cost of living.

The Senate will recall that in 1962, we took such action with respect to civil service retirees. That is what gave me the idea to introduce, and I believe it was for the first time, a proposal in 1963 to provide for automatic increases in social security benefits to keep pace with increases in the cost of living. I said at the time I introduced this proposal that if we did that in 1962, for civil service retirees, we should do it for social security beneficiaries. I introduced that proposal again in 1965, in 1967, and in 1969.

Thanks to the attention and the hard work on the part of some of my colleagues and a number of the senior citizens' organizations around the country, this proposal has been increasing in its bipartisanship and support. Last year President Nixon was the first President in the history of this country to recommend such a proposal to Congress. I think it is a great thing that we now have this pretty well locked into law because the House bill does contain the basic elements of the automatic increase provision.

There are a few differences over the financing, but I am sure those can be handled in conference. So, Mr. President, above everything in this bill, I think this is of utmost importance. I have talked to a great many older people, not only in my State, but all around the country, and if there is one priority they want, it is some assurance that if inflation is going to take over and diminish the purchasing power of their benefits, that there would be some automatic way of enabling them to roll with the punch of inflation so they would not be hit with hardship.

It is true that over the years Congress periodically has increased social security benefits so that over a period of years we might say we have caught up to inflation; but the fact remains that during the interim literally billions of dollars have been taken away from social security beneficiaries because of inflation, and these losses have not been covered by Congress when we finally got around to increasing benefits.

In connection with my concern over the $100 minimum, I ask unanimous consent that there be printed in the Record excerpts from my separate views which are printed on page 447 of the committee report.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

SEPARATE VIEWS OF MR. MILLER

* * * * * *

Second, the increase in the minimum social security benefits from the present $64 per month to $100 per month at an annual cost of $1.5 billion to the social security trust fund is inequitable. Acting impulsively on the simplistic plea that "no one can live on sixty four dollars a month", the Senate last December adopted such an amendment to the Tax Reform Act of 1969. This was quickly disposed of by the House Conferees during the conference on the bill who noted that a large number of the recipients of the social security minimum already receive benefits from one or two other pensions—civil service retirement, state and local retirement, or private corporation retirement; and that state old age assistance payments prevent anyone from having to live on $64 per month. Instead of applying the proposed 10 percent increase in social security benefits across the boards to include the present minimum, which would mean an increase from $64 to $70.40 per month, the bill provides an increase in the minimum to $100—regardless of need—at a cost to the taxpayers of $1.5 billion per year.

Worse yet, this $1.5 billion plus also the amount needed to cover a 10 percent increase in the minimum would be paid for by those paying social security taxes into the social security trust fund. Inasmuch as those who receive the "minimum" have not paid taxes sufficient to cover their benefits, the load is thrown on those who are already paying taxes sufficient to cover their benefits. In short, most of the minimum social security benefits provided by the bill represents welfare—not tax paid insurance. It should, therefore, be paid out of the general fund of the Treasury. Moreover, as welfare, the payments should be made on the basis of need, taking into account other resources of the recipient.

The bill makes no attempt to order our priorities. Instead, it contains all major social security proposals—the 10 percent increase, the increase to $100 in the minimum, and coverage of catastrophic illness and disease. It would seem that the single most urgent action to be taken—one that should have been taken long ago, before medicare and medicaid—is coverage of catastrophic illness and disease. Also, it is only fair to bring social security benefits into line with increases in the cost of living which have occurred since benefits were last increased. It would appear that this would fall somewhere between the 5 percent increase provided by the House and the 10 percent increase provided by the Senate Finance Committee. The increase in the "minimum"—particularly the $1.5 billion needed to go beyond a cost-of-living increase—is inequitable and excessive.

Those who would be paying the bill should know what lies in store for them. The tax base would be raised from $7,800 to $9,000, with the following rate changes:

TAX RATES ON BOTH EMPLOYER AND EMPLOYEE

[In percent]

Year	Under present law	Under the bill	Under the bill without $100 minimum
1970	4.8		
1971	5.2	5.2	5.1
1972	5.2	5.5	5.4
1973-74	5.65	5.6	5.5
1975	5.65	6.35	6.35
1976-79	5.7	6.35	6.35
1980-85	5.8	7.0	7.0

TAX RATES ON SELF-EMPLOYED PERSONS

1970	6.9		
1971	7.5	7.4	7.3
1972	7.5	7.7	7.6
1973-74	7.65	7.8	7.7
1975	7.65	[1] 8.35	[1] 8.35
1976-79	7.7	[1] 8.35	[1] 8.35
1980-85	7.8	[1] 8.5	[1] 8.5

[1] Additional costs of cash benefits are borne by employer-employee tax revenue because of 7 percent limitation on tax for underwriting cash benefits. Excess over 7 percent is attributable to financing medicare and catastrophic coverage.

Applying these various rates to the "maximum" tax base of $7,800 (under present law) and $9,000 under the bill would result in the following maximum tax:

MAXIMUM TAX ON BOTH EMPLOYER AND EMPLOYEE

Year	Under present law	Under the bill	Under the bill without $100 minimum
1970	$374.40		
1971	405.60	$468.00	$459.00
1972	405.60	495.00	486.00
1973-74	440.70	504.00	495.00
1975	440.70	571.50	571.50
1976-79	444.60	571.50	571.50
1980-85	452.40	630.00	630.00

MAXIMUM TAX ON SELF-EMPLOYED PERSONS

1970	$538.20		
1971	585.00	$666.00	$657.00
1972	585.00	693.00	684.00
1973-74	596.70	702.00	693.00
1975	596.70	751.50	751.50
1976-79	£00.60	751.50	751.50
1980-85	608.40	765.00	765.00

Although I believe that most people will be willing to pay increased taxes to assure cost-of-living increases in social security benefits, a reasonable degree of medicare coverage, and coverage under the catastrophic illness and disease program, we have reached the point of a taxpayers' revolt against tax increases which are used to fund low-priority and unnecessary, untimely, or inequitable social security benefits.

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

Mr. LONG. I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I thank the distinguished chairman of the committee.

I think it would be redundant to repeat what has been so beautifully said already about the great job that has been done by our chairman and by the staff.

I do want to take this occasion to note the great contribution that has been made by the distinguished Senator from Delaware, who is retiring by his own choice from the Senate and this committee at this time.

I suspect that I share the feelings that everyone else in the country does over the failure of this Congress to get into welfare reform, but I am not certain at all that some of the proposals that were made would have achieved the objectives that were spelled out by the President of the United States—objectives to which I suspect we could all subscribe.

In this regard, I think the contribution that has been made by our great and loved friend from Delaware (Mr. WILLIAMS) may be significant as the years roll along.

I am especially appreciative of the great job our chairman has done in hearing this matter, in seeing that everyone who had a contribution to make was given an opportunity to have his say.

I hope that as we approach the coming session we will be able to examine more closely and to know better beforehand what would result from some proposals we have had before us before they become the law of the land.

I remember what the distinguished Senator from Connecticut (Mr. RIBICOFF) said some time ago, when he said had he known then what he now knows,

he would never have recommended the medicare and medicaid programs that this country now has without their first having been tried out. I say we ought to take this same approach with family assistance.

I thank the distinguished Senator for yielding to me.

Mr. LONG. I thank the distinguished Senator. May I say, in support of what the Senator has said, the distinguished Senator from Delaware brought to the attention of the committee, and also the Senate, a great number of problems that had not been considered when the bill passed the House of Representatives. I am positive that when act on a more comprehensive welfare reform, the deep insight that was evidenced by the Senator from Delaware will reflect itself in our final decision. As he pointed out, while the plan sent to us looked pretty good on paper if one considered only the cash assistance program, if you looked at the other social welfare programs—food stamps, public housing, medicaid, and child care—in terms of a welfare recipient's incentive to work, then a plan had seemed on its face to make good sense did not make much sense at all. It was that contribution from the Senator from Delaware which I think will eventually result in a better bill.

I would like to mention also the arduous and long hours put in by the distinguished senior Senator from New Mexico (Mr. ANDERSON), whose time spent in the committee room I believe was exceeded only by that of the Senator from Delaware and, perhaps that of the chairman. Senator ANDERSON put in a fantastic number of hours working on this bill, and I am sure all the members of the committee appreciate his contributions to it. He is not present at this moment, but I certainly want to mention the fine contributions he made.

I yield to the distinguished Senator from Arizona (Mr. FANNIN).

Mr. FANNIN. Mr. President, I join in the tributes being paid to our distinguished chairman for his fairness, equity, and patience. I concur in the accolades that have been paid to him. I especially want to extend my thanks to him for the consideration he gave me and the many proposals I made, especially on the conservation of jobs in this Nation of ours, his ability to relate to those problems, with the long experience he has had on the committee.

I certainly commend him on the way he handles the committee, keeping everything moving along, being patient, and still stern in his desire and demand that we accomplish our objectives. I, too, commend him for the teamwork he has displayed, working with the distinguished senior Senator from Delaware, who will now be leaving us, which will be a great loss. A very fine person will be taking over as the ranking minority member. We have had the complete cooperation of the Senator from Utah (Mr. BENNETT) throughout the years he has been on the committee.

We have a tremendous task ahead, and our chairman recognizes that. I know he has agreed to have hearings on several subjects in which I am involved and which I think are very important to the future of the Nation. His recognition of the problems has been of great help to us.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

Mr. GOODELL. Mr. President, will the Senator yield me a few minutes?

Mr. MANSFIELD. I yield to the Senator from New York.

THE NEED FOR FAMILY ASSISTANCE

Mr. GOODELL. Mr. President, the fictional honorable Senator from South Carolina, Seab Cooley, well summed up in one of Allen Drury's works the problems which we have had with the family assistance plan and social security. He said that—

> What worries me about that office [is that] . . . a man can get to balancing so many things against so many other things that sometimes all he does is balance. He never does really move . . . forward; he's too busy balancing, worrying about what this [one's] going to say or that [one's] going to think. Sometimes you have to go straight ahead and say damn them all. . . .

Indeed, we have balanced. We have balanced so judiciously, so protractedly, so well that we have balanced ourselves—although necessarily so, at this point—right out of the opportunity to pass the most crucial domestic legislation which the President has proposed. In so procrastinating, in so abandoning once again the wretched and the poor, we have confirmed their notion that they are, in Ralph Ellison's term, the "invisible men" of this Nation—those whose needs it is all too easy and costless to consign to the ambiguity of the next Congress, or to oblivion.

There is, Mr. President, a dangerous new phenomenon in this country, a phenomenon which is perpetuated and augmented by our failure to pass the family assistance plan this session. As there was in ancient Rome at the beginnings of its decline, there is here an underclass of, if you will, "proles"—a forgotten class of people to whom few respond, and about whose anxieties fewer still truly care. One sees it in the ghettos in my State—the vacant stare, sometimes the feral stare, of the teenager on the stoop who has dropped out of school, whose family is in dissolution, who has perceived only poverty and passivity all his life—the child and the teenager who has a past which he wishes only to repress, a future he has no motivation to affect. This is the child who becomes addicted to narcotics because he feels the need to withdraw from the only painful world he knows, the child who believes—in a vicious self-fulfilling prophecy—that he will grow up to become nothing, the child who can have no dreams.

As bad as our present welfare crisis is, it will become far, far worse, for this underclass without hope will mature to swell the ranks of the impoverished, to swell the ranks of those who look upon what we see as the comfortable world through windows of despair. They will have children, and their children will have children, in a seemingly never-ending cycle that expands the number of those who are shut out from society as we know it.

Although the President's family assistance plan is inadequate in many respects, it does represent the first step toward meeting that crisis of hopelessness. It is a step toward providing that underclass with the social services requisite to bringing its members to the point that they can begin to be motivated to improve themselves. It is a step toward dignifying and helping the working poor, those yeomen of the American mythology who are now motivated to make it within our free enterprise labor market, and who are suffering for their efforts to meet our ideal and to feed their children.

FAP represents, in short, a beginning toward restoration of the impoverished into the society of those who can dream, those who dare hope, those who will find the strength to risk job training and work. It is a beginning toward a transformation of that underclass into members of society.

It is, then, essential that the next Congress make up its collective mind, for good and all, that we cannot in conscience allow hunger in this land, that we cannot allow 5-year-olds in the ghettoes of Harlem and the hollows of Appalachia to attend miserable schools in clothes so tattered as to leave them exposed to the cold of the elements and the derision of their classmates. An income supplementation bill must be passed in the next Congress, and I pledge—albeit from the sidelines—to do my best to help bring that about.

Our existing welfare system has failed us. It discriminates among the poor, aiding some and ignoring others in a wholly arbitrary fashion. It provides incentives only for idleness, dependence and family breakup. Designed to save money instead of saving people, it tragically ends by doing neither.

The present welfare structure leaves the amount of welfare benefits wholly to the discretion of the States and localities. This has created a crazy patchwork, in which benefit levels range from a high of $70 per month per child in New York City to the shockingly low figure of $10 per month per child in Mississippi. Those States and localities that take their responsibilities seriously are penalized by high welfare costs and growing welfare rolls. Those States and localities that do not, are rewarded by low welfare costs and succeed in exporting their poor.

The principal existing Federal welfare program—known as aid to families with dependent children—is designed only to assist the unemployed mother who heads a family. It penalizes families that are intact. It ignores the working poor—those eight million men, women and children who live in families headed by someone who works all year-round, but does not earn a livable income. These are the families that have accepted American middle-class values, that have tried to follow the vision of Horatio Alger, but have not received their just due.

The President's family assistance plan would for the first time, create a federally established and federally financed minimum welfare assistance level. It thus recognizes the essential principle that a destitute person should be entitled to a nationally prescribed minimum of assistance, no matter where he lives. And it recognizes that only the Federal Government has the fiscal resources to carry

the main burden of welfare aid—that States and localities simply lack the resources to provide for their poor.

The President's plan is designed to aid intact families and families of the working poor. It makes a family's need the criterion of assistance. Instead of penalizing those that work, it creates new work incentives.

These are far-reaching reforms. They are reforms of which the President can be justly proud.

I am convinced, however, that still more must be done if we are to create a welfare system that is workable and fair. Welfare reform must build upon the President's proposals; it must, however, go beyond them to create a true system of national income maintenance.

The administration proposal sets the Federal minimum welfare payment at $1,600 per year for a family of four.

This is inadequate.

It is less than all but five of the poorest States are providing under the present State-operated welfare system.

It is less than half of the amount the Social Security Administration defines as the "poverty level"—which is just under $3,800 per year for a family of four.

This $3,755 "poverty level" figure constitutes the barest minimum needed for subsistence. It is calculated on the basis of the Department of Agriculture's economy food plan which according to the Department, is designed only for temporary emergency use, and is not a reasonable measure of the basic money needs for a good diet.

The respected Bureau of Labor Statistics has calculated a substantially higher poverty line figure—a little over $7,183 per year for a family of four. This is a more realistic estimate of the amount actually needed for subsistence.

I believe we can do no less than to set the Federal minimum welfare payment at the $3,744 line. That is not a generous figure. It is barely an adequate one. By going below this amount, there is clear danger of consigning welfare families to malnutrition, inadequate clothing, slum housing—in short, to the most serious poverty and want.

The administration plan covers only families with minor children. Childless couples and single individuals are excluded. Still more incongruous, a couple with a 17-year-old child would lose their benefits the day the child turns 18.

There is no justification for such discrimination among the poor. All persons below the poverty line should be eligible for assistance, regardless of their marital or family status.

The Federal Government should assume the administration of the welfare system and operate it on the pattern of the social security system—with written applications, automatic mailing of payments, and audit or spot checks for enforcement purposes. State welfare agencies should be relieved of their role as welfare policemen, and allowed to perform their proper function of counseling and assisting needy individuals.

The administration bill requires all welfare recipients, save those specifically exempt, to accept "suitable" work whenever available, as determined by the Labor Department.

This is as impractical as it is offensive.

A similar work requirement has been in existence under the work incentive program—WIN—of 1967, and it has been a spectacular failure. Of 600,000 welfare recipients that qualified under this program by last year, only 100,000 were referred for mandatory work or training—and only 30,000, or 5 percent, actually found jobs or training programs.

In a time of rising unemployment, the prospects of success of a mandatory work requirement are still more remote. Laws cannot force people to take jobs, if jobs are not available.

A work requirement is demeaning. If job openings are perceived as being worthwhile in terms of the income and the personal satisfactions they provide, they will be filled voluntarily. If not, then we should be changing the nature of the openings available. Dead-end jobs inevitably result in high turnover, and no legal compulsion can change that fact.

Above all, a work requirement punishes children for the actions of their parents. It means that if the mother refuses to work, the child will receive no aid, will be brought up in the direst poverty, and will ultimately become incapable of working himself.

In January 1968, President Johnson appointed a distinguished President's Commission on Income Maintenance, under the chairmanship of Ben Heineman, president of Chicago's Northwest Industries. That Commission, with the aid of an outstanding staff, reported to President Nixon in November 1969. Its report was headlined in the New York Times, and hailed by virtually every academic expert in the field. Unfortunately, the report appeared after the administration plan had already been made public. As a result, it was shelved by the administration and never introduced in the Congress.

The plan proposed by the Heineman Commission seeks the administration's objectives while meeting the shortcomings of the administration bill.

The Heineman plan moves toward a minimum income maintenance standard based on the poverty level. It eliminates the categorical structure of the present system, and provides universal coverage of all impoverished persons. It Federalizes the welfare system and abandons the discredited inquisitorial concept of welfare. It provides a work incentive by allowing recipients to retain a part of their earned income, without imposing a harsh and unrealistic work requirement.

The Heineman proposal provides for an annual adjustment of Federal income maintenance levels, designed to reflect the changes in the cost of living. It eliminates the food stamp program—with its demeaning separate food lines at grocery stores—and substitutes the cash needed to buy food. It provides emergency relief for individuals struck by personal disasters and makes special provisions for those who earn seasonally eratic incomes. None of these features are found in the administration bill.

The Heineman Commission recommended that the Federal minimum welfare payment initially set at $2,400 per year for a family of four. This is somewhat less than halfway between the administration's clearly inadequate payment of $1,600 per year and the Social Security Administration's poverty line figure of just below $3,800 per year.

The $2,400 figure is an arbitrary one, arrived by the Commission in recognition of budgetary constraints. The Commission recommended that the Federal minimum payment be increased to the poverty level by 1975.

It is my belief that any income supplementation plan passed should provide an immediate maintenance level at the poverty line, and should establish as a national objective income maintenance at the Bureau of Labor Statistics' low-cost subsistence line.

It should, moreover, include cost-of-living escalator based upon the annual movement of this country's national median family income, which is currently calculated by the Bureau of the Census. In accordance with the proposal of the distinguished Senator from Iowa (Mr. MILLER), it should incorporate variations pursuant to regional cost-of-living fluctuations, which can be ascertained by the Bureau of Labor Statistics.

It should, finally, incorporate authorization for payments to family units to meet special needs of a unique or nonrecurring nature, which needs are caused by temporary or unusual circumstances that render the unit unable to attain or maintain a decent standard of living from the basic allowance. Those needs should include but not be limited to the cost of clothing and furniture needed to bring the unit up to a decent standard at the time that it or any member thereof first becomes eligible for payments, the costs of replacing losses caused by fire, flood, or other natural disaster, and the costs of meeting special medical, nutritional, or instructional needs which are not provided for under title XIX of the Social Security Act.

In accordance with the incentive suggested by both the Heineman Commission and the President's family assistance plan, a work incentive ought to be provided by a negatively graduated marginal tax rate for all those whose income is below the BLS low-cost level. If such a work incentive is sufficiently negatively graduated—if the tax rate concentrates upon providing a 50 percent incentive to those below the poverty line and provides a steeply decreasing incentive to those above that line but below the BLS line—then the cost of an income supplementation plan similar to that of the Heineman Commission comes out approximately equal to to that of the family assistance plan.

It is essential, moreover, that any income maintenance plan passed provide sufficient day care services so that those recipients who choose to work or to train for a job are not faced with the constraint of a child left alone in the home. That day care should not be simply custodial, of no benefit to the child, but should mandatorialy include an educational component pursuant to the minimum standard of the Federal interagency day care requirements.

CONCLUSION

Karl Jaspers has said that,

There exists between human beings—because they are human beings—a solidarity through which everyone shares the responsibility for every injustice that is committed in the world. If I do not do all I can to prevent it, I share the guilt.

The decision which we as a Nation will have to make in the next 2 years is whether, under the guise of budgetary constraints, we will accept either no income maintenance legislation at all or an administration bill that is admittedly inadequate to sustain living human beings, or whether we will shoot for the ideal. We have become afraid, in this country, to really care, because to really care has become unfashionable and rather laughable; and also, of course, because to really care would impose upon us the necessity of acting in support of the things we really care for. It is incumbent upon us, nonetheless, to refuse to step back, to be cool, to accept the argument that there is just so much we can do. It is our responsibility, indeed, to care and to shoot for the ideal, to fulfill that sacred obligation of which Jaspers speaks.

Despite the interest group conflicts, notwithstanding the political implications of passage or nonpassage of the family assistance plan, the fact is that there is an underclass of the impoverished in this country, and that we have responsibility not only as legislators, but also as human beings, to do something about it. Let me conclude with the very opposite feelings of a fictional presidential candidate in Eugene Burdick's "The 480":

We are told constantly, endlessly until we sicken of it, that "things are complicated" . . . Of course things are complicated. We can, if we wish, infatuate ourselves with complexity. We can fondle it in our hands, adore it, dazzle ourselves with it. But, in the end, we must realize that every situation can be reduced to a simple decision: *Do we act or not?* If yes, in what ways?

I trust that in the coming Congress we will get to work early. I commend all those who worked on this complicated legislation, and I trust that next year there will be established the principle of income maintenance, the principle that we are going to take care of the wretched and the poor in this country. I commend to my colleagues that task, because I know they all desire this. It is going to be difficult.

I hope next year my colleagues will not find themselves trying to deal with it in December. If they deal with it in January, by December they should have a final product.

Mr. SCOTT. Mr. President, I yield to the Senator from Tennessee (Mr. BAKER) such time as he may desire.

Mr. BAKER. Mr. President, I shall not unduly delay the Senate. I have a series of questions I would like to put to the distinguished chairman, if I might. I am not a member of the Finance Committee. I have followed the debate and the colloquy with interest during the several days this bill has been under consideration.

I might say, as a preliminary to the first question, that I approve the thrust and the design of the bill, especially as it relates to the automatic benefit increase section. A matter of parenthetical interest to the junior Senator from Tennessee is that this is an item that I have long favored, and in fact espoused 4 years ago when I ran for the Senate.

I put this question to the distinguished chairman: It has been said that the automatic benefit increase provided for in the social security bill could be financed without increasing the contribution rates, provided the benefit and contribution base is increased as wages rise. Why then does the Senate bill provide for increasing both the base and the contribution rate so that each increase would meet one-half of the cost?

Mr. LONG. The committee felt that since this would be a benefit increase to be shared by all categories of beneficiaries, whether of low, middle, or high income, all should share in paying for it, since all would share in the benefits.

In the alternative, if we raised the revenues solely by raising the amount of wages taxed, then those at the upper end of the earnings range would have to pay the entire expenses of the benefit increases, even though workers at lower earning levels would share in the increased benefits.

The committee decided that since the increased benefits would be available throughout the whole spectrum of the income levels, all income levels should pay for at least part of the cost of the increase.

Mr. BAKER. I thank the chairman for that explanation, with which I entirely agree.

I might comment that a good bit has been said, in the course of our consideration of the social security bill, about the progressive nature of certain taxes, especially the graduated Federal income tax, and the so-called regressive nature of certain other taxes, more often than not citing the fixed rate tax applicable to social security.

I would point out, if I may, that the social security tax is progressive in a sense, in that as the rate goes up, there is a tendency to shift the burden to higher income taxpayers, while, in the alternative, if we left the rate at the lower level, it would tend to fix the burden on another group of taxpayers.

So it would appear to me that the combination approach that the committee adopted, and which the chairman has now explained, has all of the attributes of a tax of a progressive nature, rather than a regressive one. I am happy to hear it explained in that way.

A further question: Would not the Senate provision for financing the automatic increases, to a greater extent than the provision passed by the House, delegate authority to the Secretary of HEW, in effect, to levy taxes?

Mr. LONG. The provision the Finance Committee adopted would place upon the Secretary of Health, Education, and Welfare a purely ministerial function. All discretion would be left to Congress. If an increase in benefits was triggered when the cost of living went up by more than 3 percent, the Secretary would simply do the arithmetic necessary to calculate the amount that taxes would have to be increased just enough to pay for the full cost of the increased benefits, no more and no less.

Mr. BAKER. May I then be reassured on the proposition that the most able staff of the Committee on Finance is thoroughly convinced, as the chairman must be, that there is no abrogation of the taxing authority of Congress implied in this discretion given to the HEW Secretary?

Mr. LONG. That is right. All we have done here is give him the responsibility of doing the arithmetic necessary to arrive at the amount of the tax increase.

Mr. BAKER. I ask the Senator further, while I have expressed my wholehearted agreement with the concept of cost-of-living increases as the cost of living goes up, which we hope will not continue indefinitely, might it not also be said that there is no fair way to have cost-of-living increases except by this route?

Mr. LONG. The committee so felt, and that is why this is what the committee recommended.

Mr. BAKER. Mr. President, is not the effect of the bill now pending before the Senate to obligate future Congresses to either reduce taxes or raise benefits more than the cost of living?

Mr. LONG. No more so than under the present law. The committee bill recognizes that Congress may very well stay ahead of the cost of living by passing increases which would make it unnecessary for the automatic increases to go into effect. If the Congress fails to act on benefit increases, then automatic increases would go into effect.

Mr. BAKER. Mr. President, the next question, and the last one, I might add, that I shall put to the distinguished chairman, if he will grant me the additional time and attention, would be this: Under this bill as now presented to the Senate, how high will the rates and the base be in some future year in the medium distant future, say at the end of this century, in the year 2000, when today's young workers will be in their midfifties and beyond? Can the Senator give some speculation on that aspect of the bill's impact?

Mr. LONG. I would have to respond that there is no real way of knowing, because basic and fundamental to the committee provision is the principle that it will be Congress that will continue to determine how much in the way of increases in social security would be justified under a given set of circumstances.

In other words, it would be anticipated that in the future, the Congress would want to continue to increase social security benefits.

If that is the case, we would expect that Congress would vote to pay for the higher benefits. I know it is certainly the view of the majority of the committee at this time, and I would hope future Congresses would take the same attitude, that with respect to the basic social security program, we would always pay for the program with taxes that would be levied. But I cannot say how much benefits will be increased in the future or what the level of taxable earnings will be—that would merely be speculation.

Mr. BAKER. I recall a colloquy the distinguished chairman of the Committee on Finance had on this floor about a year ago, in which he pointed out, and I agreed with him, that the basic social security program can easily be financed out of social security taxes on the base as fixed from time to time, but the real question is whether Congress will use social security as a vehicle by which other social services are delivered, whereupon we may be faced with the problem of deciding whether other sources than the social security tax should be used to finance the cost of their delivery. Is that basically correct?

Mr. LONG. Yes.

Mr. BAKER. Mr. President, I think the committee has done an excellent job on a difficult problem, providing a bill that moves forward in the field of automatic increases in response to requirements of the economy. The need is not predictable for the year 2000, or the year 1972, for that matter, but I think it is worthy of the favorable consideration of the Senate, and I wish, in these closing moments of the debate, to commend the committee and the staff for having done an excellent job.

Mr. LONG. I thank the Senator.

It was my judgment, Mr. President, that the Senate would pass as much of this committee bill as the Senate felt it could agree with, and could bring it to a vote, and that is what we have done. The committee recommended a $10 billion bill, and the Senate is passing a $7.5 billion bill.

Mr. DOLE. Mr. President, will the Senator from Louisiana yield to me?

Mr. MANSFIELD. The Senator has control of the time on that side.

Mr. BAKER. Mr. President, the minority leader yielded me such time as I might require. I do not see him on the floor. I am happy to yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I shall take very little time. I had a number of amendments which were not offered because hearings had not been held on them. I should like, very briefly, to discuss at least two amendments and make them a part of the RECORD, so that they might be studied by Members of this body and by others who may be interested.

One of the defects in the present Social Security Act is the fact that there is unequal application of the program to handicapped children under age 18.

Presently, this age group is precluded under aid to permanently and totally disabled. Neither are provisions adequate for benefits for disabled children under the aid to familles with dependent children program since eligiblity is based on the economic status of the parent rather than the existence of disability in the child.

Children with severely handicapping conditions require extensive and costly services beyond the means of many families and an excessive financial burden to most. There are the never-ending surgeries, specialists, nurses, braces, orthopedic shoes, wheelchairs, walkers, standing tables, bath tables, hearing aids, glasses, special education, and transportation needs—to mention only some of the extra costs involved.

Also, health insurance is difficult if not impossible to attain to cover these special needs of the seriously disabled child.

Mr. President, this amendment, in the event it may be considered at some future time on some subsequent bill, would further assist many handicapped children to receive the considerable care they require.

I ask unanimous consent that the text of the proposed amendment be printed in the RECORD at this point.

There being no objection, the proposed amendment was ordered to be printed in the RECORD as follows:

Insert on page 499, between lines 17 and 18, the following:

"DISABLED INDIVIDUALS UNDER AGE 18 ELIGIBLE FOR AID UNDER TITLES XIV AND XVI

"SEC. 571. (a) (1) Title XIV of the Social Security Act is amended by striking out, wherever it appears, the phrase 'eighteen years of age and older'.

"(2) Section 1402 (a) (8) of such Act is amended by striking out 'and' at the end of clause (C), by striking out the semicolon at the end of clause (D) and inserting in lieu thereof ', and', and by adding at the end of clause (D), as so amended, the following: '(E) with respect to a disabled individual under eighteen years of age who is claiming aid, the State agency shall also take into consideration the income and resources of such individual's parents, guardian, or other person legally responsible for the support of such individual;'

"(b) (1) Title XVI of such Act is amended by striking out, wherever it appears, the phrase 'are 18 years of age or over and'.

"(2) Section 1602 (a) (14) of such Act is amended by striking out 'and' at the end of subparagraph (C), striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof ', and', and by adding after subparagraph (D) the following new subparagraph:

"'(E) if such individual is under 18 years of age and is not blind but is disabled, the State agency shall also take into consideration the income and resources of such individual's parents, guardian, or other person legally responsible for the support of such individual;'.

"(c) The amendments made by this section shall be effective July 1, 1971."

Mr. DOLE. Mr. President, another change that has been called to my attention has to do with terminology.

As Senators may know, last year the President apopinted a task force on the physically handicapped. On that task force were many outstanding Americans, and they made many excellent recommendations. I have reviewed the recommendations made by the President's task force on the physically handicapped, and one of the recommendations made by the task force would amend title 5 of the Social Security Act by replacing the term "crippled children" with "handicapped children." According to the study of the task force, the term "crippled child" or "crippled children" as traditionally used in governmental terms is too limited in its meaning and has undesirable connotations, and present day services to crippled children should include far more impairment categories than ever before.

I was advised by HEW that although this amendment might appear to be desirable, they would oppose it if it were offered. Therefore, I chose not to offer the amendment. According to HEW officials, this would require changes by many States in State laws and would perhaps cause some undue hardship at the outset. But it has been studied carefully, and it is the understanding of the Senator from Kansas that it will be given serious consideration at a future time.

Mr. President, I ask unanimous consent to have the proposed amendment printed at this point in the RECORD.

There being no objection, the proposed amendment was ordered to be printed in the RECORD, as follows:

On page 540, after line 7 insert the following:

"CRIPPLED CHILDREN'S PROGRAM—REDESIGNATED HANDICAPPED CHILDREN'S PROGRAM

"SEC. 614. Title V of the Social Security Act is amended by striking out the word 'crippled' wherever it appears and substituting in lieu thereof 'handicapped'."

Mr. DOLE. Mr. President, I should like to ask the chairman of the committee a question. Under the bill as approved by the Senate, what will be the excess of income over outgo for the social security program as a whole over the next 5 years?

Mr. LONG. Mr. President, I say to the Senator that I regret that I do not have it at this moment, but I can refer him to page 45 of our committee print, of my opening statement, which contained a chart which shows that there will be a surplus of nearly $5 billion over the first 3 years under the original committee bill. I regret that I do not have it available for 5 years. But the surplus will be correspondingly increased for the next 2 years.

Mr. DOLE. Then, the second part of that question: How much would the trust funds have increased at the end of 5 years as compared with increases under the present law?

Mr. LONG. Mr. President, I have submitted this chart elsewhere—it compares income and outgo for 1971, 1972, and 1973 under both bills—but I ask unanimous consent that the chart I hold in my hand be printed at this point in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

PROGRESS OF THE OLD-AGE AND SURVIVORS INSURANCE, DISABILITY INSURANCE, HOSPITAL INSURANCE, AND CATASTROPHIC INSURANCE TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER FINANCE COMMITTEE BILL, 1971-73

[Cash basis; in billions of dollars]

Period	Income		Outgo		Net increase in funds		Assets, end of period	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
Fiscal year 1972	49.0	52.8	43.0	50.5	6.0	2.3	51.0	44.9
Calendar year—								
1971	47.0	49.0	41.7	47.6	5.3	1.3	46.3	42.3
1972	50.0	55.3	44.2	53.3	5.7	1.9	52.0	44.2
1973	56.9	59.7	46.7	56.9	10.2	2.8	62.2	47.0

Mr. LONG. The chart shows that, under present law, the trust fund in fiscal year 1972 would rise to $51 billion, and under the original committee bill it would rise to $44.9 billion. In calendar 1971, under the present law, $46 billion; under the committee bill, $42.3 billion. In calendar 1972, under present law, $52 billion; under the committee bill, $44.2 billion. In calender 1973, under the present law, $62.2 billion; under the committee bill, $47 billion. Of course, there have been certain modifications during floor consideration of the committee bill which would change those figures to some degree.

It was the judgment of the majority on the committee that present law did not adequately balance income and outgo in the next few years—too much money would come in for the benefits being paid—and we thought of this as a surplus, which we regarded to some degree as constituting overfinancing that could be used to pay for further benefits.

Mr. DOLE. Then, in the event that there were automatic benefit increases of 3 percent each year over the next 5 years, there still would be some surplus in the trust fund?

Mr. LONG. The figures I have placed in the RECORD assume no increase in the cost of living. If the cost of living goes up, and benefits go up, the tax that is collected goes up. When the cost of living goes up more than 3 percent, the triggered increases go into effect, and the tax rates go up, as well as the tax base, so that there is just enough additional income to pay for all that. Thus, the amount being accumulated in the fund should remain about the same even if there should be a cost-of-living benefit increase.

Mr. DOLE. I thank the chairman of the committee, and I thank the Senator from Tennessee.

Mr. YARBOROUGH. Mr. President, after a lengthy and thorough debate on the omnibus Social Security Act, H.R. 17550, I am very pleased that we were able in these final hours to save those portions of the bill that will directly benefit the lives of countless numbers of senior citizens who depend on social security and medicare to survive.

The ever-increasing cost of living hits hardest those people in our society who must depend on a fixed income, such as social security, to live. These people, who are trapped by rising prices, are forced to sit helplessly by and watch the purchasing power of their small monthly income dwindle away under the crush of runaway inflation. These older citizens have no one but Congress to turn to for help in these troubled times. The bill that the Senate has been able to agree to shows that we are not going to let these citizens down.

The most significant features of this bill are:

First. The 10-percent increase in social security benefits. Under the Senate version of the bill, the over 26 million beneficiaries of social security will receive a 10-percent increase in benefits. This increase will be effective as of January 1971 and will be paid to the people in April. The bill also sets a new minimum benefit that can be paid of $100. The original House version of H.R. 17550 would have increased social security benefits by only 5 percent and provided a minimum of benefits of $67.20. The Senate version of this bill is a much superior measure and I hope the House will agree to the Senate's amendments.

Second. The increase in the amount a social security beneficiary can earn and still receive his full benefits. The present law sets a ceiling of $1,680 a year on the amount that a retired person can earn and still draw full social security benefits. This unreasonable work limitation has forced many productive and creative citizens into a state of forced idleness. Furthermore, this limitation, which is far below the poverty line, locks many of our older citizens into the low-income bracket with no way of escape. Under this bill, Congress is taking the first step toward remedying this situation by increasing the income limitation from $1,680 to $2,000. I supported an increase to $3,200, which I believe would have been more reasonable. However, this increase included in H.R. 17550 does offer a small measure of relief to our senior citizens who wish to work beyond the age of 65.

Mr. President, I also commend the Senate Finance Committee for including in the bill my amendment to authorize the Secretary of Health, Education, and Welfare to waive, in cases involving small rural hospitals, the requirement that a hospital furnish 24-hour registered professional nursing services in order to participate in the medicare and medicaid programs.

Under the present law, a hospital will not be qualified to provide medicare services if it does not maintain a registered professional nurse on duty around the clock 24 hours a day. This requirement has imposed extreme hardships on the small rural hospitals and clinics and the people they serve. Many rural hospitals have been unable to find enough registered nurses who will move to the rural areas to meet this 24-hour requirement. As a result, many small hospitals and clinics have been forced to close, leaving many of our citizens without the benefit of a hospital near their homes. In short, this limitation in the medicare law is having the unfortunate effect of denying many of the citizens of rural America hospital care. My amendment is designed to rectify this unjust situation without lowering the standards for health care.

Under my amendment, a rural hospital could obtain a waiver of the 24-hour registered nurse requirement:

First, the hospital has made, and is continuing to make, a good faith effort to meet the registered nurse requirement, but cannot because of nursing personnel shortage,

Second, the hospital is located in an area where hospital facilities are in short supply, and

Third, the denial of medicare services at such a hospital will seriously limit the availability of hospital care to the people of the area. This amendment is a carefully drawn measure which will provide relief only in cases of true hardship. I am very pleased that the Finance Committee has recognized the urgent need for this provision. It will insure that medicare and medicaid benefits will be available to the people of rural America.

Mr. President, in closing, I wish to commend the distinguished chairman of the Senate Finance Committee, Senator LONG, and the members of his committee for their hard work on this bill and their willingness to work out a compromise so that our senior citizens can benefit from this bill. I urge all of my colleagues to give this bill their full support.

Mr. MCGOVERN. Mr. President, last night we spent many hours debating and voting on provisions of the Social Security Act, and expected to complete our business rapidly this morning. In particular a number of us were concerned that certain provisions, which we regarded as restrictive, be dropped from the welfare programs. Senator HARRIS, you will recall, drafted a quick amendment to delete those sections of title V which we believed would impose a hardship on the poor.

At the time our concern was concentrated on deleting those provisions and inadvertently, I failed to notice that another harmful provision was retained. In raising the payments for the aged, the blind, and the disabled to $130 for an individual and $200 for a couple, the Finance Committee had also removed those individuals receiving cash assistance from eligibility for food assistance.

Mr. President, the eligibility standards for food assistance for such aged, blind, and disabled individuals are already that high or higher in 34 States. Five of the remaining States have no food stamp program.

I believe we should not arbitrarily deny food assistance to those who are poor because they are so old, so blind, or so disabled that they are unable to provide for themselves. The parliamentary agreement does not permit another amendment to be considered now. But perhaps this deficiency can be corrected by legislative action next year. In any event, if there is any decrease in the cash allowances as provided by the Senate social security bill, I shall definitely make an all-out effort to add food stamp eligibility for the aged, the blind, and the disabled.

* * * * *

The PRESIDING OFFICER. Is all time yielded back?

Mr. LONG. I yield back the remainder of my time.

Mr. BAKER. Mr. President, I have nothing further in this respect at this time. I observe, however, that the distinguished minority leader and assistant minority leader are not in the Chamber at this time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. 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. GRIFFIN. Mr. President, I yield back the remaining time on this side.

The PRESIDING OFFICER. All remaining time has been yielded back.

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. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from North Dakota (Mr. BURDICK), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Tennessee (Mr. GORE), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MCCARTHY), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Georgia (Mr. RUSSELL) are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota (Mr. BURDICK), the Senator from Mississippi (Mr. EASTLAND), the Senator from New Mexico (Mr. MONTOYA), and the Senator from Michigan (Mr. HART) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from Texas (Mr. TOWER), and the Senator from Delaware (Mr. WILLIAMS) are necessarily absent.

The Senator from Colorado (Mr. DOMINICK) and the Senator from South Dakota (Mr. MUNDT) are absent because of illness.

If present and voting, the Senator from Colorado (Mr. DOMINICK), the Senator from Hawaii (Mr. FONG), the Senator from Oregon (Mr. HATFIELD), the Senator from South Dakota (Mr. MUNDT), and the Senator from Texas (Mr. TOWER) would each vote "yea."

The result was announced—yeas 81, nays 0, as follows:

[No. 455 Leg.]

YEAS—81

Aiken	Griffin	Nelson
Allen	Gurney	Packwood
Allott	Hansen	Pastore
Baker	Harris	Pearson
Bayh	Hartke	Pell
Bellmon	Holland	Percy
Bennett	Hruska	Prouty
Bible	Hughes	Proxmire
Boggs	Jackson	Randolph
Brooke	Javits	Ribicoff
Byrd, Va.	Jordan, N.C.	Saxbe
Byrd, W. Va.	Jordan, Idaho	Schweiker
Cannon	Kennedy	Scott
Case	Long	Smith
Church	Magnuson	Sparkman
Cook	Mansfield	Spong
Cooper	Mathias	Stennis
Cotton	McClellan	Stevens
Cranston	McGee	Stevenson
Curtis	McGovern	Symington
Dole	McIntyre	Talmadge
Ellender	Metcalf	Thurmond
Ervin	Miller	Tydings
Fannin	Mondale	Williams, N.J.
Fulbright	Moss	Yarborough
Goodell	Murphy	Young, N. Dak.
Gravel	Muskie	Young, Ohio

NAYS—0

NOT VOTING—19

Anderson	Goldwater	Montoya
Burdick	Gore	Mundt
Dodd	Hart	Russell
Dominick	Hatfield	Tower
Eagleton	Hollings	Williams, Del.
Eastland	Inouye	
Fong	McCarthy	

So the bill (H.R. 17550) was passed.

Mr. LONG. Mr. President, I ask unanimous consent that the bill H.R. 17550 be printed with the amendment 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, and so forth, designations, and cross references thereto.

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

Mr. LONG. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. BELLMON) appointed by Mr. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. WILLIAMS of Delaware, and Mr. BENNETT conferees on the part of the Senate.

91ST CONGRESS
2D SESSION

H. R. 17550

IN THE SENATE OF THE UNITED STATES

DECEMBER 29 (legislative day, DECEMBER 28), 1970
Ordered to be printed with the amendments of the Senate numbered

AN ACT

To amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1970".

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TABLE OF CONTENTS—Continued

TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH—Continued

PART B—IMPROVEMENTS IN THE OPERATING EFFECTIVENESS OF THE MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS—Con.

PART C—MISCELLANEOUS AND TECHNICAL PROVISIONS

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TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

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TITLE I—PROVISIONS RELATING TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

INCREASE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

SEC. 101. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

(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 1969 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	$64.00	----------	$76	$67.20	$100.80
$16.21	16.84	65.00	$77	78	68.30	102.50
16.85	17.60	66.40	79	80	69.80	104.70
17.61	18.40	67.70	81	81	71.10	106.70
18.41	19.24	68.90	82	83	72.40	108.60
19.25	20.00	70.30	84	85	73.90	110.90
20.01	20.64	71.60	86	87	75.20	112.80
20.65	21.28	72.80	88	89	76.50	114.80
21.29	21.88	74.20	90	90	78.00	117.00
21.89	22.28	75.50	91	92	79.30	119.00
22.29	22.68	76.80	93	94	80.70	121.10
22.69	23.08	78.00	95	96	81.90	122.90
23.09	23.44	79.40	97	97	83.40	125.10
23.45	23.76	80.80	98	99	84.90	127.40
23.77	24.20	82.30	100	101	86.50	129.80
24.21	24.60	83.50	102	102	87.70	131.60
24.61	25.00	84.90	103	104	89.20	133.80
25.01	25.48	86.40	105	106	90.80	136.20
25.49	25.92	87.80	107	107	92.20	138.30
25.93	26.40	89.20	108	109	93.70	140.60

"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 1969 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—		
$26.41	$26.94	$90.60	$110	$113	$95.20	$142.80
26.95	27.46	91.90	114	118	96.50	144.80
27.47	28.00	93.30	119	122	98.00	147.00
28.01	28.68	94.70	123	127	99.50	149.30
28.69	29.25	96.20	128	132	101.10	151.70
29.26	29.68	97.50	133	136	102.40	153.60
29.69	30.36	98.80	137	141	103.80	155.70
30.37	30.92	100.30	142	146	105.40	158.10
30.93	31.36	101.70	147	150	106.80	160.20
31.37	32.00	103.00	151	155	108.20	162.30
32.01	32.60	104.50	156	160	109.80	164.70
32.61	33.20	105.80	161	164	111.10	166.70
33.21	33.88	107.20	165	169	112.60	168.90
33.89	34.50	108.60	170	174	114.10	171.20
34.51	35.00	110.00	175	178	115.50	173.30
35.01	35.80	111.40	179	183	117.00	175.50
35.81	36.40	112.70	184	188	118.40	177.60
36.41	37.08	114.20	189	193	120.00	180.00
37.09	37.60	115.60	194	197	121.40	182.10
37.61	38.20	116.90	198	202	122.80	184.20
38.21	39.12	118.40	203	207	124.40	186.60
39.13	39.68	119.80	208	211	125.80	188.70
39.69	40.33	121.00	212	216	127.10	190.70
40.34	41.12	122.50	217	221	128.70	193.10
41.13	41.76	123.90	222	225	130.10	195.20
41.77	42.44	125.30	226	230	131.50	197.40
42.45	43.20	126.70	231	235	133.10	199.70
43.21	43.76	128.20	236	239	134.70	202.10
43.77	44.44	129.50	240	244	136.00	204.00
44.45	44.88	130.80	245	249	137.40	206.10
44.89	45.60	132.30	250	253	139.00	208.50
		133.70	254	258	140.40	210.60
		134.90	259	263	141.70	212.60
		136.40	264	267	143.30	215.00
		137.80	268	272	144.70	217.60
		139.20	273	277	146.20	221.60
		140.60	278	281	147.70	224.80
		142.00	282	286	149.10	228.80
		143.50	287	291	150.70	232.80
		144.70	292	295	152.00	236.00
		146.20	296	300	153.60	240.00
		147.60	301	305	155.00	244.00
		148.90	306	309	156.40	247.20
		150.40	310	314	158.00	251.20
		151.70	315	319	159.30	255.20
		153.00	320	323	160.70	258.40
		154.50	324	328	162.30	262.40
		155.90	329	333	163.70	266.40
		157.40	334	337	165.30	269.60
		158.60	338	342	166.60	273.60
		160.00	343	347	168.00	277.60
		161.50	348	351	169.60	280.80
		162.80	352	356	171.00	284.80
		164.30	357	361	172.60	288.80
		165.60	362	365	173.90	292.00
		166.90	366	370	175.30	296.00
		168.40	371	375	176.90	300.00
		169.80	376	379	178.30	303.20
		171.30	380	384	179.90	307.20
		172.50	385	389	181.20	311.20
		173.90	390	393	182.60	314.40
		175.40	394	398	184.20	318.40
		176.70	399	403	185.60	322.40
		178.20	404	407	187.20	325.60
		179.40	408	412	188.40	329.60
		180.70	413	417	189.80	333.60
		182.00	418	421	191.10	336.80
		183.40	422	426	192.60	340.80
		184.60	427	431	193.90	344.80
		185.90	432	436	195.20	348.80
		187.30	437	440	196.70	350.40
		188.50	441	445	198.00	352.40
		189.80	446	450	199.30	354.40
		191.20	451	454	200.80	356.00
		192.40	455	459	202.10	358.00
		193.70	460	464	203.40	360.00
		195.00	465	468	204.80	361.60
		196.40	469	473	206.30	363.60
		197.60	474	478	207.50	365.60

"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 1969 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—		
		$198.90	$479	$482	$208.90	$367.20
		200.30	483	487	210.40	369.20
		201.50	488	492	211.60	371.20
		202.80	493	496	213.00	372.80
		204.20	497	501	214.50	374.80
		205.40	502	506	215.70	376.80
		206.70	507	510	217.10	378.40
		208.00	511	515	218.40	380.40
		209.30	516	520	219.80	382.40
		210.60	521	524	221.20	384.00
		211.90	525	529	222.50	386.00
		213.30	530	534	224.00	388.00
		214.50	535	538	225.30	389.60
		215.80	539	543	226.60	391.60
		217.20	544	548	228.10	393.60
		218.40	549	553	229.40	395.60
		219.70	554	556	230.70	396.80
		220.80	557	560	231.90	398.40
		222.00	561	563	233.10	399.60
		223.10	564	567	234.30	401.20
		224.30	568	570	235.60	402.40
		225.40	571	574	236.70	404.00
		226.60	575	577	238.00	405.20
		227.70	578	581	239.10	406.80
		228.90	582	584	240.40	408.00
		230.00	585	588	241.50	409.60
		231.20	589	591	242.80	410.80
		232.30	592	595	244.00	412.40
		233.50	596	598	245.20	413.60
		234.60	599	602	246.40	415.20
		235.80	603	605	247.60	416.40
		236.90	606	609	248.80	418.00
		238.10	610	612	250.10	419.20
		239.20	613	616	251.20	420.80
		240.40	617	620	252.50	422.40
		241.50	621	623	253.60	423.60
		242.70	624	627	254.90	425.20
		243.80	628	630	256.00	426.40
		245.00	631	634	257.30	428.00
		246.10	635	637	258.50	429.20
		247.30	638	641	259.70	430.80
		248.40	642	644	260.90	432.00
		249.60	645	648	262.10	433.60
		250.70	649	650	263.30	434.40
			651	655	264.00	436.40
			656	660	265.00	438.40
			661	665	266.00	440.40
			666	670	267.00	442.40
			671	675	268.00	444.40
			676	680	269.00	446.40
			681	685	270.00	448.40
			686	690	271.00	450.40
			691	695	272.00	452.40
			696	700	273.00	454.40
			701	705	274.00	456.40
			706	710	275.00	458.40
			711	715	276.00	460.40
			716	720	277.00	462.40
			721	725	278.00	464.40
			726	730	279.00	466.40
			731	735	280.00	468.40
			736	740	281.00	470.40
			741	745	282.00	472.40
			746	750	283.00	474.40"

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

"I (Primary insurance benefit under 1939 Act, as modified)		II (Primary insurance amount under 1939 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. 205(a)) on the basis of his wages and self-employment income shall be—
At least—	But not more than—		At least—	But not more than—		
----------	$26.94	$90.60 or less	----------	$113	$100.00	$150.00
$26.95	27.46	91.90	$114	118	101.10	151.70
27.47	28.00	93.30	119	122	102.70	154.10
28.01	28.68	94.70	123	127	104.20	156.30
28.69	29.25	96.20	128	132	105.90	158.90
29.26	29.68	97.50	133	136	107.30	161.00
29.69	30.36	98.80	137	141	108.70	163.10
30.37	30.92	100.30	142	146	110.40	165.60
30.93	31.56	101.70	147	150	111.90	167.90
31.57	32.00	103.00	151	155	113.30	170.00
32.01	32.60	104.50	156	160	115.00	172.50
32.61	33.20	105.80	161	164	116.40	174.60
33.21	33.88	107.20	165	169	118.00	177.00
33.89	34.50	108.60	170	174	119.50	179.30
34.51	35.00	110.00	175	178	121.00	181.50
35.01	35.80	111.40	179	183	122.60	183.90
35.81	36.40	112.70	184	188	124.00	186.00
36.41	37.08	114.20	189	193	125.70	188.60
37.09	37.60	115.60	194	197	127.20	190.80
37.61	38.20	116.90	198	202	128.60	192.90
38.21	39.12	118.40	203	207	130.30	195.50
39.13	39.68	119.80	208	211	131.80	197.70
39.69	40.33	121.00	212	216	133.10	199.70
40.34	41.12	122.50	217	221	134.80	202.20
41.13	41.76	123.90	222	225	136.30	204.50
41.77	42.44	125.30	226	230	137.90	206.90
42.45	43.20	126.70	231	235	139.40	209.10
43.21	43.76	128.20	236	239	141.10	211.70
43.77	44.44	129.50	240	244	142.50	214.80
44.45	44.88	130.80	245	249	143.90	219.20
44.89	45.60	132.30	250	255	145.60	222.70
		133.70	254	258	147.10	227.10
		134.90	259	263	148.40	231.50
		136.40	264	267	150.10	235.00
		137.80	268	272	151.60	239.40
		139.20	273	277	153.20	243.80
		140.60	278	281	154.70	247.30
		142.00	282	286	156.20	251.70
		143.50	287	291	157.90	256.10
		144.70	292	295	159.20	259.60
		146.20	296	300	160.90	264.00
		147.60	301	305	162.40	268.40
		148.90	306	309	163.80	272.00
		150.40	310	314	165.50	276.40
		151.70	315	319	166.90	280.80
		153.00	320	323	168.30	284.30
		154.50	324	328	170.00	287.70
		155.90	329	333	171.50	293.10
		157.40	334	337	173.20	296.60
		158.69	338	342	174.50	301.00
		160.00	343	347	176.00	305.40
		161.50	348	351	177.70	308.90
		162.80	352	356	179.10	313.30
		164.30	357	361	180.80	317.70
		165.60	362	365	182.20	321.20
		166.90	366	370	183.60	325.60
		168.40	371	375	185.30	330.00
		169.80	376	379	186.80	333.60
		171.30	380	384	188.50	338.00
		172.50	385	389	189.80	342.40
		173.90	390	393	191.30	345.90
		175.40	394	398	193.00	350.30
		176.70	399	403	194.40	354.70
		178.20	404	407	196.10	358.20
		179.40	408	412	197.40	362.60
		180.70	413	417	198.80	367.00
		182.00	418	421	200.20	370.50
		183.40	422	426	201.80	374.90
		184.60	427	431	203.10	379.30
		185.90	432	436	204.50	383.70
		187.30	437	440	206.10	386.50
		188.50	441	445	207.40	387.70
		189.80	446	450	208.80	389.90
		191.20	451	454	210.40	391.60
		192.40	455	459	211.70	393.80
		193.70	460	464	213.10	396.00
		195.00	465	468	214.50	397.80
		196.40	469	473	216.10	400.00
		197.60	474	478	217.40	402.20
		198.90	479	482	218.80	404.00
		200.30	483	487	220.40	406.20

"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 1959 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—		
		$201.50	$488	$492	$221.70	$408.40
		202.80	493	496	223.10	410.10
		204.20	497	501	224.70	412.30
		205.40	502	506	226.00	414.50
		206.70	507	510	227.40	416.30
		208.00	511	515	228.80	418.50
		209.30	516	520	230.30	420.70
		210.60	521	524	231.70	422.40
		211.90	525	529	233.10	424.60
		213.30	530	534	234.70	426.80
		214.50	535	538	236.00	428.60
		215.80	539	543	237.40	430.80
		217.20	544	548	239.00	433.00
		218.40	549	553	240.30	435.20
		219.70	554	556	241.70	436.50
		220.80	557	560	242.90	438.30
		222.00	561	563	244.20	439.60
		223.10	564	567	245.50	441.40
		224.30	568	570	246.80	442.70
		225.40	571	574	248.00	444.40
		226.60	575	577	249.30	445.80
		227.70	578	581	250.50	447.50
		228.90	582	584	251.80	448.80
		230.00	585	588	253.00	450.60
		231.20	589	591	254.40	451.90
		232.30	592	595	255.60	453.70
		233.50	596	598	256.90	455.00
		234.60	599	602	258.10	456.80
		235.80	603	605	259.40	458.10
		236.90	606	609	260.60	459.80
		238.10	610	612	262.00	461.20
		239.20	613	616	263.20	462.90
		240.40	617	620	264.50	464.70
		241.50	621	623	265.70	466.00
		242.70	624	627	267.00	467.80
		243.80	628	630	268.20	469.40
		245.00	631	634	269.50	471.70
		246.10	635	637	270.80	473.90
		247.30	638	641	272.10	476.20
		248.40	642	644	273.30	478.30
		249.60	645	648	274.60	480.60
		250.70	649	650	275.80	482.70
			651	655	276.80	484.40
			656	660	277.80	486.20
			661	665	278.80	487.90
			666	670	279.80	489.70
			671	675	280.80	491.40
			676	680	281.80	493.20
			681	685	282.80	494.90
			686	690	283.80	496.70
			691	695	284.80	498.40
			696	700	285.80	500.20
			701	705	286.80	501.90
			706	710	287.80	503.70
			711	715	288.80	505.40
			716	720	289.80	507.20
			721	725	290.80	508.90
			726	730	291.80	510.70
			731	735	292.80	512.40
			736	740	293.80	514.20
			741	745	294.80	515.90
			746	750	295.80	517.70".

(b) Section 203 (a) of such Act is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) when two or more persons were entitled (without the application of section 202 (j) (1) and section 223 (b)) to monthly benefits under section 202 or 223 for January 1971 on the basis of the wages and self-employment income of such insured individual and at least one such person was so entitled for December 1970 on the basis of such wages and self-employment income, such total of benefits for January 1971 or any subsequent month shall not be reduced to less than the larger of—

"(A) the amount determined under this subsection without regard to this paragraph, or

"(B) an amount equal to the sum of the amounts derived by multiplying the benefit amount determined under this title (including this subsection, but without the application of section 222 (b), section 202 (q), and subsections (b), (c), and (d) of this section), as in effect prior to the enactment of the Social Security Amendments of 1970, for each such person for such (3) ~~monuth~~ *month*, by (4) ~~105~~ *110* percent and raising each such increased amount, if it is not a multiple of $0.10, to the next higher multiple of $0.10;

but in any such case (i) paragraph (1) of this subsection shall not be applied to such total of benefits after the application of subparagraph (B), and (ii) if section 202 (k) (2) (A) was applicable in the case of any such benefits for January 1971, and ceases to apply after such month, the provisions of subparagraph (B) shall be applied, for and after the month in which section 202 (k) (2) (A) ceases to apply, as though paragraph (1) had not been applicable to such total of benefits for January 1971, or".

(c) Section 215 (b) (4) of such Act is amended by striking out "December 1969" each time it appears and inserting in lieu thereof "December 1970".

(d) Section 215 (c) of such Act is amended to read as follows:

"Primary Insurance Amount Under 1969 Act

"(c) (1) For the purposes of column II of the table appearing 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 enactment of the Social Security Amendments of 1970.

"(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 before January 1971, or who died before such month."

(e) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1970.

(f) If an individual was entitled to a disability insurance benefit under section 223 of the Social Security Act for December 1970 and became entitled to old-age insurance benefits under section 202 (a) of such Act for January 1971, or he died in such month, then, for purposes of section 215 (a) (4) of the Social Security Act (if applicable), the amount in column IV of the table appearing in such section 215 (a) for such individual shall be the amount in such column on the line on which in column II appears his primary insurance amount (as determined under section 215 (c) of such Act) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based.

INCREASE IN BENEFITS FOR CERTAIN INDIVIDUALS AGE 72 AND OVER

SEC. 102. (a) (1) Section 227 (a) of the Social Security Act is amended by striking out "$46" and inserting in lieu thereof "$48.30", and by striking out "$23" and inserting in lieu thereof "$24.20".

(2) Section 227(b) of such Act is amended by striking out "$46" and inserting in lieu thereof "$48.30".

(b) (1) Section 228(b) (1) of such Act is amended by striking out "$46" and inserting in lieu thereof "$48.30".

(2) Section 228(b) (2) of such Act is amended by striking out "$46" and inserting in lieu thereof "$48.30", and by striking out "$23" and inserting in lieu thereof "$24.20".

(3) Section 228(c) (2) of such Act is amended by striking out "$23" and inserting in lieu thereof "$24.20".

(4) Section 228(c) (3) (A) of such Act is amended by striking out "$46" and inserting in lieu thereof "$48.30".

(5) Section 228(c) (3) (B) of such Act is amended by striking out "$23" and inserting in lieu thereof "$24.20".

(c) The amendments made by subsections (a) and (b) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

~~(5) AUTOMATIC ADJUSTMENT OF BENEFITS~~

~~SEC. 103. (a) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:~~

~~"Cost-of-Living Increases in Benefits~~

~~"(i) (1) For purposes of this subsection—~~

~~"(A) the term 'base quarter' means the period of 3 consecutive calendar months ending on September 30,~~

~~1971, and the period of 3 consecutive calendar months ending on September 30 of each year thereafter.~~

~~"(B) the term 'cost-of-living computation quarter' means any base quarter in which the monthly average of the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, the monthly average of such Index in the later of (i) the 3 calendar-month period ending on September 30, 1971, or (ii) the base quarter which was most recently a cost-of-living computation quarter.~~

~~"(2)(A) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall, effective for January of the next calendar year, 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 as specified in subparagraph (B) of this paragraph, by an amount derived by multiplying 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 next higher one-tenth of 1 percent if such percentage is an odd multiple of .05 of 1 percent and to the nearest one-tenth of 1 percent in any other case) as the percentage by which the monthly average of the Consumer Price Index~~

for such cost-of-living computation quarter exceeds the monthly average of such Index for the base quarter determined after the application of clauses (i) and (ii) of paragraph (1)(B).

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, based on the wages and self-employment income of an individual who became entitled to monthly benefits under section 202, 223, 227, or 228 (without regard to section 202(j)(1) or section 223(b)), or who died, in or before December of such calendar year.

"(C) 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 December 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be 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 revised previously pursuant to this paragraph); and such revised table

shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall show the effective date of the primary insurance amounts set forth in column IV of the table immediately prior to its revision.

"(ii) The amounts on each line of column I, and the amounts on each line of column III except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amount of each line of column IV shall be increased from the amount shown in the table immediately prior to its revision by increasing such amount by the percentage specified in subparagraph (A) of paragraph (2), raising each such increased amount, if not a multiple of $0.10, to the next higher multiple of $0.10.

"(v) If the contribution and benefit base (as

defined in section 230(b)) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV and V shall be extended. The amount in the first additional line in column IV shall be the amount in the last line of such column as determined under clause (iv), plus $1.00, rounding such increased amount (if not a multiple of $1.00) to the next higher multiple of $1.00 where such increased amount is an odd multiple of $0.50 and to the nearest multiple of $1.00 in any other case. The amount on each succeeding line of column IV shall be the amount on the preceding line increased by $1.00, until the amount on the last line of such column is equal to the larger of (I) one thirty-sixth of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised or (II) the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised over such base for the calendar year in which the table of benefits is revised, rounding such amount (if not a multiple of $1.00) to the next higher multiple of $1.00 where such amount is an odd multiple of $0.50 and to the nearest multiple of $1.00 in any other case.

~~The amount in each additional line of column III shall be determined so that the second figure in the last line of column III is one-twelfth of the contribution and benefits base for the calendar year following the calendar year in which the table of benefits is revised, and the remaining figures in column III shall be determined in consistent mathematical intervals from column IV. The second figure in the last line of column III before the extension of the column shall be increased to a figure mathematically consistent with the figures determined in accordance with the preceding sentence. The amount on each line of column V shall be increased, to the extent necessary, so that each such amount is equal to 40 percent of the second figure in the same line of column III, plus 40 percent of the smaller of (I) such second figure or (II) the larger of $450 or 50 per centum of the largest figure in column III.~~

~~"(vi) The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount that is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10."~~

~~(b) Section 203(a) of such Act (as amended by section 101(b) of this Act) is amended—~~

(1) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or ", and inserting after paragraph (3) the following new paragraph:

"(4) when two or more persons are entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for December of the calendar year in which occurs a cost-of-living computation quarter (as defined in section 215(i)(1)) on the basis of the wages and self-employment income of such insured individual, such total of benefits for the month immediately following shall be reduced to not less than the amount equal to the sum of the amounts derived by increasing the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section) as in effect for such December for each such person by the same percentage as the percentage by which such individual's primary insurance amount (including such amount as previously increased) is increased under section 215(i)(2) for such month immediately following, and raising each such increased amount (if not a multiple of $0.10) to the next higher multiple of $0.10.": and

(2) by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(c)(1) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(a) The primary insurance amount of an insured individual shall be the amount in column IV of the following table, or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(C) or section 230(c), determined as follows:

"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(i) The amount in column IV on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(ii) The amount in column IV on the line on which in column II of such table appears his primary insurance amount (as determined under subsection (c)); or

"(iii) The amount in column IV on the line on which in column I of such table appears his primary insurance benefit (as determined under subsection (d)).

"(2) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65, such primary insurance amount shall be the amount in column IV which is equal to the primary insurance amount upon which such disability insurance benefit is based, except that, if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (other than a table provided by section 230) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based."

(2) Effective January 1, 1973, section 215(b)(4) of such Act (as amended by section 101(c) of this Act) is 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 in or after the effective month of a new table that appears in (or is deemed by subsection (i)(2)(C) or section 230(c) to appear in) subsection (a) to benefits under section 202(a) or section 223; or

"(B) who dies in or after such effective month 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).".

(3) Effective January 1, 1973, section 215(e) of such Act (as amended by section 101(d) of this Act) is amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(e)(1) For the purposes of column II of the 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 effective month of the latest such table.

"(2) The provisions of this subsection shall be appli-

~~cable 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."~~

~~(d) Sections 227 and 228 of such Act (as amended by section 102 of this Act) are amended by striking out "$48.30" wherever it appears and inserting in lieu thereof "the larger of $48.30 or the amount most recently established in lieu thereof under section 215 (i)", and by striking out "$24.20" wherever it appears and inserting in lieu thereof "the larger of $24.20 or the amount most recently established in lieu thereof under section 215 (i)".~~

INCREASED WIDOW'S AND WIDOWER'S INSURANCE BENEFITS

SEC. ~~(6) 104~~ *103.* (a) ~~(7)~~ *(1)* Section 202 (e) of the Social Security Security Act is amended—

~~(8) (1) by striking out "82½ percent of" wherever it appears in paragraphs (1) and (2); and~~

(A) by striking out "82½ percent of the primary insurance amount of such deceased individual" wherever it appears in paragraph (1) and inserting in lieu thereof "the amount of the widow's insurance benefit (as determined under paragraph (2)) of such widow or surviving divorced wife"; and

(B) by striking out subparagraph (C) of paragraph (1) and inserting in lieu thereof the following new subparagraph:

"(C)(i) has filed application for widow's insurance benefits, or (ii) was entitled, on the basis of the wages and self-employment income of such individual, to—

"(I) mother's insurance benefits for the month preceding the month in which she attained age 65, or

"(II) wife's insurance benefits for the month preceding the month in which he died, but only if in such preceding month she had attained the age of 65 or was not entitled to benefits under subsection (a) or section 223,";

(9) ~~(2)~~ *(C)* by striking out "age 62" (10) ~~in subparagraphs (C) (i) and (C) (ii) of paragraph (1), and~~ in the matter following subparagraph (G) in paragraph (1), and inserting in lieu thereof (11) ~~in each instance~~ "age 65".

(12) *(2) Paragraph (2) of section 202(c) of such Act is amended to read as follows:*

"(2)(A) Except as provided in subsection (q), paragraph (4) of this subsection, and subparagraph (B) of this paragraph, such widow's insurance benefit for each month shall be equal to the primary insurance amount of such deceased individual.

"(B) If the deceased individual (on the basis of whose wages and self-employment income a widow or surviving divorced wife is entitled to widow's insurance benefits under

this subsection) was, at any time, entitled to an old-age insurance benefit, which was reduced by reason of the application of subsection (q), the widow's insurance benefit of such widow or surviving divorced wife for any month shall, if the amount of the widow's insurance benefit of such widow or surviving divorced wife (as determined under subparagraph (A) and after application of subsection (q)) is greater than the amount of the old-age insurance benefit to which such deceased individual would have been entitled (after application of subsection (q)) for such month if such individual were still living, be reduced to an amount equal to the amount of the old-age insurance benefit to which such deceased individual would have been entitled (after application of subsection (q)) for such month if such individual were still living.

(b) ~~(13)~~*(1)* Section 202 (f) of such Act is amended—

~~(14) (1) by striking out "82½ percent of" wherever it appears in paragraphs (1) and (3);~~

(A) by striking out "82½ percent of the primary insurance amount of his deceased wife" wherever it appears in paragraph (1) and inserting in lieu thereof "the amount of the widower's insurance benefit (as determined under paragraph (3)) of such widower";

(B) by striking out subparagraph (C) of paragraph (1), and inserting in lieu thereof the following new subparagraph:

"(C)(i) has filed application for widower's insurance benefits or (ii) was entitled to husband's insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died, but only if in such preceding month he had attained the age of 65 or was not entitled to benefits under subsection (a) or section 223,"; and

(15) ~~(2) by inserting ", after attainment of age 65," after "was entitled" in paragraph (1)(C);~~ and

(16) ~~(3)~~ *(C)* by striking out "age 62" in the matter following subparagraph (G) in paragraph (1) and inserting in lieu thereof "age 65".

(17) *(2) Paragraph (3) of section 202(f) of such Act is amended to read as follows:*

"(3)(A) Except as provided in subsection (q), paragraph (4) of this subsection, and subparagraph (B) of this paragraph, such widower's insurance benefit for each month shall be equal to the primary insurance amount of his deceased wife.

"(B) If the deceased wife (on the basis of whose wages and self-employment income a widower is entitled to widower's insurance benefits under this subsection) was, at any time, entitled to an old-age insurance benefit which was reduced by reason of the application of subsection (q), the

widower's insurance benefit of such widower for any month shall, if the amount of the widower's insurance benefit of such widower (as determined under subparagraph (A) and after application of subsection (q)) is greater than the amount of the old-age insurance benefit to which such deceased wife would have been entitled (after application of subsection (q)) for such month if such wife were still living, be reduced to an amount equal to the amount of the old-age insurance benefit to which such deceased wife would have been entitled (after application of subsection (q)) for such month if such wife were still living.

(c) (1) The last sentence of section 203 (c) of such Act is amended by striking out all that follows the semicolon and inserting in lieu thereof the following: "nor shall any deduction be made under this subsection from any widow's insurance benefit for any month in which the widow or surviving divorced wife is entitled and has not attained age 65 (but only if she became so entitled prior to attaining age 60), or from any widower's insurance benefit for any month in which the widower is entitled and has not attained age 65 (but only if he became so entitled prior to attaining age 62)."

(2) Clause (D) of section 203 (f) (1) of such Act is amended to read as follows: "(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 62), or".

(18) *(d) Section 202(k)(3)(A) of such Act is amended by striking out "subsection (q) and" and inserting in lieu thereof "subsection (q), subsection (e)(2) or (f)(3), and".*

(19) ~~(d)~~ *(e)* (1) Section 202 (q) (1) of such Act is amended to read as follows:

"(1) If the first month for which an individual is entitled to an old-age, wife's, husband's, widow's, or widower's insurance benefit is a month before the month in which such individual attains retirement age, the amount of such benefit for such month and for any subsequent month shall, subject to the succeeding paragraphs of this subsection, be reduced by—

"(A) 5/9 of 1 percent of such amount if such benefit is an old-age insurance benefit, 25/36 of 1 percent of such amount if such benefit is a wife's or husband's insurance benefit, or 5 7/120 of 1 percent of such amount if such benefit is a widow's or widower's insurance benefit, multiplied by—

"(B) (i) the number of the months in the reduction period for such benefit (determined under paragraph

(6) (A)), if such benefit is for a month before the month in which such individual attains retirement age, or

"(ii) if less the number of such months in the adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is (I) for the month in which such individual attains age 62, or (II) for the month in which such individual attains retirement age;

and in the case of a widow or widower whose first month of entitlement to a widow's or widower's insurance benefit is a month before the month in which such widow or widower attains age 60, such benefit, reduced pursuant to the preceding provisions of this paragraph (and before the application of the second sentence of paragraph (8)), shall be further reduced by—

"(C) 43/240 of 1 percent of the amount of such benefit, multiplied by—

"(D) (i) the number of months in the additional reduction period for such benefit (determined under paragraph (6) (B)), if such benefit is for a month before the month in which such individual attains age 62, or

"(ii) if less, the number of months in the additional adjusted reduction period for such benefit (determined under paragraph (7)), if such benefit is for the month in which such individual attains age 62."

(2) Section 202 (q) (7) of such Act is amended—

(A) by striking out everything that precedes subparagraph (A) and inserting in lieu thereof the following:

"(7) For purposes of this subsection the 'adjusted reduction period' for an individual's old-age, wife's, husband's, widow's, or widower's insurance benefit is the reduction period prescribed in paragraph (6) (A) for such benefit, and the 'additional adjusted reduction period' for an individual's widow's, or widower's insurance benefit is the additional reduction period prescribed by paragraph (6) (B) for such benefit, excluding from each such period—";

and

(B) by striking out "attained retirement age" in subparagraph (E) and inserting in lieu thereof "attained age 62, and also for any month before the month in which he attained retirement age,".

(3) Section 202 (q) (9) of such Act is amended to read as follows:

"(9) For purposes of this subsection, the term 'retirement age' means age 65."

~~(20)~~ ~~(c)~~ *(f)* Section 202 (m) of such Act is amended to read as follows:

"Minimum Survivor's Benefit

"(m) (1) In any case in which an individual is entitled to a monthly benefit under this section (other than under

subsection (a)) for any month and no other person is (without the application of subsection (j)(1) and section 223(b)) entitled to a monthly benefit under this section or section 223 for such month on the basis of the same wages and self-employment income, such individual's benefit amount for such month, prior to reduction under (21)~~subsections (k)(3) and (q)(1)~~ *subsection (k)(3)*, shall be not less than the first amount appearing in column IV of the table in section 215(a)(22)*; except as provided in paragraph (2).*

"(2) In the case of such an individual who is entitled to a monthly benefit under subsection (e) or (f)(23)~~and whose benefit is subject to reduction under subsection (q)(1),~~ such benefit amount, after reduction under subsection (q)(1)(24)*and subsection (e)(2)(B) or (f)(3)(B)*, shall not be less than the amount it would be under paragraph (1) after (25)~~such reduction~~ *reduction under subsection (q)(1), if retirement age as specified in paragraph (6)(A)(ii) of subsection (q) were age 62 rather than retirement age (as defined in subsection (q)(9)).*" (26)~~if such individual had attained (or would attain) retirement age (as defined in subsection (q)(9)) in the month in which he attained (or would attain) age 62.~~

(27)~~"(3) In the case of an individual to whom paragraph (2) applies but whose first month of entitlement to benefits under subsection (e) or (f) was before the month in which he attained age 60, such paragraph (2) shall be applied, for~~

~~purposes of determining the number of months to be used in computing the reduction under subparagraphs (A) and (B) of subsection (q)(1) (but not for purposes of determining the number of months to be used in computing the reduction under subparagraphs (C) and (D) of such subsection), as though such first month of entitlement had been the month in which he attained such age."~~

(28)~~(f)~~ *(g)* In the case of an individual who is entitled (29)~~without the application of section 202(j)(1) and 223 (b) of the Social Security Act)~~ to widow's or widower's insurance benefits for the month of December 1970, the Secretary shall redetermine the amount of such benefits (30)*for months after December 1970* under title II of (31)~~such~~ *the Social Security* Act as if the amendments made by this section had been in effect for the first month of such individual's entitlement to such benefits.

(32)~~(g)~~ *(h)* Where—

(1) two or more persons are entitled (33)~~(without the application of section 202(j)(1) of the Social Security Act)~~ to monthly benefits under section 202 of (34)~~such~~ *the Social Security* Act for December 1970 on the basis of the wages and self-employment income of a deceased individual, and one or more of such persons is so entitled under subsection (e) or (f) of such section 202, and

(2) one or more of such persons is entitled on the basis of such wages and self-employment income to (35)~~increased~~ monthly benefits under subsection (e) or (f) of such section 202 (as amended by this section) for January 1971, and

(3) the total of benefits to which all persons are entitled under section 202 of such Act on the basis of such wages and self-employment income for January 1971 is reduced by reason of section 203 (a) of such Act, as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),

then the amount of the benefit to which each such person referred to in paragraph (1) (36)~~, other than a person entitled under subsection (c) or (f) of such section 202,~~ is entitled for months after December 1970 shall (37)~~be adjusted~~ *in no case be less,* after the application of (38)*this section and* such section 203 (a), (39)~~to an amount no less~~ than the amount it would have been (40)~~if the person or persons referred to in paragraph (2) had not become entitled to an increased benefit referred to in such paragraph~~ *without the application of this section.*

(41)Page 27, after line 5, insert:

(i) In the case of any individual who became entitled to a widow's or widower's insurance benefit after attaining age

62 and who is entitled to such benefit for the month of December 1970, the provisions of this section shall not operate to reduce such benefit to less than 82½ percent of the primary insurance amount of the deceased individual on the basis of whose wages and self-employment income such benefit is payable.

~~(42)~~ ~~(h)~~ *(j)* The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

AGE-62 COMPUTATION POINT FOR MEN

SEC. ~~(43)~~ ~~105.~~ *104.* (a) Section 214 (a) (1) of the Social Security Act is amended by striking out "before—" and all that follows down through "except" and inserting in lieu thereof "before the year in which he died or (if earlier) the year in which he attained age 62, except".

(b) Section 215 (b) (3) of such Act is amended by striking out "before—" and all that follows down through "For" and inserting in lieu thereof "before the year in which he died or, if it occurred earlier but after 1960, the year in which he attained age 62. For".

~~(44)~~ ~~(c) In the case of an individual who is entitled to monthly benefits under section 202 or 223 of the Social Security Act for a month after December 1970, on the basis of the wages and self-employment income of an insured individual who prior to January 1971 became entitled to benefits~~

~~under section 202(a), or who prior to January 1971 became entitled to benefits under section 223 after the year in which he attained age 62 or who died prior to January 1971 in a year after the year in which he attained age 62 the Secretary shall notwithstanding paragraphs (1) and (2) of section 215(f) of such Act recompute the primary insurance amount of such insured individual. Such recomputation shall be made under whichever of the following alternative computation methods yields the higher primary insurance amount:~~

~~(1) the computation methods in section 215 (b) and (d) of such Act as amended by this Act as such methods would apply in the case of an insured individual who attained age 62 in 1971 except that the provisions of section 215(d)(3) of such Act shall not apply; or~~

~~(2) the computation methods specified in paragraph (1) without regard to the limitation "but after 1960" contained in section 215(b)(3) of such Act except that for any such recomputation when the number of an individual's benefit computation years is less than 5, his average monthly wage shall, if it is in excess of $400, be reduced to such amount.~~

~~(45)(d)~~ *(c)* Section 223(a)(2) of such Act is amended—

(1) by striking out "(if a woman) or age 65 (if a man)",

(2) by striking out "in the case of a woman" and inserting in lieu thereof "in the case of an individual", and

(3) by striking out "she" and inserting in lieu thereof "he".

~~(46)~~ ~~(c)~~ *(d)* Section 223 (c) (1) (A) of such Act is amended by striking out "(if a woman) or age 65 (if a man)".

~~(47)~~ ~~(f)~~ *(e)* Section 227 (a) of such Act is amended by striking out "so much of paragraph (1) of section 214 (a) as follows clause (C)" and inserting in lieu thereof "paragraph (1) of section 214 (a)".

~~(48)~~ ~~(g)~~ *(f)* Section 227 (b) of such Act is amended by striking out "so much of paragraph (1) thereof as follows clause (C)" and inserting in lieu thereof "paragraph (1) thereof".

~~(49)~~ ~~(h)~~ *(g)* Sections 209 (i) ~~(50)~~, ~~213 (a) (2),~~ and 216 (i) (3) (A), of such Act are amended by striking out "(if a woman) or age 65 (if a man)".

~~(51)~~ ~~(i) (1)~~ *(h)* Section 303 (g) (1) of the Social Security Amendments of 1960 is amended—

~~(52)~~ ~~(A)~~ *(1)* by striking out "Amendments of 1965 and 1967" and inserting in lieu thereof "Amendments of 1965, 1967, 1969, and 1970"; ~~(53)~~ *and*

~~(54)~~ ~~(B)~~ *(2)* by striking out "Amendments of 1967"

wherever it appears and inserting in lieu thereof "Amendments of (55)~~1970";~~ ~~and~~ *1970*".

(56)~~(C) by inserting "(subject to section 104(i)(2) of the Social Security Amendments of 1970)" after "except that" in the last sentence.~~

~~(2) For purposes of monthly benefits payable after December 1970, or a lump-sum death payment in the case of an insured individual who dies after December 1970, "retirement age" as referred to in section 303(g)(1) of the Social Security Amendments of 1960 shall mean age 62.~~

(57)~~(j)~~ *(i)* Paragraph (9) of section 3121(a) of the Internal Revenue Code of 1954 (relating to definition of wages) is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains age 62, if such employee did not work for the employer in the period for which such payment is made;".

(58)~~(k) When two or more persons are entitled (without the application of sections 202(j)(1) and 223(b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1970, on the basis of the wages and self-employment income of an insured individual, and the total of benefits for such persons is reduced under~~

section 203(a) of such Act (or would, but for the penultimate sentence of such section 203(a), be so reduced) for the month of January 1971 and such individual's primary insurance amount is increased for such month under the amendments made by this section, then the total of benefits for such persons for and after January 1971 shall not be reduced to less than the sum of—

(1) the amount determined under section 203(a)(2) of such Act for January 1971, and

(2) an amount equal to the excess of (A) such individual's primary insurance amount for January 1971, as determined under section 215 of such Act (as amended by section 101 of this Act) and in accordance with the amendments made by this section, over (B) his primary insurance amount for January 1971 as determined under such section 215 without regard to such amendments.

(l) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments made under such title in the case of deaths occurring after December 1970, except that in the case of an individual who was not entitled to a monthly benefit under title II of such Act for December 1970 such amendments shall apply only on the

~~basis of an application filed in or after the month in which this Act is enacted.~~

~~(59)~~*(j)(1) The amendments made by this section (except subsection (i) and subsection (g) as it relates to the amendment to section 209(i) of the Social Security Act) shall apply in the case of a man who attains (or would attain) age 62 after December 1972. The amendment made by subsection (g) as it relates to the amendment to section 209(i) of the Social Security Act and by subsection (i) shall apply only with respect to payments after 1972.*

(2) In the case of a man who attains age 62 prior to 1973, the number of his elapsed years for purposes of section 215(b)(3) of the Social Security Act shall be equal to the number (A) determined under such section, as in effect on January 1, 1970, or (B) if less, determined as though he attained age 65 in 1973, except that monthly benefits under title II of the Social Security Act for months prior to 1971 payable on the basis of his wages and self-employment income shall be determined as though this section had not been enacted.

(3) In the case of a man who attains or will attain age 62 in 1971, the figure "64" should be substituted for the figure "65" in sections 214(a)(1), 223(c)(1)(A), 209 (i) and 216(i)(3)(A) of the Social Security Act and paragraph (9) of section 3121(a) of the Internal Revenue

Code of 1954. In the case of a man who attains or will attain age 62 in 1972, the figure "63" should be substituted for the figure "65" in sections 214(a)(1), 223(c)(1)(A), 209(i), and 216(i)(3)(A) of the Social Security Act and paragraph (9) of section 3121(a) of the Internal Revenue Code."

~~(60) ELECTION TO RECEIVE ACTUARIALLY REDUCED BENEFITS IN ONE CATEGORY NOT TO BE APPLICABLE TO CERTAIN BENEFITS IN OTHER CATEGORIES~~

~~SEC. 106. (a)(1) Section 202(q)(3)(A) of the Social Security Act is amended by striking out all that follows clause (ii) and inserting in lieu thereof the following: "then (subject to the succeeding paragraphs of this subsection) such wife's, husband's, widow's, or widower's insurance benefit for each month shall be reduced as provided in subparagraph (B), (C), or (D) of this paragraph, in lieu of any reduction under paragraph (1), if the amount of the reduction in such benefit under this paragraph is less than the amount of the reduction in such benefit would be under paragraph (1)."~~

~~(2) Section 202(q)(3) of such Act is further amended by striking out subparagraphs (E), (F), and (G).~~

~~(b) Section 202(r) of such Act is repealed.~~

~~(c)(1)(A) Subject to subparagraph (B), subsection (a) of this section and the amendments made thereby shall~~

apply with respect to benefits for months commencing with the sixth month after the month in which this Act is enacted.

(B) Subsection (a) of this section and the amendments made thereby shall apply in the case of an individual whose entitlement to benefits under section 202 of the Social Security Act began (without regard to sections 202(j)(1) and 223(b) of such Act) before the sixth month after the month in which this Act is enacted only if such individual files with the Secretary of Health, Education, and Welfare, in such manner and form as the Secretary shall by regulations prescribe, a written request that such subsection and such amendments apply. In the case of such an individual who is described in paragraph 2(A)(i) of this subsection, the request for a redetermination under paragraph (2) shall constitute the request required by this subparagraph, and subsection (a) of this section and the amendments made thereby shall apply pursuant to such request with respect to such individual's benefits as redetermined in accordance with paragraph (2)(B)(i) (but only if he does not refuse to accept such redetermination). In the case of any individual with respect to whose benefits subsection (a) of this section and the amendments made thereby may apply only pursuant to a request made under this subparagraph, such subsection and such amendments shall be effective (subject to paragraph (2)(D)) with respect to benefits for months com-

~~mencing with the sixth month after the month in which this Act is enacted or, if the request required by this subparagraph is not filed before the end of such sixth month, with the second month following the month in which the request is filed.~~

~~(C) Subsection (b) of this section shall apply with respect to benefits payable pursuant to applications filed on or after the date of the enactment of this Act.~~

~~(2) (A) In any case where an individual—~~

~~(i) is entitled, for the fifth month following the month in which this Act is enacted, to a monthly insurance benefit under section 202 of the Social Security Act (I) which was reduced under subsection (q) (3) of such section, and (II) the application for which was deemed (or, except for the fact that an application had been filed, would have been deemed) to have been filed by such individual under subsection (r) (1) or (2) of such section, and~~

~~(ii) files a written request for a redetermination under this subsection, on or after the date of the enactment of this Act and in such manner and form as the Secretary of Health, Education, and Welfare shall by regulations prescribe,~~

~~the Secretary shall redetermine the amount of such benefit, and the amount of the other benefit (reduced under subsec-~~

tion (q) (1) or (2) of such section) which was taken into account in computing the reduction in such benefit under such subsection (q) (3), in the manner provided in subparagraph (B) of this paragraph.

(B) Upon receiving a written request for the redetermination under this paragraph of a benefit which was reduced under subsection (q) (3) of section 202 of the Social Security Act and of the other benefit which was taken into account in computing such reduction, filed by an individual as provided in subparagraph (A) of this paragraph, the Secretary shall—

(i) determine the highest monthly benefit amount which such individual could receive under the subsections of such section 202 which are involved (or under section 223 of such Act and the subsection of such section 202 which is involved) for the month with which the redetermination is to be effective under subparagraph (D) of this subsection (without regard to sections 202 (k), 203 (a), and 203 (b) through (l)) if—

(I) such individual's application for one of such two benefits had been filed in the month in which it was actually filed or was deemed under subsection (r) of such section 202 to have been

filed, and his application for the other such benefit had been filed in a later month, and

(II) the amendments made by this section had been in effect at the time each such application was filed; and

(ii) determine whether the amounts which were actually received by such individual in the form of such two benefits during the period prior to the month with which the redetermination under this paragraph is to be effective were in excess of the amounts which would have been received during such period if the applications for such benefits had actually been filed at the times fixed under clause (i)(I) of this subparagraph, and, if so, the total amount by which benefits otherwise payable to such individual under such section 202 (and section 223) would have to be reduced in order to compensate the Federal Old-Age and Survivors Insurance Trust Fund (and the Federal Disability Insurance Trust Fund) for such excess.

(C) The Secretary shall then notify such individual of the amount of each such benefit as computed in accordance with the amendments made by subsections (a) and (b) of this section and as redetermined in accordance with subparagraph (B)(i) of this paragraph, specifying (i) the amount (if any) of the excess determined under subpara-

graph (B)(ii) of this paragraph, and (ii) the period during which payment of any increase in such individual's benefits resulting from the application of the amendments made by subsections (a) and (b) of this section would under designated circumstances have to be withheld in order to effect the reduction described in subparagraph (B)(ii). Such individual may at any time within thirty days after such notification is mailed to him refuse (in such manner and form as the Secretary shall by regulations prescribe) to accept the redetermination under this paragraph.

(D) Unless the last sentence of subparagraph (C) applies, a redetermination under this paragraph shall be effective (but subject to the reduction described in subparagraph (B)(ii) over the period specified pursuant to clause (ii) of the first sentence of subparagraph (C)) beginning with the sixth month following the month in which this Act is enacted, or, if the request for such redetermination is not filed before the end of such sixth month, with the second month following the month in which the request for such redetermination is filed.

(E) The Secretary, by withholding amounts from benefits otherwise payable to an individual under title II of the Social Security Act as specified in clause (ii) of the first sentence of subparagraph (C) (and in no other manner), shall recover the amounts necessary to compensate the Federal

~~Old-Age and Survivors Insurance Trust Fund (and the Federal Disability Insurance Trust Fund) for the excess (described in subparagraph (B)(ii)) attributable to benefits which were paid such individual and to which a redetermination under this subsection applies.~~

~~(d) Where—~~

~~(1) two or more persons are entitled on the basis of the wages and self-employment income of an individual (without the application of sections 202(j)(1) and 223(b) of the Social Security Act) to monthly benefits under section 202 of such Act for the month preceding the month with which (A) a redetermination under subsection (c) of this section becomes effective with respect to the benefits of any one of them and (B) such benefits are accordingly increased by reason of the amendments made by subsections (a) and (b) of this section, and~~

~~(2) the total of benefits to which all persons are entitled under such section 202 on the basis of such wages and self-employment income for the month with which such redetermination and increase becomes effective is reduced by reason of section 203(a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203(a), be so reduced), then the amount of the benefit to which each of the persons~~

~~referred to in paragraph (1), other than the person with respect to whose benefits such redetermination and increase is applicable, is entitled for months beginning with the month with which such redetermination and increase becomes effective shall be adjusted, after the application of such section 203(a), to an amount no less than the amount it would have been if such redetermination and increase had not become effective.~~

LIBERALIZATION OF EARNINGS TEST

(61) SEC. ~~107.~~ *105.* (a) (1) Paragraphs (1) and (4) (B) of section 203 (f) of the Social Security Act are each amended by striking out "$140" and inserting in lieu thereof (62) ~~"$166.66⅔~~ *$200* or the exempt amount as determined under paragraph (8)".

(2) Paragraph (1) (A) of section 203 (h) of such Act is amended by striking out "$140" and inserting in lieu thereof (63) ~~"$166.66⅔~~ *$200* or the exempt amount as determined under subsection (f) (8)".

(3) Paragraph (3) of section 203 (f) of such Act is amended to read as follows:

"(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 (64) ~~$166.66⅔~~ *$200* or the exempt amount as determined under para-

graph (8) multiplied by the number of months in such year. 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."

(65) ~~(b) Section 203(f) of such Act is further amended by adding at the end thereof the following new paragraph:~~

~~"(8)(A) On or before November 1 of 1972 and of each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the exempt amount as defined in subparagraph (B) for each month in any individual's first two taxable years which end with the close of or after the calendar year following the year in which such determination is made.~~

~~"(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger:~~

~~"(i) the product of $166.66⅔ and the ratio of (I) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which a determination under subparagraph (A) is made for each such month of such particular taxable year to (II) the average of the taxable wages of all persons for whom wages were reported to the Secretary for the first calendar quarter of~~

~~1971, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is an odd multiple of $5 and to the nearest multiple of $10 in any other case, or~~

~~"(ii) the exempt amount for each month in the taxable year preceding such particular taxable year;~~

~~except that the provisions in clause (i) shall not apply with respect to any taxable year unless the contribution and earnings base for such year is determined under section 230(b)(1)."~~

(66)~~(c)~~ *(b)* The amendments made by this section shall apply with respect to taxable years ending after December 1970.

EXCLUSION OF CERTAIN EARNINGS IN YEAR OF ATTAINING AGE 72

(67)SEC. ~~108.~~ *106.* (a) The first sentence of section 203 (f) (3) of the Social Security Act (68)~~is~~ *as* amended by (69)*section 105(a)(3) of this Act is amended by inserting* (70)~~"(A)"~~ after ~~"except that"~~, ~~and by inserting~~ before the period at the end thereof the following: ", (71)~~and (B)~~ *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)".

(b) The amendment made by subsection (a) shall apply with respect to taxable years ending after December 1970.

REDUCED BENEFITS FOR WIDOWERS AT AGE 60

(72)SEC. ~~109.~~ *107.* (a) Section 202 (f) of the Social Security Act (as amended by section (73)~~104 (b) (2)~~ *103(b) (2)* of this Act) is further amended—

(1) by striking out "age 62" each place it appears (74)*in paragraphs (1), (5), and (6)* and inserting in lieu thereof "age 60"; and

(2) by striking out "or the third month" in the matter following subparagraph (G) in paragraph (1) and inserting in lieu thereof "or, if he became entitled to such benefits before he attained age 60, the third month".

(b) (1) The last sentence of section 203 (c) of such Act (as amended by section (75)~~104 (c) (1)~~ *103(c) (1)* of this Act) is further amended by striking out "age 62" and inserting in lieu thereof "age 60".

(2) Clause (D) of section 203 (f) (1) of such Act (as amended by section (76)~~104 (c) (2)~~ *103(c) (2)* of this Act) is further amended by striking out "age 62" and inserting in lieu thereof "age 60".

(3) Section 222 (b) (1) of such Act is amended by striking out "a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 62" and inserting in lieu thereof "a widow, widower or surviving divorced wife who has not attained age 60".

(4) Section 222 (d) (1) (D) of such Act is (77) ~~amended by striking out "age 62" each place it appears and inserting in lieu thereof "age 60"~~ *amended—*

(78) *(A) by striking out "age 62" the first place it appears and inserting in lieu thereof "age 60", and*

(B) by striking out "wives who have not attained age 60 and are under a disability, the benefits under section 202(f) of widowers who have not attained age 62," and inserting in lieu thereof "wives and the benefits under section 202(f) for widowers who have not attained age 65 and are under a disability,".

(5) Section 225 of such Act is amended by striking out "age 62" and inserting in lieu thereof "age 60".

(c) The amendments made by this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970, except that in the case of an individual who was not entitled to a monthly benefit under title II of such Act for December 1970 such amendments shall apply only on the basis of an application filed in or after the month in which this Act is enacted.

ENTITLEMENT TO CHILD'S INSURANCE BENEFITS BASED ON DISABILITY WHICH BEGAN BETWEEN AGE 18 AND 22

~~(79)~~ SEC. ~~110.~~ *108.* (a) Clause (ii) of section 202 (d) (1) (B) of the Social Security Act is amended by striking out "which began before he attained the age of eighteen" and inserting in lieu thereof "which began before he attained the age of 22".

(b) Subparagraphs (F) and (G) of section 202 (d) (1) of such Act are amended to read as follows:

"(F) if such child was not under a disability (as so defined) at the time he attained the age of 18, the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month; or

"(G) if such child was under a disability (as so defined) at the time he attained the age of 18, or if he was not under a disability (as so defined) at such time but was under a disability (as so defined) at or prior to the time he attained (or would attain) the age of 22, the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22,

but only if he was not under a disability (as so defined) in such earlier month."

(c) Section 202(d)(1) of such Act is further amended by adding at the end thereof the following new sentence: "No payment under this paragraph may be made to a child who would not meet the definition of disability in section 223(d) except for paragraph (1)(B) thereof for any month in which he engages in substantial gainful activity."

(d) Section 202(d)(6) of such Act is amended by striking out "in which he is a full-time student and has not attained the age of 22" and all that follows and inserting in lieu thereof "in which he—

~~(80) "(A) (i) is a full-time student or (ii) is under a disability (as defined in section 223(d)), and~~

~~"(B) had not attained the age of 22, but only if he has filed application for such reentitlement.~~

"(A)(i) is a full-time student or is under a disability (as defined in section 223(d)), and (ii) had not attained the age of 22, or

"(B) is under a disability which began before the close of the 84th month following the month in which his

most recent entitlement to child's insurance benefits terminated because his disability ceased,

but only if he has filed application for such reentitlement. Such reentitlement shall end with the month preceding whichever of the following first occurs:

"(C) the first month in which an event specified in paragraph (1) (D) occurs;

"(D) the earlier of (i) the first month during no part of which he is a full-time student or (ii) the month in which he attains the age of 22, but only if he is not under a disability (as so defined) in such earlier month; or

"(E) if he was under a disability (as so defined), the third month following the month in which he ceases to be under such disability or (if later) the earlier of—

"(i) the first month during no part of which he is a full-time student, or

"(ii) the month in which he attains the age of 22."

(e) Section 202 (s) of such Act is amended—

(1) by striking out "which began before he attained such age" in paragraph (1); and

(2) by striking out "which began before such child attained the age of 18" in paragraphs (2) and (3).

(f) Where—

(1) one or more persons are entitled (without the application of sections 202 (j) (1) and 223 (b) of the Social Security Act) to monthly benefits under section 202 or 223 of such Act for December 1970 on the basis of the wages and self-employment income of an individual, and

(2) one or more persons (not included in paragraph (1)) are entitled to monthly benefits under such section 202 or 223 for January 1971 solely by reason of the amendments made by this section on the basis of such wages and self-employment income, and

(3) the total of benefits to which all persons are entitled under such section 202 or 223 on the basis of such wages and self-employment income for January 1971 is reduced by reason of section 203 (a) of such Act as amended by this Act (or would, but for the penultimate sentence of such section 203 (a), be so reduced),

then the amount of the benefit to which each person referred to in paragraph (1) of this subsection is entitled for months after December 1970 shall be adjusted, after the application of such section 203 (a), to an amount no less than the amount it would have been if the person or persons referred

to in paragraph (2) were not entitled to a benefit referred to in such paragraph (2).

(g) The amendments made by this section shall apply only with respect to monthly benefits under section 202 of the Social Security Act for months after December 1970, except that in the case of an individual who was not entitled to a monthly benefit under such section 202 for December 1970 such amendments shall apply only on the basis of an application filed after September 30, 1970.

(81) ~~ELIMINATION OF SUPPORT REQUIREMENT AS CONDITION OF BENEFITS FOR DIVORCED AND SURVIVING DIVORCED WIVES~~

~~SEC. 111. (a) Section 202(b)(1) of the Social Security Act is amended—~~

~~(1) by adding "and" at the end of subparagraph (C),~~

~~(2) by striking out subparagraph (D), and~~

~~(3) by redesignating subparagraphs (E) through (I) as subparagraphs (D) through (K), respectively.~~

~~(b)(1) Section 202(c)(1) of such Act is amended—~~

~~(A) by adding "and" at the end of subparagraph (C);~~

~~(B) by striking out subparagraph (D), and~~

~~(C) by redesignating subparagraphs (E) through (G) as subparagraphs (D) through (F), respectively.~~

~~(2) Section 202(e)(6) of such Act is amended by striking out "paragraph (1)(G)" and inserting in lieu thereof "paragraph (1)(F)".~~

~~(c) Section 202(g)(1)(F) of such Act is amended by striking out clause (i), and by redesignating clauses (ii) and (iii) as clauses (i) and (ii), respectively.~~

~~(d) The amendments made by this section shall apply only with respect to benefits payable under title II of the Social Security Act for months after December 1970 on the basis of applications filed on or after the date of the enactment of this Act.~~

~~(82) ELIMINATION OF DISABILITY INSURED STATUS REQUIREMENT OF SUBSTANTIAL RECENT COVERED WORK IN CASES OF INDIVIDUALS WHO ARE BLIND~~

~~SEC. 112. (a) The first sentence of section 216(i)(3) of the Social Security Act is amended by inserting before the period at the end thereof the following: ", and except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in paragraph (1))".~~

~~(b) Section 223(c)(1) of such Act is amended by striking out "coverage." in subparagraph (B)(ii) and inserting in lieu thereof "coverage;", and by striking out "For purposes" and inserting in lieu thereof the following:~~

"except that the provisions of subparagraph (B) of this paragraph shall not apply in the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)). For purposes".

(c) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, and for disability determinations under section 216(i) of such Act, filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if the applicant has not died before such month and if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the

~~amendments made by this section for months before January 1971.~~

DISABILITY BENEFITS FOR THE BLIND

SEC. 109. (a) The first sentence of section 222(b)(1) of the Social Security Act (as amended by section 107 of this Act) is further amended by inserting "(other than such an individual whose disability is blindness, as defined in section 216(i)(1)(B))" after "an individual entitled to disability insurance benefits".

(b) Section 223(a)(1) of such Act is amended—

(1) by amending subparagraph (B) to read as follows:

"(B) in the case of any individual other than an individual whose disability is blindness (as defined in section 216(i)(1)(B)), has not attained the age of 65,";

(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(i)(1)(B)), the month in which he attains age 65"; and

(3) by striking out the last sentence thereof.

(c) That part of section 223(a)(2) of such Act (as amended by section 104(c)(1) of this Act) which precedes subparagraph (A) thereof is further amended by inserting

immediately after "age 62" the following: ", and, in the case of any individual whose disability is blindness (as defined in section 216(i)(1)(B)), as though he were a fully insured individual,".

(d) Section 223(c)(1) of such Act is amended—

(1) by inserting "(other than an individual whose disability is blindness, as defined in section 216(i)(1)(B))," after "An individual"; and

(2) by adding at the end thereof (after the sentence following subparagraph (B)) the following new sentence: "An individual whose disability is blindness (as defined in section 216(i)(1)(B)) shall be insured for disability insurance benefits in any month if he had not less than six quarters of coverage before the quarter in which such month occurs."

(e) Section 223(d)(1)(B) of such Act is amended to read as follows:

"(B) blindness (as defined in section 216(i)(1)(B))."

(f) 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(i)(1)(B))" immediately after "individual".

(g) The amendments made by this section shall be effective with respect to individuals entitled to disability insurance benefits under section 223 of the Social Security Act for the

month of January 1971, and with respect to applications for disability insurance benefits under section 223 of such Act filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for months before January 1971.

WAGE CREDITS FOR MEMBERS OF THE UNIFORMED SERVICES

~~(83)~~ SEC. ~~113~~. *110.* (a) Subsection 229 (a) of the Social Security Act is amended—

(1) by striking out "after December 1967" and inserting in lieu thereof "after December 1970"; (84) ~~and~~

(2) by striking out "after 1967" and inserting in lieu thereof (85) ~~"after 1956".~~ *"after 1956"; and*

(86) *(3) by striking out all which follows "(in addition to the wages actually paid to him for such service)" and inserting in lieu thereof "of $300.".*

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970 and with respect to lump-sum death payments under such title in the case of deaths occurring after December 1970, except that, in the case of any individual who is entitled, on the basis of the wages and self-employment income of any individual to whom section 229 of such Act applies, to monthly benefits under title II of such Act for December 1970, such amendments shall apply (1) only if an application for recomputation by reason of such amendments is filed by such individual, or any other individual, entitled to benefits under such title II on the basis of such wages and self-employment income, and (2) only with respect to such benefits for months beginning with whichever of the following is later: January 1971 or the twelfth month before the month in which such application was filed. Recomputations of benefits as required to carry out the provisions of this paragraph shall be

made notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, and no such recomputation shall be regarded as a recomputation for purposes of section 215 (f) of such Act.

APPLICATIONS FOR DISABILITY INSURANCE BENEFITS FILED AFTER DEATH OF INSURED INDIVIDUAL

~~(87)~~ SEC. ~~114.~~ *111.* (a) (1) Section 223 (a) (1) of the Social Security Act is amended by adding at the end thereof the following new sentence: "In the case of a deceased individual, the requirement of subparagraph (C) may be satisfied by an application for benefits filed with respect to such individual within 3 months after the month in which he died."

(2) Section 223 (a) (2) of such Act is amended by striking out "he filed his application for disability insurance benefits and was" and inserting in lieu thereof "the application for disability insurance benefits was filed and he was".

(3) The third sentence of section 223 (b) of such Act is amended by striking out "if he files such application" and inserting in lieu thereof "if such application is filed".

(4) Section 223 (c) (2) (A) of such Act is amended by striking out "who files such application" and inserting in lieu thereof "with respect to whom such application is filed".

(b) Section 216 (i) (2) (B) of such Act is amended by adding at the end thereof the following new sentence: "In the case of a deceased individual, the requirement of an

application under the preceding sentence may be satisfied by an application for a disability determination filed with respect to such individual within 3 months after the month in which he died."

(c) The amendments made by this section shall apply in the case of deaths occurring in and after the year in which this Act is enacted. For purposes of such amendments (and for purposes of sections 202 (j) (1) and 223 (b) of the Social Security Act), any application with respect to an individual whose death occurred in such year but before the date of the enactment of this Act which is filed within 3 months after the date of the enactment of this Act shall be deemed to have been filed in the month in which such death (88) *occurred.*

(89) ~~WORKMEN'S COMPENSATION OFFSET FOR DISABILITY INSURANCE BENEFICIARIES~~

~~SEC. 115. (a) Section 224 (a) (5) of the Social Security Act is amended by striking out "80 per centum of".~~

~~(b) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.~~

(90) ~~COVERAGE OF FEDERAL HOME LOAN BANK EMPLOYEES~~

~~SEC. 116. The provisions of section 210 (a) (6) (B) (ii) of the Social Security Act and section 3121 (b) (6) (B) (ii) of the Internal Revenue Code of 1954, insofar as they relate~~

~~to service performed in the employ of a Federal Home Loan Bank, shall be effective—~~

~~(1) with respect to all service performed in the employ of a Federal Home Loan Bank after December 1970; and~~

~~(2) in the case of individuals who are in the employ of a Federal Home Loan Bank on January 1, 1971, with respect to any service performed in the employ of a Federal Home Loan Bank after December 1965; but this paragraph shall be effective only if an amount equal to the taxes imposed by sections 3101 and 3111 of such Code with respect to the services of all such individuals performed in the employ of Federal Home Loan Banks after December 1965 are paid under the provisions of section 3122 of such Code by July 1, 1971, or by such later date as may be provided in an agreement entered into before such date with the Secretary of the Treasury or his delegate for purposes of this paragraph.~~

~~(b) Subparagraphs (A)(i) and (B) of section 104 (i)(2) of the Social Security Amendments of 1956 are repealed.~~

POLICEMEN AND FIREMEN IN IDAHO ~~(91)~~ *AND POLICEMEN IN MISSOURI*

SEC. ~~(92)~~ ~~117.~~ *112. (a)* Section 218(p)(1) of the Social Security Act is amended by inserting "Idaho," after "Hawaii,".

(93)*(b) Such section 218(p)(1) is further amended by—*

(1) inserting "Missouri," after "Maryland,"; and

(2) adding at the end thereof the following new sentence: "Notwithstanding the first sentence of this paragraph, nothing in this paragraph shall be construed to authorize the State of Missouri to modify the agreement entered into by it pursuant to this section so as to apply such agreement to service performed by any employee in a fireman's position."

COVERAGE OF CERTAIN HOSPITAL EMPLOYEES IN NEW MEXICO

SEC. (94)~~118.~~ *113.* Notwithstanding any provisions of section 218 of the Social Security Act, the agreement with the State of New Mexico heretofore entered into pursuant to such section may at the option of such State be modified at any time prior to January 1, (95)~~1970,~~ *1972*, so as to apply to the services of employees of a hospital which is an integral part of a political subdivision to which an agreement under this section has not been made applicable, as a separate coverage group within the meaning of section 218(b)(5) of such Act, but only if such hospital has prior to 1966 withdrawn from a retirement system which had been applicable to the employees of such hospital.

PENALTY FOR FURNISHING FALSE INFORMATION TO OBTAIN SOCIAL SECURITY ACCOUNT NUMBER

SEC. ~~(96) 119.~~ *114.* (a) Section 208 of the Social Security Act is amended by adding "or" after the semicolon at the end of subsection (e), and by inserting after subsection (e) the following new subsection:

"(f) willfully, knowingly, and with intent to deceive the Secretary as to his true identity (or the true identity of any other person) furnishes or causes to be furnished false information to the Secretary with respect to any information required by the Secretary in connection with the establishment and maintenance of the records provided for in section 205(c)(2);".

(b) The amendments made by subsection (a) shall apply with respect to information furnished to the Secretary after the date of the enactment of this Act.

GUARANTEE OF NO DECREASE IN TOTAL FAMILY BENEFITS

SEC. ~~(97) 120.~~ *115.* (a) Section 203(a) of the Social Security Act (as amended by sections 101(b) and ~~(98) 103 (b)~~ *131(a)* of this Act) is amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and by inserting after paragraph (4) the following new paragraph:

"(5) notwithstanding any other provision of law, when—

"(A) two or more persons are entitled to monthly benefits for a particular month on the basis of the wages and self-employment income of an insured individual and (for such particular month) the provisions of this subsection and section 202 (q) are applicable to such monthly benefits, and

"(B) such individual's primary insurance amount is increased for the following month under any provision of this title,

then the total of monthly benefits for all persons on the basis of such wages and self-employment income for such particular month, as determined under the provisions of this subsection, shall for purposes of determining the total of monthly benefits for all persons on the basis of such wages and self-employment income for months subsequent to such particular month be considered to have been increased by the smallest amount that would have been required in order to assure that the total of monthly benefits payable on the basis of such wages and self-employment income for any such subsequent month will not be less (after application of the other provisions of this subsection and section 202 (q)) than the total of monthly benefits (after the application of the other provisions of this subsection and section 202

(q)) payable on the basis of such wages and self-employment income for such particular month."

(b) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 apply, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

~~(99) CERTAIN ADOPTIONS BY DISABILITY AND OLD-AGE INSURANCE BENEFICIARIES~~

~~SEC. 121. (a) Clause (i) of section 202(d)(8)(E) of the Social Security Act is amended—~~

~~(1) by inserting "(I)" after "(i)",~~

~~(2) by adding "or" after "child placement agency,", and~~

~~(3) by adding at the end thereof (after and below clause (i)(I) as designated by paragraph (1) of this subsection) the following:~~

~~"(II) in an adoption which took place after an investigation of the circumstances surrounding~~

the adoption by a court of competent jurisdiction within the United States, or by a person appointed by such a court, if the child was related (by blood, adoption, or steprelationship) to such individual or to such individual's wife or husband as a descendant or as a brother or sister or a descendant of a brother or sister, such individual had furnished one-half of the child's support for at least five years immediately before such individual became entitled to such disability insurance benefits, the child had been living with such individual for at least five years before such individual became entitled to such disability insurance benefits, and the continuous period during which the child was living with such individual began before the child attained age 18,".

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1967 on the basis of an application filed in or after the month in which this Act is enacted; except that such amendments shall not apply with respect to benefits for any month before the month in which this Act is enacted unless such application is filed before the close of the twelfth month after the month in which this Act is enacted.

ADOPTION BY DISABILITY AND OLD-AGE INSURANCE BENEFICIARIES

SEC. 116. (a) Section 202(d) of the Social Security Act is amended by striking paragraphs (8) and (9) and inserting in lieu thereof the following new paragraph:

"(8) In the case of—

"(A) an individual entitled to old-age insurance benefits (other than an individual referred to in subparagraph (B)),

"(B) an individual entitled to disability insurance benefits, or an individual entitled to old-age insurance benefits who was entitled to disability insurance benefits for the month preceding the first month for which he was entitled to old-age insurance benefits,

a child of such individual adopted after such individual became entitled to such old-age or disability insurance benefits shall be deemed not to meet the requirements of clause (i) or (iii) of paragraph (1)(C) unless such child—

"(C) is the natural child or stepchild of such individual (including such a child who was legally adopted by such individual), or

"(D) is the grandchild or stepgrandchild of such individual who (i) was living in such indi-

vidual's household at the time application for child's insurance benefits was filed on behalf of such child, (ii) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States, and (iii) had not attained the age of 18 before he began living with such individual, or

"(E)(i) was legally adopted by such individual in an adoption decreed by a court of competent jurisdiction within the United States,

"(ii) was living with such indivdual in the United States and receiving at least one-half of his support from such individual (I) if he is an individual referred to in subparagraph (A), for the year immediately before the month in which such individual became entitled to old-age insurance benefits or, if such individual had a period of disability which continued until he had become entitled to old-age insurance benefits, the month in which such period of disability began, or (II) if he is an individual referred to in subparagraph (B), for the year immediately before the month in which began the period of disability of such individual which still exists at the time of adoption (or, if such child was adopted by such individual after such individual at-

tained age 65, the period of disability of such individual which existed in the month preceding the month in which he attained age 65), or the month in which such individual became entitled to disability insurance benefits, and

"(iii) had not attained the age of 18 before he began living with such individual.

In the case of a child who was born in the one-year period during which such child must have been living with and receiving one-half of his support from such individual, such child shall be deemed to meet such requirements for such period if, as of the close of such period, such child has lived with such individual in the United States and received at least one-half of his support from such individual for substantially all of the period which begins on the date of birth of such child."

(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1970, but only on the basis of applications filed after the date of enactment of this Act.

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. ~~(100)~~122. *117.* (a) (1) (A) Section 209 (a) (5) of the Social Security Act is amended by inserting "and prior to 1971" after "1967".

(B) Section 209 (a) of such Act is further amended by adding at the end thereof the following new paragraphs:

"(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $9,000 with respect to employment has been paid to an individual during any calendar year after 1970 and prior to 1973, is paid to such individual during any such calendar year;

"(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1972 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;".

(2) (A) Section 211 (b) (1) (E) of such Act is amended by inserting "and beginning prior to 1971" after "1967", and by striking out "; or" and inserting in lieu thereof "; and ".

(B) Section 211 (b) (1) of such Act is further amended by adding at the end thereof the following new subparagraphs:

"(F) For any taxable year beginning after 1970 and prior to 1973, (i) $9,000, minus (ii) the

amount of the wages paid to such individual during the taxable year; and

"(G) For any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(3) (A) Section 213(a)(2)(ii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and before 1971, or $9,000 in the case of a calendar year after 1970 and before 1973, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1972 with respect to which such contribution and benefit base is effective".

(B) Section 213(a)(2)(iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and beginning before 1971, or $9,000 in the case of a taxable year beginning after 1970 and before 1973, or in the case of any taxable year beginning in any calendar year after 1972, an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year".

(4) Section 215(e)(1) of such Act is amended by striking out "and the excess over $7,800 in the case of any calendar year after 1967" and inserting in lieu thereof "the excess over $7,800 in the case of any calendar year after 1967 and before 1971, the excess over $9,000 in the case of any calendar year after 1970 and before 1973, 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 1972 with respect to which such contribution and benefit base is effective".

(b)(1)(A) Section 1402(b)(1)(E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and beginning before 1971" after "1967", and by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new subparagraphs:

"(F) for any taxable year beginning after 1970 and before 1973, (i) $9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(G) for any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined

under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or".

(2) (A) Section 3121 (a) (1) of such Code (relating to definition of wages) is amended by striking out "$7,800" each place it appears and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, section 3121 (a) (1) of such Code is amended (1) by striking out "$9,000" 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 (2) 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 "$7,800" and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, the second sentence of section 3122 of such Code is amended by striking out "$9,000" and inserting in lieu thereof "the contribution and benefit base".

(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 "$7,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, section 3125 of such Code is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended—

(A) by inserting "and prior to the calendar year 1971" after "after the calendar year 1967";

(B) by inserting after "exceed $7,800" the following: "or (E) during any calendar year after the calendar year 1970 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 1972, 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

(C) by inserting before the period at the end thereof the following: "and before 1971, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1970 and

before 1973, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1972 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".

(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 "or $7,800 for any calendar year after 1967" and inserting in lieu thereof "$7,800 for the calendar year 1968, 1969, or 1970, or $9,000 for the calendar year 1971 or 1972, 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 1972 with respect to which such contribution and benefit base is effective".

(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 "$6,600" and inserting in lieu thereof "$9,000".

(B) Effective with respect to taxable years beginning after 1972, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$9,000" and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)".

(c) The amendments made by subsections (a) (1) and (a) (3) (A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1970. The amendments made by subsections (a) (2), (a) (3) (B), (b) (1), and (b) (7) shall apply only with respect to taxable years beginning after 1970. The amendment made by subsection (a) (4) shall apply only with respect to calendar years after 1970.

(101) AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

SEC. 123. (a) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

"SEC. 230. (a) On or before November 1 of 1972 and each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the contribution and benefit base (as defined in subsection (b)) for the first two calendar years following the year in which the determination is made.

"(b) The contribution and benefit base for a particular calendar year shall be whichever of the following is the larger:

"(1) The product of $9,000 and the ratio of (A) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which a determination under subsection (a) is made for such particular calendar year to (B) the average of the taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of 1971, with such product, if not a multiple of $600, being rounded to the next higher multiple of $600 where such product is a multiple of $300 but not of $600 and to the nearest multiple of $600 in any other case; or

"(2) The contribution and benefit base for the calendar year preceding such particular calendar year.

"(c)(1) When the Secretary determines and publishes in the Federal Register a contribution and benefit base (as required by subsection (a)), and

"(A) such base is larger than the contribution and benefit base in effect for the year in which the larger base is so published, and

"(B) a revised table of benefits is not required to be published in the Federal Register under the provisions of section 215(i)(2)(C) which extends such table for such larger base on or before the effective date of such base,

then the Secretary shall publish a revised table of benefits (determined under the provisions of paragraph (2)) in the Federal Register on or before December 1 of the year prior to the effective year of the new contribution and benefit base. Such table shall be deemed to be the table appearing in section 215(a).

"(2) The revision of such table shall be determined as follows:

"(A) All of the amounts on each line of columns I, II, III, and IV, except the largest amount in column III, of the table in effect before the revision, shall be the same in the revised table; and

"(B) The additional amounts for the extension of columns III and IV, and the amounts for purposes of column V, shall be determined in accordance with the provisions of section 215(i)(2)(C) (v) and (vi).

"(3) When a revised table of benefits, prepared under the provisions of paragraph (2), becomes effective, the provisions of section 215 (b)(4) and (c) and of section 203 (a)(4) shall be disregarded; and the amounts that are added to columns III and IV, or are changed in or added to column V, by such revised table, shall be applicable only in the case of an insured individual—

"(A) who becomes entitled, after December of the year immediately preceding the effective year of the

increased contribution and benefit base (provided by this section), to benefits under section 202(a) or section 223;

"(B) who dies after December of such preceding year without being entitled to benefits under section 202(a) or section 223, or

"(C) whose primary insurance amount is required to be recomputed under section 215(f)(2)."

(b)(1) Section 201(c) of the Social Security Act is amended by inserting before the last sentence the following new sentence: "The report shall further include a recommendation as to the appropriateness of the tax rates in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 which will be in effect for the following calendar year, made in the light of the need for the estimated income in relationship to the estimated outgo of the Trust Funds during such year."

(2) Section 1817(b) of such Act is amended by inserting before the last sentence the following new sentence: "The report shall further include a recommendation as to the appropriateness of the tax rates in sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954 which will be in effect for the following calendar year made in the light of the need for the estimated income in relationship to the estimated outgo of the Trust Fund during such year."

CHANGES IN TAX SCHEDULES

SEC. (102)~~124.~~ *118.* (a) (1) Section 1401 (a) of the Internal Revenue Code of 1954 (relating to rate of tax on self-employment income for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (103)~~(2), (3),~~ *(3)* and (4) and inserting in lieu thereof the following:

"(104)~~(2)~~ *(3)* in the case of any taxable year beginning after December 31, (105)~~1968~~ *1970*, and before January 1, 1975, the tax shall be equal to (106)~~6.3~~ *6.6* percent of the amount of the self-employment income for such taxable year; and

"(107)~~(3)~~ *(4)* in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 7.0 percent of the amount of the self-employment income for such taxable (108)~~year."~~ *year.*

(109)*Such tax with respect to self-employment income for any taxable year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act.*"

(2) Section 3101 (a) of such Code (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (110)~~(2), (3),~~ *(3)* and (4) and inserting in lieu thereof the following:

"(111) ~~(2)~~ *(3)* with respect to wages received during the calendar years (112) ~~1969, 1970,~~ 1971, 1972, 1973, and 1974, the rate shall be (113) ~~4.2~~ *4.4* persent;

"(114) ~~(3)~~ *(4)* with respect to wages received during the calendar years 1975, 1976, 1977, 1978, and 1979, the rate shall be 5.0 percent; (115) ~~and~~

(116) *(5) with respect to wages received during the calendar years 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 5.5 percent; and*

"(117) ~~(4)~~ *(6)* with respect to wages received after December 31, (118) ~~1979~~ *1985*, the rate shall be (119) ~~5.5~~ *6.1* (120) ~~percent."~~ *percent.*

(121) *Such tax with respect to wages received during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act."*

(3) 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 (122) ~~(2), (3),~~ *(3)* and (4) and inserting in lieu thereof the following:

"(123) ~~(2)~~ *(3)* with respect to wages paid during the calendar years (124) ~~1969, 1970,~~ 1971, 1972, 1973, and 1974, the rate shall be (125) ~~4.2~~ *4.4* percent;

"(126)~~(3)~~ *(4)* with respect to wages paid during the calendar years 1975, 1976, 1977, 1978, and 1979, the rate shall be 5.0 percent; (127)~~and~~

(128)*(5) with respect to wages paid during the calendar years 1980, 1981, 1982, 1983, 1984, and 1985, the rate shall be 5.5 percent; and*

"(129)~~(4)~~ *(6)* with respect to wages paid after December 31, (130)~~1979~~ *1985*, the rate shall be (131)~~5.5~~ *6.1* (132)~~percent."~~ *percent.*

(133)*Such tax with respect to wages received during any calendar year shall be increased in accordance with the allocation made by the Secretary of Health, Education, and Welfare under section 230(c) of the Social Security Act.*"

(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 (1) through (5) and inserting in lieu thereof the following:

"(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1971, the tax shall be equal to 0.6 percent of the amount of the self-employment income for such taxable year; (134)~~and~~

"(2) in the case of any taxable year beginning after December 31, 1970, (135)*and before January 1, 1973*, the tax shall be equal to (136)~~1.0~~ *0.8* percent of

the amount of the self-employment income for such taxable (137)~~year."~~ *year;*

(138)*"(3) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1975, the tax shall be equal to 0.9 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, 1974, and before January 1, 1980, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year; and

"(5) in the case of any taxable year beginning after December 31, 1979, the tax shall be equal to 1.1 percent of the amount 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 (1) through (5) and inserting in lieu thereof the following:

(139)~~"(1) with respect to wages received during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent; and~~

~~"(2) with respect to wages received after December 31, 1970, the rate shall be 1.0 percent."~~

"(1) with respect to wages received during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent;

"(2) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 0.8 percent;

"(3) with respect to wages received during the calendar years 1973 and 1974, the rate shall be 0.9 percent;

"(4) with respect to wages received during the calendar years 1975, 1976, 1977, 1978, and 1979. the rate shall be 1.0 percent; and

"(5) with respect to wages received after December 31, 1979, the rate shall be 1.1 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 (1) through (5) and inserting in lieu thereof the following:

(140) ~~"(1) with respect to wages paid during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent; and~~

~~"(2) with respect to wages paid after December 31, 1970, the rate shall be 1.0 percent."~~

"(1) with respect to wages paid during the calendar years 1968, 1969, and 1970, the rate shall be 0.6 percent;

"(2) with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 0.8 percent;

"(3) with respect to wages paid during the calendar years 1973 and 1974, the rate shall be 0.9 percent;

"(4) with respect to wages paid during the calendar years 1975, 1976, 1977, 1978, and 1979, the rate shall be 1.0 percent; and

"(5) with respect to wages paid after December 31, 1979, the rate shall be 1.1 percent."

(c) The amendments made by subsections (a) (1) and (b) (1) shall apply only with respect to taxable years beginning after December 31, 1970. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1970.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

SEC. ~~(141) 125.~~ *119.* (a) Section 201 (b) (1) of the Social Security Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)"; and

~~(142) (2) by striking out "after December 31, 1969, and so reported," and inserting in lieu thereof the following: "after December 31, 1969, and before January 1, 1971, and so reported, (E) 0.90 of 1 per centum of the wages (as so defined) paid after December 31, 1970, and before January 1, 1975, and so reported, (F) 1.05 per centum of the wages (as so defined) paid after December 31, 1974, and before January 1, 1980, and so reported, and (G) 1.15 per centum of~~

~~the wages (as so defined) paid after December 31, 1979, and so reported,".~~

(2) by striking out "after December 31, 1969, and so reported," and inserting in lieu thereof the following: "after December 31, 1969, and before January 1, 1971, and so reported, (E) 0.90 of 1 per centum of the wages (as so defined) paid after December 31, 1970, and before January 1, 1972, and so reported, (F) 0.95 of 1 per centum of the wages (as so defined) paid after December 31, 1971, and before January 1, 1975, and so reported, (G) 1.05 per centum of the wages (as so defined) paid after December 31, 1974, and before January 1, 1980, and so reported, (H) 1.35 per centum of the wages (as so defined) paid after December 31, 1979, and before January 1, 1986, and so reported, and (I) 1.45 per centum of the wages (as so defined) paid after December 31, 1985, and so reported,".

(b) Section 201 (b) (2) of such Act is amended—

(1) by striking out "and (D)" and inserting in lieu thereof "(D)"; and

~~(143)(2) by inserting after "December 31, 1969," the following: "and before January 1, 1971, (E) 0.675 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1970, and before January 1,~~

~~1975, (F) 0.7875 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1974, and before January 1, 1980, and (G) 0.8625 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1979,".~~

(2) by inserting after "December 31, 1969',, the following: "and before January 1, 1971, (E) 0.675 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1970, and before January 1, 1972, (F) 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, 1971, and before January 1, 1975, (G) 0.7350 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1974, and before January 1, 1980, (H) 0.8600 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1979, and before January 1, 1986, and (I) 0.8300 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,".

(144) *INCREASE OF AMOUNTS IN TRUST FUNDS AVAILABLE TO PAY COSTS OF REHABILITATION SERVICES*

SEC. 120. The first sentence of section 222(d)(1) of the Social Security Act (as amended by section 107(b)(4) of this Act) is further amended by striking out "except that the total amount so made available pursuant to this subsection in any fiscal year may not exceed 1 percent of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability" and inserting in lieu thereof the following: "except that the total amount so made available pursuant to this subsection may not exceed—

"(i) 1 percent in the fiscal year ending June 30, 1971,

"(ii) 1.25 percent in the fiscal year ending June 30, 1972,

"(iii) 1.5 percent in the fiscal year ending June 30, 1973, and thereafter,

of the total of the benefits under section 202(d) for children who have attained age 18 and are under a disability".

(145) *SELF-EMPLOYMENT INCOME OF CERTAIN INDIVIDUALS TEMPORARILY LIVING OUTSIDE THE UNITED STATES*

SEC. 121. (a) Section 211(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (8);

(2) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (9) the following new paragraph:

"(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."

(b) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended—

(1) by striking out "and" at the end of paragraph (9);

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (10) the following new paragraph:

"(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."

(c) The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1970.

(146) MODIFICATION OF AGREEMENT WITH NEBRASKA WITH RESPECT TO CERTAIN STUDENTS AND CERTAIN PART-TIME EMPLOYEES

SEC. 122. (a) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Nebraska or any modifications thereof entered into pursuant to such section may, at the option of such State, be modified at any time prior to January 1, 1973, so as to exclude either or both of the following:

(1) service in any class or classes of part-time positions; or

(2) service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university.

(b) Any modification of such agreement pursuant to this section shall be effective with respect to services performed after the end of the calendar quarter following the calendar quarter in which such agreement is modified.

(c) If any such modification terminates coverage with respect to service in any class or classes of part-time positions in any coverage group, the Secretary of Health, Education, and Welfare and the State may not thereafter modify

such agreement so as to again make the agreement applicable to service in such positions in such coverage group; if such modification terminates coverage with respect to service performed in the employ of a school, college, or university, by a student who is enrolled and regularly attending classes at such school, college, or university, the Secretary of Health, Education, and Welfare and the State may not thereafter modify such agreement so as to again make the agreement applicable to such service performed in the employ of such school, college, or university.

(147) *TEMPORARY EMPLOYEES OF THE GOVERNMENT OF GUAM*

SEC. 123. (a) Section 210(a)(7) of the Social Security Act is amended by striking out "or" after subparagraph (C) and by striking out the semicolon after subparagraph (D) and inserting in lieu thereof ", or", and by adding the following new subparagraph:

"(E) service (except service performed by an elected official or a member of the legislature) performed in the employ of the government of Guam (or any instrumentality which is wholly owned by such government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed in a hospital or penal

institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (C) shall apply;".

(b) Section 3121(b)(7) of the Internal Revenue Code of 1954 is amended by striking out "or" after subparagraph (B), and by striking out the semicolon at the end of subparagraph (C) and inserting in lieu thereof ", or", and by adding the following new subparagraph:

"(D) service (except service performed by an elected official or a member of the legislature) performed in the employ of the government of Guam (or any instrumentality which is wholly owned by such government) by an employee properly classified as a temporary or intermittent employee, if such service is not covered by a retirement system established by a law of Guam; except that (i) the provisions of this subparagraph shall not be applicable to services performed in a hospital or penal institution by a patient or inmate thereof, and (ii) for purposes of this subparagraph, clauses (i) and (ii) of subparagraph (B) shall apply;".

(c) The amendments made by this section shall apply with respect to service performed after December 31, 1970.

(148) *CHILD BENEFITS IN CASE OF A CHILD ENTITLED TO SUCH BENEFITS ON MORE THAN ONE WAGE RECORD*

SEC. 124. (a) Section 202(k)(2)(A) of the Social Security Act is amended to read as follows:

"(2)(A) Any child who under the preceding provisions of this section is entitled for any month to child's insurance benefits on the wages and self-employment income of more than one insured individual shall, notwithstanding such provisions, be entitled to only one of such child's insurance benefits for such month. Such child insurance benefits for such month shall be based on the wages and self-employment of—

"(i) the insured individual who has the greatest primary insurance amount, or

"(ii) an insured individual not included under clause (i), but only if (I) it results in larger child's insurance benefits (after the application of section 203 (a) but without regard to any deductions under sections 203 and 222(b)) for such month and (II) would not result in smaller benefits (after the application of section 203(a) but without regard to any deductions under sections 203 and 222(b) for such month for any other person entitled to benefits based on the wages and self-employment income of the insured individual referred to in this clause.

Where there is more than one insured individual with respect to whom the provisions of clause (ii) are applicable for such month, such child's insurance benefits for such month shall be based on the wages and self-employment income of

the insured individual which results in the highest child's insurance benefits."

(b) The amendments made by the preceding subsection shall apply with respect to monthly benefits under title II of such Act for months after December 1970.

(149) *RECOMPUTATION OF BENEFITS BASED ON COMBINED RAILROAD AND SOCIAL SECURITY EARNINGS*

SEC. 125. (a) Subsection (f) of section 215 of the Social Security Act is amended by—

(1) striking out subparagraph (B) of paragraph (2) and inserting in lieu thereof the following:

"(B) in the case of an individual who died in such year, for monthly benefits beginning with benefits for the month in which he died."; and

(2) adding at the end the following new paragraph:

"(6) Upon the death after 1967 of an individual entitled to benefits under section 202(a) or section 223, if any person is entitled to monthly benefits or a lump-sum death payment, on the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if the decedent during his lifetime was paid compensation which was treated under section 205(o) as remuneration for employment."

(b) Subsection (d) of section 215 of such Act is amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "or (6)."

(150) *UNDERPAYMENTS*

SEC. 126. Section 204(d)(7) of the Social Security Act is amended by striking out ", if any" and inserting in lieu thereof "or, if none, to the person or persons, if any, who are determined by the Secretary, in accordance with regulations, to be related to the deceased individual by blood, marriage, or adoption and to be the appropriate person or persons to receive payment on behalf of the estate".

(151) *REDUCTION FROM 6 TO 4 MONTHS OF WAITING PERIOD FOR DISABILITY BENEFITS*

SEC. 127. (a) Section 223(c)(2) of the Social Security Act is amended—

(1) by striking out "six" and inserting in lieu thereof "four", and

(2) by striking out "eighteenth" each place it appears and inserting in lieu thereof "sixteenth".

(b) Section 202(e)(6) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof "four",

(2) by striking out "eighteenth" and inserting in lieu thereof "sixteenth", and

(3) by striking out "sixth" and inserting in lieu thereof "fourth".

(c) Section 202(f)(7) of such Act is amended—

(1) by striking out "six" and inserting in lieu thereof "four",

(2) by striking out "eighteenth" and inserting in lieu thereof "sixteenth", and

(3) by striking out "sixth" and inserting in lieu thereof "fourth".

(d) Section 216(i)(2)(A) of such Act is amended by striking out "6" and inserting in lieu thereof "four".

(e) The amendments made by this section shall be effective with respect to applications for disability insurance benefits under section 223 of the Social Security Act, applications for widow's and widower's insurance benefits based on disability, and applications for disability determinations under section 216(i) of such Act, filed—

(1) in or after the month in which this Act is enacted, or

(2) before the month in which this Act is enacted if—

(A) notice of the final decision of the Secretary of Health, Education, and Welfare has not been given to the applicant before such month; or

(B) the notice referred to in subparagraph (A) has been so given before such month but a civil action with respect to such final decision is commenced under section 205(g) of the Social Security Act (whether before, in, or after such month) and the decision in such civil action has not become final before such month;

except that no monthly benefits under title II of the Social Security Act shall be payable or increased by reason of the amendments made by this section for any month before January 1971.

(152) *REFUND OF SOCIAL SECURITY TAX TO MEMBERS OF CERTAIN RELIGIOUS GROUPS OPPOSED TO INSURANCE*

SEC. 128. (a)(1) Section 6413 of the Internal Revenue Code of 1954 (relating to special rules applicable to certain employment taxes) is amended by adding at the end thereof the following new subsection:

"(e) SPECIAL REFUNDS OF SOCIAL SECURITY TAX TO MEMBERS OF CERTAIN RELIGIOUS FAITHS.—

"(1) IN GENERAL.—An employee who receives wages with respect to which the tax imposed by section 3101 is deducted during a calendar year for which an authorization granted under this subsection applies shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of the amount of tax so deducted.

"(2) AUTHORIZATION FOR CREDIT OR REFUND.—Any individual may file an application (in such form and manner, and with such official, as may be prescribed by regulations under this subsection) for an authorization for credit or refund of the tax imposed by section 3101 if he is a member of a recognized religious sect or division thereof described in section 1402(h)(1) and is an adherent of established tenets or teachings described

in such section of such sect or division. Such authorization may be granted only if—

"(A) the application contains or is accompanied by evidence described in section 1402(h)(1)(A) and a waiver described in section 1402(h)(1)(B), and

"(B) the Secretary of Health, Education, and Welfare makes the findings described in section 1402(h)(1)(C), (D), and (E).

An authorization may not be granted to any individual if any benefit or other payment referred to in section 1402(h)(1)(B) became payable (or, but for section 203 or 222(b) of the Social Security Act, would have become payable) at or before the time of filing of such waiver.

"(3) EFFECTIVE PERIOD OF AUTHORIZATION.—An authorization granted to any individual under this subsection shall apply with respect to wages paid to such individual during the period—

"(A) commencing with the first day of the first calendar year after 1970 throughout which such individual meets the requirements specified in paragraph (2) and in which such individual files application for such authorization (except that if such application is filed on or before the date prescribed by law, including any extension thereof, for filing

an income tax return for such individual's taxable year, such application may be treated as having been filed in the calendar year in which such taxable year begins), and

"(B) ending with the first day of the calendar year in which (i) such individual ceases to meet the requirements of the first sentence of paragraph (2), or (ii) the sect or division thereof of which such individual is a member is found by the Secretary of Health, Education, and Welfare to have ceased to meet the requirements of subparagraph (B) of paragraph (2).

"(4) APPLICATION BY FIDUCIARIES OR SURVIVORS.—If an individual who has received wages with respect to which the tax imposed by section 3101 has been deducted during a calendar year dies without having filed an application under paragraph (2), an application may be filed with respect to such individual by a fiduciary acting for such individual's estate or by such individual's survivor (within the meaning of section 205 (c)(1)(C) of the Social Security Act)."

(2) Section 31(b)(1) of such Code (relating to credit for special refunds of social security tax) is amended by striking out "section 6413(c)" and inserting in lieu thereof "section 6413 (c) or (e)".

(b)(1) Sections 201(g)(2) and 1817(f)(1) of the Social Security Act are each amended by striking out "section 6413(c)" and inserting in lieu thereof "sections 6413 (c) and (e)".

(2) Section 202(v) of the Social Security Act is amended—

(1) by inserting "(1)" after "(v)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) Notwithstanding any other provisions of this title, in the case of any individual who files a waiver pursuant to section 6413(e) of the Internal Revenue Code of 1954 and is granted an authorization for credit or refund thereunder, no benefits or other payments shall be payable under this title to him, no payments shall be made on his behalf under part A of title XVIII, and no benefits or other payments under this title shall be payable on the basis of his wages and self-employment income to any other person, after the filing of such waiver; except that, if thereafter such individual's authorization under such section 6413(e) ceases to be effective, such waiver shall cease to be applicable in the case of benefits and other payments under this title and part A of title XVIII to the extent based on his wages beginning with the first day of the calendar year for which such authorization ceases to apply and on his self-employment income for and after his

taxable year which begins in or with the beginning of such calendar year."

(153) *BENEFITS FOR REMARRIED WIDOWS AND WIDOWERS*

SEC. 129. (a) Section 202(e)(4) of the Social Security Act is amended to read as follows:

"(4) If a widow, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (3)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred. The amount of such widow's benefit shall be determined under paragraph (2) except that, notwithstanding the provisions of such paragraph (2) and subsection (q), the amount of such benefit shall be equal to one-half of the primary insurance amount of the deceased person on whose wages and self-employment income such benefit is based—

"(A) if such individual at the time of such marriage, or at any time thereafter, is entitled (or, with respect to clause (i) or (iii) of this subparagraph, upon filing proper application would be entitled) to—

"(i) benefits under subsection (a) (deeming for such purposes, if he has not attained age 62, that he has attained such age in the month in which such marriage occurs),

"(ii) benefits under section 223, or

"(iii) any periodic benefits under a governmental pension system (as defined in section 228(h)

(2) and (3)) (deeming for such purposes, if he has not attained the required eligibility age, that he has attained such age in the month in which such marriage occurs),

for the month in which such marriage occurs and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated, and

"(B) if such individual is not an individual referred to in subparagraph (A) of this paragraph, for the first month for which he becomes entitled to any of the benefits referred to in such subparagraph (A) and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated."

(b) Section 202(f)(5) of such Act is amended to read as follows:

"(5) If a widower, after attaining the age of 60, marries an individual (other than one described in subparagraph (A) or (B) of paragraph (4)), such marriage shall, for purposes of paragraph (1), be deemed not to have occurred. The amount of such widower's benefit shall be determined under paragraph (3); except that, notwithstanding the provisions of such paragraph (3) and subsection (q), the amount of such benefit shall be equal to one-half of the primary insurance amount of the deceased person on whose wages and self-employment income such benefit is based—

"(A) if such individual at the time of such marriage is entitled (or, with respect to clause (i) or (iii) of this subparagraph, upon filing proper application would be entitled) to—

"(i) benefits under subsection (a) (deeming for such purposes, if she has not attained age 62, that she has attained such age in the month in which such marriage occurs),

"(ii) benefits under section 223, or

"(iii) any periodic benefits under a governmental pension system (as defined in section 228 (h) (2) and (3)) (deeming for such purposes, if she has not attained the required eligibility age, that she has attained such age in the month in which such marriage occurs),

for the month in which such marriage occurs and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated, and

"(B) if such individual is not an individual referred to in subparagraph (A) of this paragraph, for the first month for which she becomes entitled to any of the benefits referred to in such subparagraph (A) and each month thereafter prior to the month in which such individual dies or such marriage is otherwise terminated."

(c) The amendments made by this section shall apply

with respect to monthly benefits under title II of the Social Security Act for months after December 1970, but only on the basis of applications filed after the date of enactment of this Act.

(154) *PAYMENT IN CERTAIN CASES OF DISABILITY INSURANCE BENEFITS WITH RESPECT TO PERIODS OF DISABILITY WHICH ENDED PRIOR TO 1968*

SEC. 130. (a) If an individual would (upon the timely filing of an application for a disability determination under section 216(i) of the Social Security Act and of an application for disability insurance benefits under section 223 of such Act) have been entitled to disability insurance benefits under such section 223 for a period which began after 1959 and ended prior to 1964, such individual shall, upon filing application for disability insurance benefits under such section 223 with respect to such period not later than 6 months after the date of enactment of this section, be entitled, notwithstanding any other provision of title II of the Social Security Act, to receive in a lump-sum, as disability insurance benefits payable under section 223, an amount equal to the total amounts of disability insurance benefits which would have been payable to him for such period if he had timely filed such an application for a disability determination and such an application for disability insurance benefits with respect to such period; but only if—

(1) prior to the date of enactment of this section and after the date of enactment of the Social Security Amendments of 1967, such period was determined (under section 216(i) of the Social Security Act) to be a period of disability as to such individual; and

(2) the application giving rise to the determination (under such section 216(i)) that such period is a period of disability as to such individual would not have been accepted as an application for such a determination except for the provisions of section 216(i)(2)(F).

(b) No payment shall be made to any individual by reason of the provisions of subsection (a) except upon the basis of an application filed after the date of enactment of this section.

(155) *AUTOMATIC ADJUSTMENT IN BENEFITS, WAGE BASE, TAX RATES, AND EARNINGS TEST*

SEC. 131. (a)(1) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Cost-of-Living Increases in Benefits

"(i)(1) For purposes of this subsection—

"(A) the term 'base quarter' means the period of 3 consecutive calendar months ending on June 30, 1971, and the period of 3 consecutive calendar months ending on June 30 of each year thereafter.

"(B) the term 'cost-of-living computation quarter' means any base quarter (beginning no earlier than April 1, 1972) in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such index in the latest of (i) January 1971, or (ii) the base quarter which was most recently a cost-of-living computation quarter, or (iii) the most recent calendar month (after January 31, 1971) in which a general increase (other than an increase under this subsection) in the primary insurance amounts of all individuals entitled to benefits under this title became effective based upon an Act of Congress; and

"(C) the Consumer Price Index for a base quarter shall be the monthly average of such index in such quarter.

"(2)(A) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall, effective for January of the next calendar year, 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 as specified in subparagraph (B) of this paragraph, by an amount derived by multiplying 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 next higher one-tenth of 1 percent if such percentage is an odd multiple of .05 of 1 percent and to the nearest one-tenth of 1 percent in any other case) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such Index for the base quarter determined after the application of paragraph (1)(B).

"(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, based on the wages and self-employment income of an individual who became entitled to monthly benefits under section 202, 223, 227, or 228 (without regard to section 202(j)(1) or section 223(b)), or who died, in or before December of such calendar year.

"(C) Notwithstanding the provisions of subparagraphs (A) and (B), the increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall not be effective as provided in such subparagraph (A) if in the calendar year in which such cost-of-living computation quarter occurs a law has been enacted which provides for (i) a general increase in the primary insurance amounts of all individuals entitled to benefits under this title, or (ii) a change in the rate of tax on wages and self-employ-

ment income under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance, or (iii) an increase in the amount of earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance.

"(D) Except as may be provided in subparagraph (C), 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 August 15 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be 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 revised previously pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

"(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall show the effective date of the primary insurance amounts

set forth in column IV of the table immediately prior to its revision.

"(ii) The amounts on each line of column I, and the amounts on each line of column III, except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in such column in the table immediately prior to its revision.

"(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

"(iv) The amount of each line of columns IV and V shall be increased from the amount shown in the table immediately prior to its revision by increasing such amount by the percentage specified in subparagraph (A) of paragraph (2), raising each such increased amount, if not a multiple of $0.10, to the next higher multiple of $0.10.

"(v) Columns III, IV, and V shall be extended. The amount in each additional line of column III shall be determined so that the second figure in the last line of column III is one-twelfth of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised, and the amounts on each additional line of column III shall be the amount on the preceding line increased by $5. The amount on each additional line of column IV shall be the amount on the preceding line increased by $1.00, until

the amount on the last line of such column is equal to the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised over such base for the calendar year in which the table of benefits is revised. The amount in each additional line of column V shall be 175 percent of the amounts appearing on the same line in column IV. Any such increased amount that is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10."

(2) Section 203(a) of such Act (as amended by section 101(b) of this Act) is further amended—

(A) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", or", and inserting after paragraph (3) the following new paragraph:

"(4) when two or more persons are entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for December of the calendar year in which occurs a cost-of-living computation quarter (as defined in section 215(i)(1)) on the basis of the wages and self-employment income of such insured individual, such total of benefits for months following such December shall be reduced to not less than the amount equal to the sum of the amounts

derived by increasing the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section) as in effect for such December for each such person by the same percentage as the percentage by which such individual's primary insurance amount (including such amount as previously increased) is increased under section 215(i)(2) for such month immediately following, and raising each such increased amount (if not a multiple of $0.10) to the next higher multiple of $0.10."; and

(B) by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(3)(A) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

"(a) The primary insurance amount of an insured individual shall be the amount in column IV of the following table, or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(D), determined as follows:

"(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided

in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

"(i) The amount in column IV on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

"(ii) The amount in column IV on the line on which in column II of such table appears his primary insurance amount (as determined under subsection (c)); or

"(iii) The amount in column IV on the line on which in column I of such table appears his primary insurance benefit (as determined under subsection (d)).

"(2) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65, such primary insurance amount shall be the amount in column IV which is equal to the primary insurance amount upon which such disability insurance benefit is based, except that, if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table and in the following month became

entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based."

(B) Effective January 1, 1973, section 215(b)(4) of such Act (as amended by section 101(c) of this Act) is 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 in or after the effective month of a new table that appears in (or is deemed by subsection (i)(2)(D) to appear in) subsection (a) to benefits under section 202(a) or section 223; or

"(B) who dies in or after such effective month 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) or (6)."

(C) Effective January 1, 1973, section 215(c) of such Act (as amended by section 101(d) of this Act) is amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c)(1) For the purposes of column II of the 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 effective month of the latest such table.

"(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."

(D) Section 215(f)(2) of such Act is amended by striking out "(a) (1) and (3)" and inserting in lieu thereof "(a)(1) (i) and (ii)".

(4) Sections 227 and 228 of such Act (as amended by sections 102 and 104 of this Act) are amended by striking out "$48.30" wherever it appears and inserting in lieu thereof "the larger of $48.30 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$24.20" wherever it appears and inserting in lieu thereof "the larger of $24.20 or the amount most recently established in lieu thereof under section 215(i)".

(b)(1) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

"ADJUSTMENT OF THE TAX AND BENEFIT BASE

"SEC. 230. (a) If the Secretary determines pursuant

to subsection (i) of section 215 that an increase in benefits provided by subparagraph (A) of such subsection applies in the case of monthly benefits under sections 202 and 223 for months of a calendar year immediately following a cost-of-living computation quarter he shall also estimate the long-range additional level-cost (without regard to any estimated actuarial surplus which may exist at such time) of such benefits. He shall also determine the increase that is necessary in (1) the amount of earnings that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance and (2) the rate of tax specified in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954, to meet the total of such level cost and the cost (not previously taken into account under this subsection) of increasing the exempt amount pursuant to section 203(f)(8) for years prior to the year in which such increase in benefits becomes effective where one-half (or approximately one-half) of such total is to be met by the increase specified in clause (1) and the remainder is to be met by the increase specified in clause (2).

"(b) The contribution and benefit base for the calendar year referred to in subsection (a) and all succeeding calendar years, prior to the first calendar year thereafter in which an increase in benefits authorized by subsection (i) of section 215 becomes effective, shall be the sum of the amount of

earnings of individuals that may be counted for benefits under this title and that may be taxed under the Internal Revenue Code of 1954 for old-age, survivors, and disability insurance with respect to the calendar year immediately preceding the calendar year referred to in subsection (a) and the increase referred to in subsection (a), with such sum, if not a multiple of $300, being rounded to the nearest multiple of $300; except that—

"(1) if prior to such first calendar year a law is enacted which provides that for any calendar year a different amount of earnings may be so counted and may be so taxed, such different amount shall be the contribution and benefit base for the calendar years specified in such law but only until the first calendar year thereafter in which an increase in benefits is authorized by subsection (i) of section 215; and

"(2) the contribution and benefit base for any year after 1972 and prior to the first calendar year in which the first increase in benefits pursuant to section 215(i) becomes effective shall be $9,000 or (if applicable) such other amount as may be specified in a law enacted subsequent to the Social Security Amendments of 1970.

"(c) The Secretary shall allocate the increase specified in clause (2) of subsection (a) of this section among the

rates of tax specified in sections 1401(a), 3101(a) and 3111 (a) of the Internal Revenue Code of 1954 so that—

"(A) the rate of tax under section 3101(a) of such Code with respect to wages (as defined in section 3121 (a) of such Code) received during a calendar year is equal to the rate of tax under section 3111(a) of such Code with respect to wages (as defined in section 3121 (a) of such Code) received during such calendar year;

"(B) the rate of tax under section 1401(a) of such Code with respect to self-employment income (as defined in section 1402(b) of such Code) for any taxable year beginning during a period specified in such section 1401(a) shall be equal to 150 percent of the rate of tax under section 3101(a) of such Code with respect to wages (as defined in section 3121(a) of such Code) received during any calendar year occurring in such period.

After such allocation, the Secretary shall round any such tax rate, increased by reason of such allocation, to the nearest one-tenth of 1 percent.

"(d) At the time the Secretary publishes in the Federal Register the table required by section 215(i)(1)(D), he shall also publish in such Register—

"(1) the actuarial assumptions and methodology

used in estimating the additional long-range level-cost referred to in subsection (a), and

"(2) the contribution and benefit base resulting pursuant to subsection (b), and

"(3) the amount of the increase in tax rates required pursuant to such subsection (a) and the allocation of such increase determined under subsection (b) (including any rounding authorized by such subsection)."

(c) Section 203(f) of such Act is amended by adding at the end thereof the following new paragraph:

"(8)(A) On or before November 1 of 1972 and of each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the exempt amount as defined in subparagraph (B) for each month in any individual's first two taxable years which end with the close of or after the calendar year following the year in which such determination is made.

"(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger:

"(i) the product of $200 and the ratio of (I) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year

in which a determination under subparagraph (A) is made for each such month of such particular taxable year to (II) the average of the taxable wages of all persons for whom wages were reported to the Secretary for the first calendar quarter of 1971, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is an odd multiple of $5 and to the nearest multiple of $10 in any other case, or

"(ii) the exempt amount for each month in the taxable year preceding such particular taxable year."

(156) *CHILD'S INSURANCE BENEFITS NOT TO BE TERMINATED BY REASON OF ADOPTION OF CHILD BY STEPGRANDPARENT*

SEC. 132. (a) Section 202(d)(1)(D) of the Social Security Act is amended by inserting "stepgrandparent," immediately after "grandparent,".

(b) Any child—

(1) whose entitlement to child's insurance benefits under section 202(d) of the Social Security Act was terminated by reason of his adoption, prior to the date of enactment of this Act, by reason of his adoption by his stepgrandparent; and

(2) who, except for such adoption, would be entitled to child's insurance benefits under such section for a month after December 1970,

may, upon filing application for child's insurance benefits under the Social Security Act after the date of enactment of this Act, become reentitled to such benefits; except that no child shall, by reason of the enactment of this section, become reentitled to such benefits for any month prior to the month of January 1971.

(157) *TERMINATION OF COVERAGE OF REGISTRARS OF VOTERS IN LOUISIANA*

SEC. 133. (a) Notwithstanding the provisions of section 218(g)(1) of the Social Security Act, the Secretary may, under such conditions as he deems appropriate, permit the State of Louisiana to modify its agreement entered into under section 218 of such Act so as to terminate the coverage of all employees who are in positions under the Registrars of Voters Employees' Retirement System, effective December 31, 1972, but only if such State files with him notice of termination on or before December 31, 1971.

(b) If the coverage of such employees in positions under such retirement system is terminated pursuant to subsection (a), coverage cannot later be extended to employees in positions under such retirement system.

(157½) *WORKMEN'S COMPENSATION OFFSET FOR DISABILITY INSURANCE BENEFICIARIES*

SEC. 134. (a) Section 224(a)(5) of the Social Security Act is amended by striking out "80 per centum of".

(b) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1970.

(158) *BENEFITS FOR A CHILD ON EARNINGS RECORD OF A GRANDPARENT*

SEC. 135. (a) The first sentence of section 216(e) of the Social Security Act is amended by—

(1) striking out "and" at the end of clause (1) thereof, and

(2) inserting immediately before the period at the end thereof the following: ", and (3) a person who is the grandchild or stepgrandchild of an individual, but only if (A) such person was living in such individual's household and receiving at least one-half of his support from such individual, at the time application for child's insurance benefits was filed on behalf of such person as the child of such individual, or at the time such individual died, and (B) such person began living in such individual's household before such person attained age 18".

(b) Section 202(d) of such Act is amended by adding at the end thereof the following new paragraph:

"(9) A child who is a child of an individual under clause (3) of the first sentence of section 216(e) and is not a child of such individual under clause (1) or (2) of such first sentence shall be deemed to be dependent on such individual at the time specified in subparagraph (1)(C) of this subsection, unless at the time specified in clause (3) of such first sentence such child was receiving regular contributions from—

"(A) his natural or adopting parent, or his stepparent, or

"(B) a public or private welfare organization which had placed such child in such individual's household under a foster-care program."

(c) The first sentence of section 203(c) of such Act is amended—

(1) by striking out the period at the end thereof and inserting in lieu of such period "; or"; and

(2) by adding after and below clause (4) thereof the following new clause:

"(5) in which such individual, if a child who is entitled to child's insurance benefits on the basis of the wages and self-employment income of a person (but would not be so entitled except for application of clause (3) of the first sentence of section 216(e)), is not in the care of such person or the spouse of such person,

except that the provisions of this clause shall not apply if such person has died."

(d) The amendments made by this section shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1970, but only on the basis of applications filed after the date of enactment of this Act.

TITLE II—PROVISIONS RELATING TO MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

PART A—COVERAGE UNDER MEDICARE PROGRAM

PAYMENT UNDER MEDICARE PROGRAM TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

SEC. 201. Section 1862 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(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, 1972, 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 the Federal employees health benefits pro-

gram 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 upon or after attaining age 65, in addition to the health benefits plans available before he attains such age, one or more health benefits plans which offer protection supplementing the combined protection provided under parts A and B of this title and one or more health benefits plans which offer protection supplementing the protection provided under part B of this title alone, and

"(2) the Government 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 coverage under parts A and B (or part B alone) of this title, or (C) a combination of such contribution and such payment."

HOSPITAL INSURANCE BENEFITS FOR UNINSURED INDIVIDUALS NOT ELIGIBLE UNDER PRESENT TRANSITIONAL PROVISION

SEC. 202. (a) Section 103 (a) of the Social Security Amendments of 1965 is amended—

(1) by redesignating clauses (A) and (B) in paragraphs (2) and (4) as clauses (i) and (ii), respectively, and by redesignating paragraphs (1), (2), (3), (4); and (5) as subparagraphs (A), (B), (C), (D), and (E), respectively;

(2) by striking out all that follows "Anyone who—" and precedes subparagraph (B) (as redesignated by paragraph (1) of this subsection) and inserting in lieu thereof the following:

"(1) (A) has attained the age of 65,";

(3) by adding "or" at the end of subparagraph (E) (as so redesignated);

(4) by striking out "shall (subject to the limitations in this section)" and all that follows *down* through the period at the end of the first sentence and inserting in lieu thereof the following:

"(2) (A) meets the provisions of subparagraphs (A), (C), and (D) of paragraph (1),

"(B) (159)*(i)* does not meet the provisions of subparagraph (B) of paragraph (1), (160)~~and~~ *or (ii) is*

not included within the provisions of paragraph (1) of this subsection by reason of the provisions of subsection (b)(3) of this section, and

"(C) has enrolled (i) under section 1837 of the Social Security Act and (ii) under subsection (d) of this section,

shall (subject to the limitations in this section) be deemed, solely for purposes of section 226 of the Social Security Act, to be entitled to monthly insurance benefits under such section 202 for each month, beginning—

"(i) in the case of an individual who meets the provisions of paragraph (1), with the first month in which he meets the requirements of such paragraph, or

"(ii) in the case of an individual who meets the provisions of paragraph (2), with the day on which his coverage period (as provided in subsection (d)) begins,

and ending with the month in which he dies, or, if earlier, the month before the month in which he becomes (or upon filing application for monthly insurance benefits under section 202 of such Act would become) entitled to hospital insurance benefits under section 226 or (161)*subsection (a) (1) of this section, or* becomes certifiable as a qualified railroad retirement beneficiary.";

(5) (A) by striking out "the preceding requirements of this subsection" in the second sentence and

inserting in lieu thereof "the requirements of paragraph (1) of this subsection" and (B) by striking out "paragraph (5) hereof" and inserting in lieu thereof "subparagraph (E) of such paragraph"; (162) ~~and~~

(6) by striking out "paragraphs (1), (2), (3), and (4)" in the third sentence and inserting in lieu thereof "subparagraphs (A), (B), (C), and (D) of paragraph (163) ~~(1)".~~ *(1)"; and*

(164) *(7) by adding at the end the following new sentence: "For purposes of paragraph (1) of this subsection, an individual will be deemed to have met the provisions of subparagraph (E) of such paragraph, if he is alive on the last day of the month in which his deemed entitlement by reason of paragraph (2) ends."*

(b) Section 103 (b) of such Amendments is amended (1) by inserting "(i)" after "individual" in the second sentence, and (2) by adding before the period at the end thereof the following: ", or (ii) (with respect to an enrollment under subsection (d) (1)) for any month during his coverage period (as provided in subsection (d))".

(c) Section 103 (c) (1) of such Amendments is amended by striking out "this section" and inserting in lieu thereof "paragraph (1) of subsection (a) of this section".

(d) Section 103 of such Amendments is further amended by adding at the end thereof the following new subsections:

"(d) (1) An individual who meets the conditions of subparagraphs (A) and (B) of paragraph (2) of subsection (a) and has enrolled under section 1837 of the Social Security Act may enroll for the hospital insurance benefits provided under subsection (165)~~(a)~~ *(a); except that an individual who is eligible to enroll under this paragraph by reason of subparagraph (B)(ii) of paragraph (2) of subsection (a) must so enroll within the period ending on December 31 of the year following (A) the year in which he first meets the requirements of subparagraphs (A) and (B) of paragraph (2) of subsection (a) or (B) (if later) the year in which the Social Security Amendments of 1970 are enacted.*

"(2) The provisions of sections 1837, 1838, 1839, and 1840 (relating to enrollments under part B of title XVIII of the Social Security Act) shall be applicable to the enrollment authorized by paragraph (1) in the same manner, to the same extent, and under the same conditions as such sections are applicable to enrollments under such part B, except that for purposes of this subsection such sections 1837, 1838, 1839, and 1840 are modified as follows:

"(A) the term 'paragraphs (1) and (2) of section 1836' shall be considered to read 'subparagraphs (A) and (B) of paragraph (2) of section 103 (a) of the Social Security Amendments of 1965';

"(B) the term 'March 1, 1966' shall be considered to read (166)~~'March 31, 1971~~ *July 1, 1971'*;

"(C) the term 'May 31, 1966' shall be considered to read (167)~~'March 31, 1971~~ *September 30, 1971'*;

"(D) the term '1969' shall be considered to read '1972';

"(E) subsection (a) (1) of such section 1838 shall be considered to read as follows:

"'(1) in the case of an individual who enrolls for benefits under subsection (168)~~(a)~~ *(d)* of section 103 of the Social Security Amendments of 1965 pursuant to subsection (c) of section 1837 (as made applicable by section 103 (d) (2) of such Amendments), (169)~~January~~ *July* 1, 1971, or, if later, the first day of the month following the month in which he so enrolls; or';

(170)~~"(F) subsection (b) of such section 1838 shall be considered amended by adding at the end thereof the following new sentence: 'An individual's enrollment under subsection (d) of section 103 of the Social Security Amendments of 1965 shall also terminate (i) when he satisfies subparagraphs (B) and (E) of paragraph (1) of subsection (a) of such section, with such termination taking effect on the first day of the month in which he satisfies such subparagraphs, or (ii) when his enrollment under section 1837 terminates, with such~~

~~termination taking effect as provided in the second sentence of this subsection.';~~

"(F) the second sentence of subsection (b) of section 1838 shall be considered to read as follows: 'The termination of a coverage period under paragraph (1) shall take effect on the last day of the month following the calendar month in which the notice is filed or, if earlier, the last day of the month in which his enrollment under section 1837 terminates.';

"(G) subsection (a) of such section 1839 shall be considered to read as follows:

"'(a) The monthly premium of each individual for each month in his coverage period before July 1972 shall be $27.';

"(H) the term '1967' when used in subsection (b) (1) of such section 1839 shall be considered to read 'June 1972';

"(I) subsection (b) (2) of such section 1839 shall be considered to read as follows:

"'(2) The Secretary shall, during December of 1971 and of each year thereafter, 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 equal to $27 multiplied by the ratio of (1) the inpatient hospital deductible for such next year, as promulgated under section 1813(b)(2), to (2) such deductible promulgated for 1971. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest multiple of $1.'; and

"(J) the term 'Federal Supplementary Medical Insurance Trust Fund' shall be considered to read 'Federal Hospital Insurance Trust Fund'.

"(e) Payment of the monthly premiums on behalf of any individual who meets the conditions of subparagraphs (A) and (B) of paragraph (2) of subsection (a) and has enrolled for the hospital insurance benefits provided under 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 arrangement is administratively feasible."

(171) *(e) Section 226(b) of the Social Security Act is amended by (1) striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and" and (2) adding at the end thereof the following new paragraph:*

"(3) an individual shall be deemed entitled to monthly benefits under section 202 beginning with the

first month after the month in which his deemed entitlement to such benefits by reason of section 103(a)(2) of the Social Security Amendments of 1965 ends, if on the first day of such first month he is alive and would be entitled to such benefits for such month had he filed an application in such month."

(172) *(f) Section 1837(e) of the Social Security Act is amended by striking out the period and inserting in lieu thereof the following: "; except that the enrollment period beginning January 1, 1971, shall end on September 30, 1971, in the case of any individual who has an enrollment period for hospital insurance benefits under section 103(d) of the Social Security Amendments of 1965 beginning on the first day of the second month following the month of enactment of the Social Security Amendments of 1970 and ending on September 30, 1971, and so enrolls in such period.*"

(173) *(g) Section 1837(b) of such Act (as amended by section 258 of this Act) is further amended by striking out the period and inserting in lieu thereof the following: "; except that any enrollment of an individual shall not be counted if the coverage period resulting for such enrollment terminated before the date on which such individual first enrolls for hospital insurance benefits under section 103(a) of the Social Security Amendments of 1965.".*

(174) *INCLUSION OF CERTAIN SERVICES BY OPTOMETRISTS UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM*

SEC. 203. (a) Section 1861(r) of the Social Security Act is amended by (1) striking out "or (3)" and inserting in lieu thereof "(3)", and (2) inserting before the period at the end thereof the following: "or (4) a doctor of optometry, who is legally authorized to practice optometry by the State in which he performs such function, but only with respect to establishing the necessity for prosthetic lenses".

(b) The amendment made by this section shall apply only with respect to services performed after the date of enactment of this Act.

(175) *COVERAGE OF SUPPLIES RELATED TO COLOSTOMIES*

SEC. 204. (a) Section 1861(s)(8) of the Social Security Act is amended by inserting after "organ" the following: "(including colostomy bags and supplies directly related to colostomy care)".

(b) The amendment made by this section shall apply on and after the date of enactment of this Act.

(176) *INCLUSION OF CHIROPRACTOR'S SERVICES UNDER MEDICARE*

SEC. 205. (a) Section 1861(r) of the Social Security Act (as amended by section 203 of this Act) is further amended by—

(1) striking out "or (4)" and inserting in lieu thereof "(4)", and

(2) inserting before the period at the end thereof the following ", or (5) a chiropractor who is licensed as such by the State (or in a State which does not license chiropractors as such, is legally authorized to perform the services of a chiropractor in the jurisdiction in which he performs such services, and who meets uniform minimum standards promulgated by the Secretary, but only for the purpose of sections 1861(s)(1) and 1861(s)(2)(A) and only with respect to treatment by means of manual manipulation of the spine which he is legally authorized to perform by the State or jurisdiction in which such treatment is provided".

(b) The amendments made by this section shall be effective with respect to services furnished after June 30, 1971.

PART B—IMPROVEMENTS IN THE OPERATING EFFECTIVENESS OF THE MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS

LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

SEC. 221. (a) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"LIMITATION ON FEDERAL PARTICIPATION FOR CAPITAL EXPENDITURES

"SEC. 1122. (a) The purpose of this section is to assure that Federal funds appropriated under titles V, XVIII, and XIX are not used to support unnecessary capital expenditures made by or on behalf of health care facilities (177)*or health maintenance organizations* which are reimbursed under any of such titles and that, to the extent possible, reimbursement under such titles shall support planning activities with respect to health services and facilities in the various States.

"(b) The Secretary, after consultation with the Governor (or other chief executive officer) and with appropriate local public officials, shall make an agreement with any State which is able and willing to do so under which a designated planning agency (which shall be an agency described in clause (ii) of subsection (d) (1) (B) that has a governing body or advisory body at least half of whose members represent consumer interests) will—

"(1) make, and submit to the Secretary together with such supporting materials as he may find necessary, findings and recommendations with respect to capital expenditures proposed by or on behalf of any health care facility (178)*or health maintenance organization* in such State within the field of its responsibilities, (179)~~and~~

"(2) receive from other agencies described in clause (ii) of subsection (d) (1) (B), and submit to the Secretary together with such supporting material as he may find necessary, the findings and recommendations of such other agencies with respect to capital expenditures proposed by or on behalf of health care facilities (180) *or health maintenance organizations* in such State within the fields of their respective responsibilities, (181) and

(182)"*(3) establish and maintain procedures pursuant to which a person proposing any such capital expenditure may appeal a recommendation by the designated agency and will be granted an opportunity for a fair hearing by such agency or person other than the designated agency as the Governor (or other chief executive officer) may designate to hold such hearings,*

whenever and to the extent that the findings of such designated agency or any such other agency indicate that any such expenditure is not consistent with the standards, criteria, or plans developed pursuant to the Public Health Service Act (or the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963) to meet the need for adequate health care facilities in the area covered by the plan or plans so developed.

"(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 underpayments previously made), for the reasonable cost of 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 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 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), (183)*(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 (184)*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 (185)~~functions;~~ *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 depreciation, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditure. (186)*With respect to any organization which is reimbursed on a per capita 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 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 (187)*or health maintenance organization* would not be consistent with the effective organization and delivery of health services or the effective administration of title V, XVIII, or XIX, he shall not exclude such expenses pursuant to paragraph (1).

"(e) Where a person obtains under lease or comparable arrangement any facility or part thereof, or equipment for a facility, which would have been subject to an exclusion under subsection (d) if the person had acquired it by pur-

chase, the Secretary shall (1) in computing such person's rental expense in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in such facility, deduct the amount which in his judgment is a reasonable equivalent of the amount that would have been excluded if the person had acquired such facility or such equipment by purchase, and (2) in computing such person's return on equity capital deduct any amount deposited under the terms of the lease or comparable arrangement.

"(f) Any person dissatisfied with a determination by the Secretary under this section may within six months following notification of such determination request the Secretary to reconsider such determination. A determination by the Secretary under this section shall not be subject to administrative or judicial review.

"(g) For the purposes of this section, a 'capital expenditure' is an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance and which (1) exceeds $100,000, (2) changes the bed capacity of the facility with respect to which such expenditure is made, or (3) substantially changes the services of the facility with respect to which such expenditure is made. For purposes of clause

(1) of the preceding sentence, the cost of the studies, surveys, designs, plans, working drawings, specifications, and other activities essential to the acquisition, improvement, expansion, or replacement of the plant and equipment with respect to which such expenditure is made shall be included in determining whether such expenditure exceeds $100.000.

"(h) The provisions of this section shall not apply to Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

"(i) (1) The Secretary shall establish a national advisory council, or designate an appropriate existing national advisory council, to advise and assist him in the preparation of general regulations to carry out the purposes of this section and on policy matters arising in the administration of this section, including the coordination of activities under this section with those under other parts of this Act or under other Federal or federally assisted health programs.

"(2) The Secretary shall make appropriate provision for consultation between and coordination of the work of the advisory council established or designated under paragraph (1) and the Federal Hospital Council, the National Advisory Health Council, the Health Insurance Benefits

Advisory Council, the Medical Assistance Advisory Council, and other appropriate national advisory councils with respect to matters bearing on the purposes and administration of this section and the coordination of activities under this section with related Federal health programs.

"(3) If an advisory council is established by the Secretary under paragraph (1), it shall be composed of members who are not otherwise in the regular full-time employ of the United States, and who shall be appointed by the Secretary without regard to the civil service laws from among leaders in the fields of the fundamental sciences, the medical sciences, and the organization, delivery, and financing of health care, and persons who are State or local officials or are active in community affairs or public or civic affairs or who are representative of minority groups. Members of such advisory council, while attending meetings of the council or otherwise serving on business of the council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the maximum rate specified at the time of such service for grade GS–18 in section 5332 of title 5, United States Code, including traveltime, and while away from their homes or regular places of business they may also be allowed travel expenses, including per diem in lieu of sub-

sistence, as authorized by section 5703(b) of such title 5 for persons in the Government service employed intermittently."

(b) The amendment made by subsection (a) shall apply only with respect to a capital expenditure the obligation for which is incurred by or on behalf of a health care facility (188)*or health maintenance organization* subsequent to whichever of the following is earlier: (A) June 30, 1971, or (B) with respect to any State or any part thereof specified by such State, the last day of the calendar quarter in which the State requests that the amendment made by subsection (a) of this section apply in such State or such part thereof.

(c) (1) Section 505(a)(6) of such Act (as amended by section 229(b) of this Act) is further amended by inserting ", consistent with section 1122," after "standards" where it first appears.

(2) Section 506 of such Act (as amended by sections 224(c), 227(d), 230(d), and 235(b) of this Act) is further amended by adding at the end thereof the following new subsection:

"(g) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehen-

sive plan of a State or areawide planning agency, see section 1122."

(3) Clause (2) of the second sentence of section 509 (a) of such Act is amended by inserting ", consistent with section 1122," after "standards".

(4) Section 1861 (v) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) 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."

(5) Section 1902 (a) (13) (D) of such Act (as amended by section 229 (a) of this Act) is further amended by inserting ", consistent with section 1122," after "standards" where it first appears.

(6) Section 1903 (b) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) 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."

(189) *(d) In the case of a health care facility providing health care services as of December 18, 1970, which on such*

date is committed to a formal plan of expansion or replacement, the amendments made by the preceding provisions of this section shall not apply with respect to such expenditures as may be made or obligations incurred for capital items included in such plan where preliminary expenditures toward the plan of expansion or replacement (including payments for studies, surveys, designs, plans, working drawings, specifications, and site acquisition, essential to the acquisition, improvement, expansion, or replacement of the health care facility or equipment concerned) of $100,000 or more, had been made during the three-year period ended December 17, 1970.

REPORT ON PLAN FOR PROSPECTIVE REIMBURSEMENT; EXPERIMENTS AND DEMONSTRATION PROJECTS TO DEVELOP INCENTIVES FOR ECONOMY IN THE PROVISION OF HEALTH SERVICES

SEC. 222. (a) (1) The Secretary of Health, Education, and Welfare, directly or through contracts with public or private agencies or organizations, shall develop and carry out experiments and demonstration projects designed to determine the relative advantages and disadvantages of various alternative methods of making payment on a prospective basis to hospitals, extended care facilities, and other pro-

viders of services for care and services provided by them under title XVIII of the Social Security Act and under State plans approved under titles XIX and V of such Act, including alternative methods for classifying providers, for establishing prospective rates of payment, and for implementing on a gradual, selective, or other basis the establishment of a prospective payment system, in order to stimulate such providers through positive financial incentives to use their facilities and personnel more efficiently and thereby to reduce the total costs of the health programs involved without adversely affecting the quality of services by containing or lowering the rate of increase in provider costs that has been and is being experienced under the existing system of retroactive cost reimbursement.

(2) The experiments and demonstration projects developed under paragraph (1) shall be of sufficient scope and shall be carried out on a wide enough scale to permit a thorough evaluation of the alternative methods of prospective payment under consideration while giving assurance that the results derived from the experiments and projects will obtain generally in the operation of the programs involved (without committing such programs to the adoption of any prospective payment system either locally or nationally).

(3) In the case of any experiment or demonstration project under paragraph (1), the Secretary may waive com-

pliance with the requirements of titles XVIII, XIX, and V of the Social Security Act insofar as such requirements relate to methods of payment for services provided; and costs incurred in such experiment or project in excess of those which would otherwise be reimbursed or paid under such titles may be reimbursed or paid to the extent that such waiver applies to them (with such excess being borne by the Secretary). No experiment or demonstration project shall be developed or carried out under paragraph (1) until the Secretary obtains the advice and recommendations of specialists who are competent to evaluate the proposed experiment or project as to the soundness of its objectives, the possibilities of securing productive results, the adequacy of resources to conduct it, and its relationship to other similar experiments or projects already completed or in process; and no such experiment or project shall be actually placed in operation until a written report containing a full and complete description thereof has been transmitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(4) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under this subsection shall be made (190) *in appropriate part* from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal

Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act). Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this subsection With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved.

(5) The Secretary shall submit to the Congress no later than ~~(191)July 1, 1972,~~ *January 1, 1973*, a full report on the experiments and demonstration projects carried out under this subsection and on the experience of other programs with respect to prospective reimbursement together with any related data and materials which he may consider appropriate. Such report shall include detailed recommendations with respect to the specific methods which could be used in the full implementation of a system of prospective payment to providers of services under the programs involved.

(6) Section 1875(b) of the Social Security Act is amended by inserting "and the experiments and demonstration projects authorized by section 222(a) of the Social Security Amendments of 1970" after "1967".

(b) (1) Section 402 (a) of the Social Security Amendments of 1967 is amended to read as follows:

"(a) (1) The Secretary of Health, Education, and Welfare is authorized, either directly or through grants to public or nonprofit private agencies, institutions, and organizations or contracts with public or private agencies, institutions, and organizations, to develop and engage in experiments and demonstration projects for the following purposes:

"(A) to determine whether, and if so which, changes in methods of payment or reimbursement (other than those dealt with in section 222 (a) of the Social Security Amendments of 1970) for health care and services under health programs established by the Social Security Act, including a change to methods based on negotiated rates, would have the effect of increasing the efficiency and economy of health services under such programs through the creation of additional incentives to these ends without adversely affecting the quality of such services;

~~(192)~~ "~~(B) to determine whether payments to organizations and institutions which have the capability of providing comprehensive health care service or services other than those for which payment may be made under such programs (and which are incidental to services for which payment may be made under such programs)~~

~~would, in the judgment of the Secretary, result in more economical provision and more effective utilization of services for which payment may be made under such programs;~~

"(B) to determine whether payments for services other than those for which payment may be made under such programs (and which are incidental to services for which payment may be made under such programs) would, in the judgment of the Secretary, result in more economical provision and more effective utilization of services for which payment may be made under such program, where such services are furnished by organizations and institutions which have the capability of providing—

"(i) comprehensive health care services, or

"(ii) mental health care services (as defined by section 401(c) of the Mental Retardation Facilities and Community Health Centers Construction Act of 1963), or

"(iii) ambulatory health care services, but only where the Secretary determines, after appropriate study, that payment for such health care services would result in a more economical provision of such services.

"(C) to determine whether the rates of payment or

reimbursement for health care services, approved by a State for purposes of the administration of one or more of its laws, when utilized to determine the amount to be paid for services furnished in such State under the health programs established by the Social Security Act, would have the effect of reducing the costs of such programs without adversely affecting the quality of such services;

"(D) to determine whether payments under such programs based on a single combined rate of reimbursement or charge for the teaching activities and patient care which residents, interns, and supervising physicians render in connection with a graduate medical education program in a patient facility would result in more equitable and economical patient care arrangements without adversely affecting the quality of such care; and

"(E) to determine whether utilization review and medical review mechanisms established on an areawide or communitywide basis would have the effect of providing more effective controls under such programs over excessive utilization of services.

For purposes of this subsection, 'health programs established by the Social Security Act' means the program established by title XVIII of such Act, a program established by a plan of a State approved under title XIX of such Act, and a

program established by a plan of a State approved under title V of such Act.

"(2) Grants, payments under contracts, and other expenditures made for experiments and demonstration projects under paragraph (1) shall be made (193)*in appropriate part* from the Federal Hospital Insurance Trust Fund (established by section 1817 of the Social Security Act) and the Federal Supplementary Medical Insurance Trust Fund (established by section 1841 of the Social Security Act). Grants and payments under contracts may be made either in advance or by way of reimbursement, as may be determined by the Secretary, and shall be made in such installments and on such conditions as the Secretary finds necessary to carry out the purpose of this section. With respect to any such grant, payment, or other expenditure, the amount to be paid from each of such trust funds shall be determined by the Secretary, giving due regard to the purposes of the experiment or project involved."

(2) Section 402 (b) of such Amendments is amended—

(A) by striking out "experiment" each time it appears and inserting in lieu thereof "experiment or demonstration project";

(B) by striking out "experiments" and inserting in lieu thereof "experiments and projects";

(C) by striking out "reasonable charge" and insert-

ing in lieu thereof "reasonable charge, or to reimbursement or payment only for such services or items as may be specified in the experiment"; and

(D) by inserting before the period at the end thereof the following: "; and no such experiment or project shall be actually placed in operation until a written report containing a full and complete description thereof has been transmitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate".

(3) Section 1875(b) of the Social Security Act is amended by striking out "experimentation" and inserting in lieu thereof "experiments and demonstration projects".

LIMITATIONS ON COVERAGE OF COSTS UNDER MEDICARE PROGRAM

SEC. 223. (a) The first sentence of section 1861(v)(1) of the Social Security Act is amended by inserting immediately before "determined" where it first appears the following: "the cost actually incurred, excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of needed health services, and shall be".

(b) The third sentence of section 1861(v)(1) of such Act is amended by striking out the comma after "services" where it last appears and inserting in lieu thereof the follow-

ing: ", may provide for the establishment of limits on the direct or indirect overall incurred costs or incurred costs of specific items or services or groups of items or services to be recognized as reasonable based on estimates of the costs necessary in the efficient delivery of needed health services to individuals covered by the insurance programs established under this title,".

(c) The fourth sentence of section 1861 (v) (1) of such Act is amended by inserting after "services" where it first appears the following: " (excluding therefrom any such costs, including standby costs, which are determined in accordance with regulations to be unnecessary in the efficient delivery of services covered by the insurance programs established under this title)".

(d) The fourth sentence of section 1861 (v) (1) of such Act is further amended by striking out "costs with respect" where they first appear and inserting in lieu thereof the following: "necessary costs of efficiently delivering covered services".

(e) Section 1866 (a) (2) (B) of such Act is amended (1) by inserting "(i)" after "(B)", and (2) by adding at the end thereof the following new clause:

"(ii) Where a provider of services customarily furnishes an individual items or services which are more ex-

pensive than the items or services determined to be necessary in the efficient delivery of needed health services under this title and which have not been requested by such individual, such provider may also charge such individual or other person for such more expensive items or services to the extent that the costs of (or, if less, the customary charges for) such more expensive items or services experienced by such provider in the second fiscal period immediately preceding the fiscal period in which such charges are imposed exceed the cost of such items or services determined to be necessary in the efficient delivery of needed health services, but only if—

"(I) the Secretary has provided notice to the public of any charges being imposed on individuals entitled to benefits under this title on account of costs in excess of the costs determined to be necessary in the efficient delivery of needed health services under this title by particular providers of services in the area in which such items or services are furnished, and

"(II) the provider of services has identified such charges to such individual or other person, in such manner as the Secretary may prescribe, as charges to meet costs in excess of the cost determined to be necessary in

the efficient delivery of needed health services under this title."

(f) Section 1861 (v) of such Act (as amended by section 221 (c) (4) of this Act) is further amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) If a provider of services furnishes items or services to an individual which are (194)*grossly* in excess of or more expensive than the items or services determined to be necessary in the efficient delivery of needed health services and charges are imposed for such more expensive items or services under the authority granted in section 1866 (a) (2) (B) (ii), the amount of payment with respect to such items or services otherwise due such provider in any fiscal period shall be reduced to the extent that such payment plus such charges exceed the cost actually incurred for such items or services in the fiscal period in which such charges are imposed."

(g) Section 1866 (a) (2) of such Act is amended by adding at the end thereof the following new subparagraph:

"(D) Where a provider of services customarily furnishes items or services which are (195)*grossly* in excess of or more expensive than the items or services with respect to which payment may be made under this title, such provider,

notwithstanding the preceding provisions of this paragraph, may not, under the authority of section 1866(a)(2)(B)(ii), charge any individual or other person any amount for such items or services in excess of the amount of the payment which may otherwise be made for such items or services under this title if the admitting physician has a direct or indirect financial interest in such provider."

(h) The amendments made by this section shall be effective with respect to accounting periods beginning after (196)~~the date of the enactment of this Act~~ *June 30, 1971.*

LIMITS ON PREVAILING CHARGE LEVELS

SEC. 224. (a) Section 1842(b)(3) of the Social Security Act is amended by adding at the end thereof the following new sentences: "No charge may be determined to be reasonable (197)*in the case of bills submitted or requests for payments made* under this part (198)~~for services rendered~~ after (199)~~June 30, 1970,~~ *the date of enactment of this Act* and before July 1, 1971, if it exceeds the higher of (i) the prevailing charge recognized by the carrier for similar services in the same locality in administering this part on June 30, 1970, or (i) the prevailing charge level that, on the basis of statistical data and methodology acceptable to the Secretary, would cover 75 percent of the customary charges made for similar services in the same locality during the calendar year

1969. With respect to (200)~~services rendered~~ *bills submitted or requests for payment made under this part* after June 30, 1971, the charges recognized as prevailing within a locality may be increased in any fiscal year only to the extent found necessary, on the basis of statistical data and methodology acceptable to the Secretary, to cover 75 percent of the customary charges made for similar services in the same locality during the last preceding elapsed calendar year but may not be increased (in the aggregate) beyond the levels described in clause (ii) of the preceding sentence except to the extent that the Secretary finds on the basis of appropriate economic index data, that such adjustments are justified by economic changes. In the case of medical services, supplies, and equipment (201)*(including equipment servicing)* that, in the judgment of the Secretary, do not generally vary significantly in quality from one supplier to another, the charges incurred after (202)~~June 30, 1970,~~ *the date of enactment of this Act* determined to be reasonable may (203)*not* exceed the (204)~~lowest~~ *lower* charge levels at which such services, supplies, and equipment are widely (205)*and consistently* available in a locality (206)~~only~~ *except* to the extent and under the circumstances specified by the Secretary."

(b) Section 1903 of such Act is amended by adding at the end thereof the following new subsection:

"(g) Payment under the preceding provisions of this section shall not be made with respect to any amount paid

for items or services furnished under the plan after (207) ~~June 30, 1970,~~ *the date of enactment of this Act* to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1942 (b) (3)."

(c) Section 506 of such Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the preceding provisions of this section, no payment shall be made to any State thereunder with respect to any amount paid for items or services furnished under the plan after (208) ~~June 30, 1970,~~ *the date of enactment of this Act* to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842 (b) (3)."

(209) ~~ESTABLISHMENT OF INCENTIVES FOR STATES TO EMPHASIZE OUTPATIENT CARE UNDER MEDICAID PROGRAMS~~

~~SEC. 225. (a) (1) Section 1903 of the Social Security Act (as amended by section 228 of this Act) is further amended by inserting after subsection (d) the following new subsection:~~

~~"(e) The amount determined under subsection (a) (1) for any State shall be adjusted as follows:~~

~~"(1) With respect to the following services furnished under the State plan after December 31, 1970 the~~

Federal medical assistance percentage shall be increased by 25 per centum thereof, except that the Federal medical assistance percentage as so increased may not exceed 95 per centum:

"(A) outpatient hospital services and clinic services (other than physical therapy services); and

"(B) home health care services (other than physical therapy services); and

"(2) with respect to the following services furnished under the State plan after December 31, 1970, the Federal medical assistance percentage shall be decreased as follows:

"(A) after an individual has received inpatient hospital services (including services furnished in an institution for tuberculosis) on sixty days (whether or not such days are consecutive) during any calendar year (which for purposes of this section means the four calendar quarters ending with June 30), the Federal medical assistance percentage with respect to any such services furnished thereafter to such individual in the same calendar year shall be decreased by 33⅓ per centum thereof;

"(B) after an individual has received care as an inpatient in a skilled nursing home on ninety days (whether or not such days are consecutive) during

any calendar year, the Federal medical assistance percentage with respect to any such care furnished thereafter to such individual in the same calendar year shall be decreased by 33⅓ per centum thereof; and

"(C) after an individual has received inpatient services in a hospital for mental diseases on ninety days occurring after December 31, 1970 (whether or not such days are consecutive), the Federal medical assistance percentage with respect to any such services furnished to such individual on an additional two hundred and seventy-five days (whether or not such days are consecutive) shall be decreased by 33⅓ per centum thereof and no payment may be made under this title for any such services furnished to such individual on any day after such two hundred and seventy-five days.

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) Section 1903(a)(1) of such Act is amended by inserting ", subject to subsection (c) of this section" after "section 1905(b)".

~~(b) (1) Section 1121 of such Act is amended by adding at the end thereof the following new subsection:~~

~~"(f) (1) If the Secretary determines for any calendar quarter beginning after December 31, 1970, with respect to any State that there does not exist a reasonable cost differential between the cost of skilled nursing home services and the cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise be considered as expenditures for which payment may be made under subsection (c) by an 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 home 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~~

~~inserting ", subject to subsection (c) of this section" after able, the excess of—~~

~~"section 1905 (b)".~~

~~"(A) the average amount paid in such State (regardless of the source of payment) per inpatient day for skilled nursing home services, over~~

~~"(B) the average amount paid in such State (regardless of the source of payment) per inpatient day for intermediate care facility services."~~

~~(2) Section 1121(c) of such Act is amended by adding at the end thereof the following new sentence: "Effective January 1, 1971, the term 'intermediate care facility' shall not include any public institution (or distinct part thereof) for mental diseases or mental defects."~~

ESTABLISHMENT OF INCENTIVES FOR STATES TO MAINTAIN ADEQUATE UTILIZATION REVIEW PROCEDURES IN MEDICAID PROGRAMS

SEC. 225. Section 1903 of the Social Security Act (as amended by section 228 of this Act) is further amended by inserting after subsection (d) the following new subsection:

"(e)(1) The Secretary shall, not less frequently than once during any 12-month period, study, review, and evaluate the operation of each State plan approved under this title with a view to determining whether there are in effect, in the administration and operation of such plan, such utilization review, independent medical and professional audits and other procedures as are adequate to assure that, in the provision of health care services to individuals entitled to receive medical assistance under the plan—

"(A) inpatient services in hospitals, skilled nursing homes, and other institutional health care facilities (including intermediate care facilities) will be provided to an individual only when, and to the extent, that the health care needs of such individual cannot, consistent with the provision of appropriate medical care, be effectively provided on an outpatient basis or more economically in an inpatient health care facility of a different type;

"(B) costs of or charges for services by physicians and other health care personnel will be reimbursed only when such services are medically necessary; and

"(C) costs of or charges for drugs and other health care items or devices will be reimbursed only when medically necessary.

"(2) If the Secretary determines, as the result of his study, review, and evaluation under paragraph (1) of any such State plan that there is not in effect, in the administration and operation of such plan, such utilization review, independent professional and medical audit, and other procedures as are adequate to assure that, in the provision of health care services to individuals entitled to receive medical assistance under the plan, the criteria set forth in clauses (A), (B), or (C) are not met, he shall notify the State agency that the Federal medical assistance percentage of such State will be reduced until such time as the Secretary is satisfied that there is in effect, in the administration and operation of

such State plan, such utilization review, independent medical and professional audit and other procedures as are adequate to meet the criteria set forth in such clauses (A), (B), and (C).

"(3) Any reduction in the Federal medical assistance percentage of any State under this subsection shall be of such per centum as the Secretary determines will assure, insofar as possible, that the amount of Federal funds payable to such State under this title during the period that the reduction is in effect will be equal to the amount of such funds which would have been payable to such State under this title for such period, if, for such period, there was no failure on the part of such State, in the administration of the State plan approved under this title, to have in effect such utilization review, independent medical and professional audit and other procedures as are adequate to meet the criteria set forth in clauses (A), (B), and (C) of paragraph (1).

"(4) No reduction under this subsection in the Federal medical assistance percentage of any State shall become effective prior to the first calendar quarter which commences more than 90 days after the date the Secretary notifies the State agency of such State that such a reduction will be made.

(210) ~~PAYMENT FOR SERVICES OF TEACHING PHYSICIANS UNDER MEDICARE PROGRAM~~

~~SEC. 226. (a) (1) Section 1833 (a) (1) of the Social Security Act is amended by striking out "and" before "(B)",~~

and by inserting before the semicolon at the end thereof the following: ", and (C) with respect to expenses incurred for services which are furnished to a patient of a hospital by a physician and for which payment may be made under this part, the amounts paid shall be equal to 100 percent of the reasonable cost, to the hospital or other medical service organization incurring such cost, of such services if (i) (I) such services are furnished under circumstances comparable to the circumstances under which similar services are furnished to all persons, or all members of a class of persons, who are patients in such hospital and who are not covered by the insurance program established by this part (and not covered under a State plan approved under title XIX), and (II) none of such persons, or members of such class of persons, are required to pay the reasonable charges for such similar services even when they have private insurance covering such similar services (or are otherwise able to pay reasonable charges for all such similar services as determined in accordance with regulations), or (ii) (I) none of the patients in such hospital who are covered by such program are required to pay any charges for services furnished by physicians, or (II) such patients are required to pay reasonable charges for such services but payment of the deductible and coinsurance applicable to such services is not obtained from or on behalf of some or all of them, in addition to the portion of such charges payable as insurance benefits under

this part, even though they have private insurance covering such services (or are otherwise able to pay reasonable charges for all such services as determined in accordance with regulations)".

(2) The first sentence of section 1833(b) of such Act is amended by striking out "and" before "(2)", and by inserting before the period at the end thereof the following: ", and (3) such total amount shall not include expenses incurred for services to which clause (C) of subsection (a)(1) applies."

(b) Section 1861(v)(1) of such Act is amended—

(1) by inserting "(A)" after "(1)";

(2) by striking out "(A) take" and "(B) provide" and inserting in lieu thereof "(i) take" and "(ii) provide", respectively.

(3) by inserting "(B)" immediately preceding "Such regulations in the case of extended care services"; and

(4) by adding at the end thereof the following new subparagraph:

"(C) Where a hospital has an arrangement with a medical school under which the faculty of such school provides services at such hospital and under which reimbursement to such school by such hospital is less than the reasonable cost of such services to the medical school, the reasonable

~~cost of such services to the medical school shall be included in determining the reasonable cost to the hospital of furnishing services for which payment may be made under part A, but only if—~~

~~"(i) payment for such services as furnished under such arrangement would be made under part A to the hospital if such services were furnished by the hospital, and~~

~~"(ii) such hospital pays to the medical school the reasonable cost of such services to the medical school."~~

~~(c) (1) The amendments made by subsection (a) shall apply with respect to bills submitted and requests for payment made after the date of the enactment of this Act.~~

~~(2) The amendments made by subsection (b) shall be effective with respect to accounting periods beginning after the date of the enactment of this Act.~~

PAYMENT UNDER MEDICARE PROGRAM FOR SERVICES OF PHYSICIANS RENDERED AT A TEACHING HOSPITAL

SEC. 226. (a) Section 1861(b) of the Social Security Act is amended by striking out the second sentence thereof and inserting in lieu thereof the following:

"Paragraph (4) shall not apply to services provided in a hospital by—

"(6) an intern or a resident-in-training under a teaching program approved by the Council on Medical

Education of the American Medical Association or, in the case of an osteopathic hospital, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association, or, in the case of services in a hospital or osteopathic hospital by an intern or resident-in-training in the field of dentistry, approved by the Council on Dental Education of the American Dental Association; or

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), unless (A) such inpatient is a private patient (as defined in regulations), or (B) where the hospital establishes that during the two-year period ending December 31, 1967, and each year thereafter all inpatients have been regularly billed by the hospital for services rendered by physicians and reasonable efforts have been made to collect in full from all patients and payment of reasonable charges (including applicable deductibles and coinsurance) has been regularly collected in full or in part from at least 50 percent of all inpatients."

(b)(1) So much of section 1814(a) of the Social Security Act as precedes paragraph (1) is amended by striking "subsection (d)," and inserting in lieu thereof "subsections (d) and (g),"

(2) Section 1814 is further amended by adding at the end thereof the following new subsection:

"PAYMENT FOR SERVICES OF A PHYSICIAN RENDERED IN A TEACHING HOSPITAL

"(g) For purposes of services for which the reasonable cost thereof is determined under section 1861(v)(1)(D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if—

"(1) such hospital has an agreement with the Secretary under section 1866, and

"(2) the Secretary has received written assurances that (A) such payment will be used by such fund solely for the improvement of care of hospital patients or for educational or charitable purposes and (B) the individuals who were furnished such services or any other persons will not be charged for such services (or if charged, provision will be made for return of any moneys incorrectly collected)."

(c) Section 1861(v)(1) of such Act is amended—

(1) by inserting "(A)" after "(1)";

(2) by striking out "(A) take" and "(B) provide"

and inserting in lieu thereof "(i) take" and "(ii) provide", respectively;

(3) by inserting "(B)" immediately preceding "Such regulations in the case of extended care services"; and

(4) by adding at the end thereof the following new subparagraphs:

"(C) Where a hospital has an arrangement with a medical school under which the faculty of such school provides services at such hospital, an amount not in excess of the reasonable cost of such services to the medical school shall be included in determining the reasonable cost to the hospital of furnishing services—

"(i) for which payment may be made under part A, but only if

"(I) payment for such services as furnished under such arrangement would be made under part A to the hospital had such services been furnished by the hospital, and

"(II) such hospital pays to the medical school at least the reasonable cost of such services to the medical school, or

"(ii) for which payment may be made

under part B, but only if such hospital pays to the medical school at least the reasonable cost of such services to the medical school.

"(D) Where (i) physicians furnish services which are either inpatient hospital services (including services in conjunction with the teaching programs of such hospital) by reason of paragraph (7) of subsection (b) or for which entitlement exists by reason of clause (II) of section 1832(a)(2)(B)(i) and (ii) such hospital (or medical school under arrangement with such hospital) incurs no actual cost in the furnishing of such services, the reasonable cost of such services shall (under regulations of the Secretary) be deemed to be the cost such hospital or medical school would have incurred had it paid a salary to such physcians rendering such services approximately equivalent to the average salary paid to all physicians employed by such hospital (or if such employment does not exist, or is minimal in such hospital, by similar hospitals in a geographic area of sufficient size to assure reasonable inclusion of sufficient physicians in development of such average salary).

(d)(1) Section 1861(u) of such Act is amended by striking out the period and inserting in lieu thereof the fol-

lowing: "or for purposes of section 1814(g) and section 1835(e), a fund.".

(2) So much of section 1866(a)(1) of such Act as precedes subparagraph (A) is amended by inserting "(except a fund designated for purposes of section 1814(g) and section 1835(e))" after "provider of services".

(e)(1) Section 1832(a)(2)(B) of such Act is amended to read as follows:

"(B) medical and other health services furnished by a provider of services or by others under arrangements with them made by a provider of services, excluding—

"(i) physician services except where furnished by—

"(I) a resident or intern of a hospital, or

"(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), unless either clause (A) (whether or not such patient is an inpatient of such hospital), or

(B) of paragraph (7) of such section is met, and

(ii) services for which payment may be made pursuant to section 1835(b)(2); and".

(2)(A) So much of section 1835(a) of the Social Security Act as precedes paragraph (1) is amended by striking "subsections (b) and (c)," and inserting in lieu thereof "subsections (b), (c), and (e),".

(B) Section 1835 is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of services (1) which are inpatient hospital services by reason of paragraph (7) of section 1861 (b) or for which entitlement exists by reason of clause II of section 1832(a)(2)(B)(i), and (2) for which the reasonable cost thereof is determined under section 1861(v)(1)(D), payment under this part shall be made to such fund as may be designated by the organized medical staff of the hospital in which such services were furnished or, if such services were furnished in such hospital by the faculty of a medical school, to such fund as may be designated by such faculty, but only if—

"(1) such hospital has an agreement with the Secretary under section 1866, and

"(2) the Secretary has received written assurances that such payment will be used by such fund solely for the improvement of care to patients in such hospital or for educational or charitable purposes and (B) the

individuals who were furnished such services or any other persons will not be charged for such services (or if charged provision will be made for return of any moneys incorrectly collected)."

(3) Section 1842 of such Act is amended by inserting after "which involve payments for physicians' services" the following: "on a reasonable charge basis".

(f) The amendments made by this section shall apply with respect to accounting periods beginning after June 30, 1971.

AUTHORITY OF SECRETARY TO TERMINATE PAYMENTS TO SUPPLIERS OF SERVICES

SEC. 227. (a) Section 1862 of the Social Security Act (as amended by section 201 of this Act) is further amended by adding at the end thereof the following new subsection:

"(d) (1) No payment may be made under this title with respect to any item or services furnished to an individual by a person where the Secretary determines under this subsection that such person—

"(A) has made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title;

"(B) has submitted, or caused to be submitted, bills or requests for payment under this title containing

charges (or in applicable cases requests for payment of costs to such person) for services rendered which the Secretary finds, with the concurrence of the appropriate program review team appointed pursuant to paragraph (211)~~(4)~~, *(4) (except in the case of a provider of services)* to be substantially in excess of such person's customary charges (or in applicable cases substantially in excess of such person's costs) for such services, unless the Secretary finds there is good cause for such bills or requests containing such charges (or in applicable cases, such costs) ; or

"(C) has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to paragraph (4) who are physicians or other professional personnel in the health care field, to be (212)~~substantially~~ *grossly* in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality.

"(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such

determination (except that in the case of inpatient hospital services, posthospital extended care services, and home health services such determination shall be effective in the manner provided in section 1866(b) (3) and (4) with respect to terminations of agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.

"(3) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(4) For the purposes of paragraph (1) (B) and (C) of this subsection, and clause (F) of section 1866(b) (2), the Secretary shall, after consultation with appropriate State and local professional societies, the appropriate carriers and intermediaries utilized in the administration of this title, and consumer representatives familiar with the health needs of residents of the State, appoint one or more program review teams (composed of physicians, other professional personnel

in the health care field, and consumer representatives) in each State which shall, among other things—

"(A) undertake to review such statistical data on program utilization as may be submitted by the Secretary,

"(B) submit to the Secretary periodically, as may be prescribed in regulations, a report on the results of such review, together with recommendations with respect thereto,

"(C) undertake to review particular cases where there is a likelihood that the person or persons furnishing services and supplies to individuals may come within the provisions of paragraph (1) (B) and (C) of this subsection or clause (F) of section 1866(b) (2), and

"(D) submit to the Secretary periodically, as may be prescribed in regulations, a report of cases reviewed pursuant to subparagraph (C) along with an analysis of, and recommendations with respect to, such cases."

(b) Section 1866(b) (2) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", or (D) that such provider has made, or caused to be made, any false statement or representation of a material fact for use in an application for payment under this title or for use in determining the right to a payment under this title, or (E) that such provider

has submitted, or caused to be submitted, requests for payment under this title of amounts for rendering services substantially in excess of the costs incurred by such provider for rendering such services, or (F) that such provider has furnished services or supplies which are determined by the Secretary, with the concurrence of the members of the appropriate program review team appointed pursuant to section 1862 (d) (4) who are physicians or other professional personnel in the health care field, to be (213) ~~substantially~~ *grossly* in excess of the needs of individuals or to be harmful to individuals or to be of a grossly inferior quality."

(c) Section 1903 (g) of such Act (as added by section 224 (b) of this Act) is further amended by striking out "shall not be made" and all that follows and inserting in lieu thereof the following: "shall not be made—

"(1) with respect to any amount paid for items or services furnished under the plan after (214) ~~June 30, 1970,~~ *July 1, 1971*, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842 (b) (3) ; or

"(2) with respect to any amount paid for services furnished under the plan after (215) ~~June 30, 1970,~~ *July 1, 1971*, 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)."

(d) Section 506 (f) of such Act (as added by section 224 (c) of this Act) is further amended by striking out "no payment shall be made" and all that follows and inserting in lieu thereof the following: "no payment shall be made to any State thereunder—

"(1) with respect to any amount paid for items or services furnished under the plan after (216) ~~June 30, 1970,~~ *July 1, 1971*, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the third, fourth, and fifth sentences of section 1842 (b) (3); or

"(2) with respect to any amount paid for services furnished under the plan after (217) ~~June 30, 1970,~~ *July 1, 1971*, 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)."

ELIMINATION OF REQUIREMENT THAT STATES MOVE TOWARD COMPREHENSIVE MEDICAID PROGRAMS

SEC. 228. Section 1903 (e) of the Social Security Act, and section 2 (b) of Public Law 91-56 (approved August 9, 1969), are repealed.

DETERMINATION OF REASONABLE COST OF INPATIENT HOSPITAL SERVICES UNDER MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS

SEC. 229. (a) Section 1902 (a) (13) (D) of the Social Security Act is amended to read as follows:

"(D) for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards which shall be developed by the State and included in the plan and shall not result in any part of the cost of any such services provided to individuals covered by the plan being borne by individuals not so covered or in any part of the cost of any such services provided to individuals not so covered being borne by the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861 (v) as the reasonable cost of such services for purposes of title XVIII;".

(b) Section 505 (a) (6) of such Act is amended to read as follows:

"(6) provides for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards which shall be developed by the State and included in the plan and shall not result in any part of the cost of any such services provided to individuals covered by the plan being borne by individuals not so covered or in any part of the costs of any such services provided to individuals not so covered being borne by the plan, except that the reasonable cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861 (v) as the reasonable cost of such services for purposes of title XVIII;".

(c) The amendments made by this section shall be effective July 1, 1971 (or earlier if the State plan so provides).

AMOUNT OF PAYMENTS WHERE CUSTOMARY CHARGES FOR SERVICES FURNISHED ARE LESS THAN REASONABLE COST

SEC. 230. (a) Section 1814 (b) of the Social Security Act is amended to read as follows:

"Amount Paid to Providers

"(b) The amount paid to any provider of services with respect to services for which payment may be made under this part shall, subject to the provisions of section 1813, be—

"(1) the lesser of (A) the reasonable cost of such services, as determined under section 1861 (v), or (B) the customary charges with respect to such services; or

"(2) if such services are furnished by a public provider of services free of charge or at nominal charges to the public, the amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such provider for such services."

(b) Section 1833 (a) (2) of such Act is amended to read as follows:

"(2) in the case of services described in section 1832 (a) (2)—80 percent of—

"(A) the lesser of (i) the reasonable cost of such services, as determined under section 1861 (v), or (ii) the customary charges with respect to such services; or

"(B) if such services are furnished by a public

provider of services free of charge or at nominal charges to the public, the amount determined in accordance with section 1814 (b) (2)."

(c) Section 1903 (g) of such Act (as added by section 224 (b) and amended by section 227 (c) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding after paragraph (2) the following new paragraph:

"(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."

(d) Section 506 (f) of such Act (as added by section 224 (c) and amended by section 227 (d) of this Act) is further amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding after paragraph (2) the following new paragraph:

"(3) with respect to any amount expended for in-

patient 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."

(e) Clause (2) of the second sentence of section 509 (a) of such Act (as amended by section 221 (c) (3) of this Act) is further amended by inserting "(A)" before "the reasonable cost", and by inserting after "under the project," the following: "or (B) if less, the customary charges with respect to such services provided under the project, or (C) if such services are furnished under the project by a public institution free of charge or at nominal charges to the public, an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such reasonable cost which the Secretary finds will provide fair compensation to such institution for such services".

(f) The amendments made by subsections (a) and (b) shall apply to services furnished by hospitals and extended

care facilities in accounting periods beginning after June 30, (218)~~1970~~ *1971*, and to services furnished by home health agencies in accounting periods beginning after June 30, (219)~~1970~~ *1971*. The amendments made by subsections (c), (d), and (e) shall apply with respect to services furnished (220)~~in calendar quarters~~ *by hospitals in accounting periods* beginning after June 30, (221)~~1970~~ *1971*.

INSTITUTIONAL PLANNING UNDER MEDICARE PROGRAM

SEC. 231. (a) The first sentence of section 1861 (e) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (7);

(2) by redesignating paragraph (8) as paragraph (9); and

(3) by inserting after paragraph (7) the following new paragraph:

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(b) Section 1861 (f) (2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e);".

(c) Section 1861 (g) (2) of such Act is amended to read as follows:

"(2) satisfies the requirements of paragraphs (3) through (9) of subsection (e);".

(d) The first sentence of section 1861 (j) of such Act is amended—

(1) by striking out "and" at the end of paragraph (9);

(2) by redesignating paragraph (10) as paragraph (11); and

(3) by inserting after paragraph (9) the following new paragraph:

"(10) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(e) Section 1861 (o) of such Act is amended—

(1) by striking out "and" at the end of paragraph (4);

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) has in effect an overall plan and budget that meets the requirements of subsection (z); and".

(f) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection:

"Institutional Planning

"(z) An overall plan and budget of a hospital, extended care facility, or home health agency shall be considered sufficient if it—

"(1) provides for an annual operating budget which includes all anticipated income and expenses related to items which would, under generally accepted accounting principles, be considered income and expense items (222)*(except that nothing in this paragraph shall require that there be prepared, in connection with any budget, an item-by-item identification of each type of the components of each such type of anticipated expenditure or income)*;

"(2) provides for a capital expenditures plan for at least a 3-year period (including the year to which the operating budget described in subparagraph (1) is applicable) which includes and identifies in detail the anticipated sources of financing for, and the objectives of, each anticipated expenditure in excess of $100,000 related to the acquisition of land, the improvement of land, buildings, and equipment, and the replacement, modernization, and expansion of buildings and equipment which would, under generally accepted accounting principles, be considered capital items;

"(3) provides for review and updating at least annually; and

"(4) is prepared, under the direction of the governing body of the institution or agency, by a committee consisting of representatives of the governing body, the administrative staff, and the medical staff (if any) of the institution or agency."

(g) (1) Section 1814 (a) (2) (C) and section 1814 (a) (2) (D) of such Act are each amended by striking out "and (8)" and inserting in lieu thereof "and (9)".

(2) Section 1863 of such Act is amended by striking out "subsections (e) (8), (f) (4), (g) (4), (j) (10), and (o) (5)" and inserting in lieu thereof "subsections (e) (9), (f) (4), (g) (4), (j) (11), and (o) (6)".

(h) Section 1865 of such Act is amended—

(1) by striking out "(except paragraph (6) thereof)" in the first sentence and inserting in lieu thereof "(except paragraphs (6) and (8) thereof)", and

(2) by striking out the second sentence and inserting in lieu thereof the following: "If such Commission, as a condition for accreditation of a hospital, (1) requires a utilization review plan as defined in section 1861 (k) or imposes another requirement which serves substantially the same purpose, or (2) requires institutional plans as defined in section 1861 (z) or imposes another requirement which serves substantially the same purpose, the Secretary is authorized to find that all institutions so accredited by the Commission comply also with section 1861 (e) (6) or 1861 (e) (8), as the case may be."

(i) The amendments made by this section shall apply with respect to any provider of services for fiscal years (of

such provider) ~~(223) beginning after the fifth month following the month in which this Act is enacted~~ *for fiscal years beginning after June 30, 1971.*

PAYMENTS TO STATES UNDER MEDICAID PROGRAMS FOR INSTALLATION AND OPERATION OF CLAIMS PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

SEC. 232. (a) Section 1903 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) an amount equal to—

"(A) 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

"(B) 75 per centum of so much of the sums

expended during such quarter as are attributable to the operation of systems of the type described in subparagraph (A) (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".

(b) The amendments made by subsection (a) shall apply with respect to expenditures under State plans approved under title XIX of the Social Security Act made after June 30, (224) ~~1970~~ *1971*.

(225) ~~ADVANCE APPROVAL OF EXTENDED CARE AND HOME HEALTH COVERAGE UNDER MEDICARE PROGRAM~~

~~SEC. 233. (a) Section 1862 of the Social Security Act (as amended by sections 201 and 227(a) of this Act) is further amended by adding at the end thereof the following new subsection:~~

~~"(e)(1) In any case where post-hospital extended care~~

services or post-hospital home health services are furnished to an individual and—

"(A) a physician provides the certification referred to in subparagraph (C) or (D) of section 1814(a)(2), as the case may be, and the condition of the individual with respect to which such certification is made is a condition designated in regulations,

"(B) such physician (in the case of such extended care services) submitted to the extended care facility which is to provide such services, prior to the admission of such individual to such facility, a plan for the furnishing of such services, or (in the case of such home health services) submitted to the home health agency which is to furnish such services, prior to the first visit to such individual, a plan specifying the type and frequency of the services required, and

"(C) there is compliance with such other requirements and procedures as may be specified in regulations,

the provisions of paragraphs (1) and (9) of subsection (a) shall not apply (except as may be provided in section 1814(a)(7)) for such periods of time, with respect to such conditions of the individual, as may be prescribed in regulations.

"(2) In specifying the conditions included under paragraph (1) and the periods for which paragraphs (1) and

~~(9) of subsection (a) shall not apply, the Secretary shall take into account the medical severity of such conditions, the period over which such conditions generally require the services specified in subparagraphs (C) and (D) of section 1814(a)(2), the length of stay in an institution generally needed for the treatment of such conditions, and such other factors affecting the type of care to be provided as the Secretary deems pertinent.~~

~~"(3) If the Secretary determines with respect to a physician that such physician is submitting with some frequency (A) erroneous certifications that individuals have conditions designated in regulations as provided in this subsection or (B) plans for providing services which are inappropriate, the provisions of paragraph (1) shall not apply, after the effective date of such determination, in any case in which such physician submits a certification or plan referred to in subparagraph (A) or (B) of such paragraph."~~

~~(b) The amendments made by this section shall be effective with respect to admissions to extended care facilities, and home health plans initiated, on or after January 1, 1971.~~

PAYMENT FOR EXTENDED CARE AND HOME HEALTH SERVICES

SEC. 233. (a)(1) Section 1814(a)(2)(C) of the Social Security Act is amended by striking the phrase, "skilled

nursing care on a continuing basis" and inserting in lieu thereof, "posthospital institutional care which requires the continuing availability of skilled nursing and related skilled services";

(2) Section 1814 of such Act (as amended by section 226 of this Act) is amended by adding at the end thereof the following new subsections:

"Payment for Posthospital Extended Care Services

"(h) An individual shall be presumed to require the care specified in subsection (a)(2)(C) of this section and payment shall be made to an extended care facility (subject to the provisions of section 1812) for posthospital extended care services which are furnished by such facility to such individual if—

"(1) the certification referred to in subsection (a)(2)(C) of this section is submitted for approval in timely fashion prior to the time of admission of such individual to such extended care facility, and

"(2) such certification is accompanied by (A) a plan of treatment for providing such services, and (B) as may be required by regulations, an estimate of the period for which such services will be required, and

"(3) there has not been a finding prior to or at the time of such admission by a review group desig-

nated by the Secretary that such individual does not require the care specified in subsection (a)(2)(C) of this section,

but only for services furnished—

"(4) during the first ten days of the individual's stay in the extended care facility, or

"(5) if less, during such period as may be certified under subparagraph (2)(B) or as may be approved by the review group under paragraph (3).

A similar presumption and payment for services furnished thereafter (for such number of days as are specifically approved by the review group) shall be made pursuant to the preceding sentence if, prior to the third day before the last day for which such payment may be made or (if earlier) a day specified by such review group, appropriate medical and related evidence is submitted on the basis of which such review group finds that such individual continues to require for a period determined in accordance with paragraph (4) or (5) the care specified in subsection (a)(2)(C) of this section; except that where such evidence is submitted in timely fashion but does not support such a finding, payment may be made for such services as are furnished by such extended care facility before the third day after the day on which such facility receives notice of the review group's determination.

"Payment for Posthospital Home Health Services

"(i) An individual shall be presumed to require the services specified in subsection (a)(2)(D) of this section and payment shall be made to a home health agency (subject to the provisions of section 1812) for posthospital home health services furnished by such agency to such individual if—

"(1) the certification and plan referred to in subsection (a)(2)(D) of this section, accompanied by such estimate of the number of visits which will be required by such individual as may be required in regulations, is submitted in timely fashion prior to the first visit by such agency, and

"(2) there has not been a finding prior to such first visit by a review group designated by the Secretary that such individual does not require skilled nursing care on an intermittent basis or physical or speech therapy,

but only for services furnished—

"(3) during the first ten such visits, or

"(4) if less, for such number of visits as may be certified under paragraph (1) and as may be approved by the review group under paragraph (2).

A similar presumption and payment for services furnished (for such number of visits as are specifically approved by the

review group) during subsequent visits by such agency shall be made pursuant to the preceding sentence if, prior to the seventh day before the final visit for which such payment may be made or (if earlier) a day specified by such review group, appropriate medical and related evidence is submitted on the basis of which such review group finds that such individual continues for a number of visits determined in accordance with paragraph (3) or (4) to require skilled nursing care on an intermittent basis or physical or speech therapy; except that where such evidence is submitted in timely fashion, but does not support such a finding, payment may be made for such services as are furnished by such home health agency before the day on which such agency receives notice of the review group's determination."

(3) Section 1835 of such Act is amended by adding at the end thereof the following new subsection:

"(e) An individual shall be presumed to require the services specified in subsection (a)(2)(A) of this section and payment shall be made to a home health agency (subject to the provisions of section 1832) for home health services furnished by such agency to such individual if—

"(1) the certification and plan referred to in subsection (a)(2)(A) of this section, accompanied by such estimate of the number of visits which will be required

by such individuals as may be required by regulations, is submitted in timely fashion prior to the first visit by such agency, and

"(2) there has not been a finding prior to such first visit by a review group designated by the Secretary that such individual does not require skilled nursing care on an intermittent basis or physical or speech therapy,

but only for services furnished—

"(3) during the first ten such visits, or

"(4) if less, for such number of such visits as may be certified under paragraph (1) or as may be approved by the review group under paragraph (2).

Payment for services furnished during subsequent visits (for such number of visits as are specifically approved by the review group) by such agency shall be made pursuant to the preceding sentence if, prior to the seventh day before the final visit for which such payment may be made or (if earlier) a day specified by such review group, appropriate medical and related evidence is submitted on the basis of which such review group finds that such individual continues to require for a number of visits determined in accordance with paragraph (3) or (4) skilled nursing care on an intermittent basis or physical or speech therapy; except that where such evidence is submitted in timely fashion, but does not support such a finding, payment may be made for such services as are furnished

by such home health agency before the day on which such agency receives notice of the review group's determination. The amendments made by this section shall apply to plans of care initiated after June 30, 1971."

PROHIBITION AGAINST REASSIGNMENT OF CLAIMS TO BENEFITS

SEC. 234. (a) Section 1842 (b) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(5) No payment (226) ~~under this part for a service provided to any individual shall (except as provided in section 1870) be made to anyone other than such individual or (pursuant to an assignment described in subparagraph (B) (ii) of paragraph (3)) the physician or other person who provided the service, except that payment may be made (A) to the~~ *for a service shall be made pursuant to an assignment under subparagraph (B) (ii) of paragraph (3) of this subsection or under subsection (f) of section 1870 to anyone other than the physician or other person who furnishes the service, except that payment may be made (A) to the* employer of such physician or other person if such physician or other person is required as a condition of his employment to turn over his fee for such service to his employer, or (B) (where the service was provided in a hospital, clinic, or other facility) to the facility in which the service was provided

if there is a contractual arrangement between such physician or other person and such facility under which such facility submits the bill for such service."

(b) Section 1902(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (29);

(2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (30) the following new paragraph:

"(31) 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."

(c) The amendment made by subsection (a) shall apply with respect to bills submitted and requests for payments made after (227)~~the date of the enactment of this Act~~ *February 28, 1971.* The amendments made by subsection (b) shall be effective July 1, 1971 (or earlier if the State plan so provides).

UTILIZATION REVIEW REQUIREMENTS FOR HOSPITALS AND SKILLED NURSING HOMES UNDER MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS

SEC. 235. (a) (1) Section 1903 (g) of the Social Security Act (as added by section 224 (b) and amended by sections 227 (c) and 230 (c) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or", and by adding after paragraph (3) the following new paragraph:

"(4) with respect to any amount expended for care or services furnished under the plan by a hospital or skilled nursing home 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 home 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 stand-

ards and procedures and the same review committee or group) as a condition of payment under this title."

(2) Section 1902(a)(30) of such Act is amended by inserting "(including but not limited to utilization review plans as provided for in section 1903(g)(4))" after "plan" where it first appears.

(b) Section 506(f) of such Act (as added by section 224(c) and amended by sections 227(d) and 230(d) of this Act) is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or", and by adding after paragraph (3) the following new paragraph:

"(4) with respect to any amount expended for services furnished under the plan by a hospital unless such hospital has in effect a utilization review plan which meets the requirement imposed by section 1861(k) for purposes of title XVIII; and if such hospital has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title."

(c)(1) The amendments made by subsections (a)(1) and (b) shall apply with respect to services furnished in calendar quarters beginning after June 30, 1971.

(2) The amendment made by subsection (a) (2) shall be effective July 1, 1971.

ELIMINATION OF REQUIREMENT THAT COST-SHARING CHARGES IMPOSED ON INDIVIDUALS OTHER THAN CASH RECIPIENTS UNDER MEDICAID BE RELATED TO THEIR INCOME

SEC. 236. (a) Section 1902 (a) (14) of the Social Security Act is amended to read as follows:

"(14) provide that in the case of individuals receiving aid or assistance under State plans approved under titles I, X, XIV, and XVI, and part A of title IV, no deduction, cost sharing, or similar charge will be imposed under the plan on the individual with respect to services furnished him under the plan;".

(b) The amendment made by subsection (a) shall be effective January 1, 1971 (or earlier if the State plan so provides).

NOTIFICATION OF UNNECESSARY ADMISSION TO A HOSPITAL OR EXTENDED CARE FACILITY UNDER MEDICARE PROGRAM

SEC. 237. (a) Section 1814 (a) (7) of the Social Security Act is amended by striking out "as described in section 1861 (k) (4)" and inserting in lieu thereof "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".

(b) The amendment made by subsection (a) shall apply with respect to services furnished after the second month following the month in which this Act is enacted.

USE OF STATE HEALTH AGENCY TO PERFORM CERTAIN FUNCTIONS UNDER MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS

SEC. 238. (a) Section 1902 (a) (9) of the Social Security Act is amended to read as follows:

"(9) provide—

"(A) that the State health (228), *or other appropriate State medical,* agency (229)*(whichever is utilized by the Secretary for the purpose 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;".

(b) Section 1902(a) of such Act (as amended by section 234(b) of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (30);

(2) by striking out the period at the end of paragraph (31) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (31) the following new paragraph:

"(32) provide—

"(A) that the State health agency (230), *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 of this subsection; and

"(B) that the State health agency, or, if the

services of another State or local agency are (231)~~being~~ utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), such other agency, will perform for tthe 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."

(c) Section 505(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (13);

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; and "; and

(3) by adding after paragraph (14) the following new paragraph:

"(15) provides—

"(A) that the State health agency (232), *or other appropriate State medical agency*, shall be responsible for establishing a plan, consistent with regulations prescribed by the Secretary, for the review by appropriate professional health personnel of the appropriateness and quality of care and services furnished to recipients of services under the plan

and, where applicable, for providing guidance with respect thereto to the other State agency referred to in paragraph (2); and

"(B) that the State health agency, or, if the services of another State or local agency are (233)~~be ing~~ utilized by the Secretary for the purpose specified in the first sentence of section 1864(a), such other agency, will perform the function of determining whether institutions and agencies meet the requirements for participation in the program under the plan under this title."

(d) The amendments made by this section shall be effective July 1, 1971.

(234)~~PAYMENTS TO HEALTH MAINTENANCE ORGANIZATIONS~~

~~SEC. 239. (a) Title XVIII of the Social Security Act is amended by adding after section 1875 the following new section:~~

~~"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, with respect to any health maintenance organization, a combined part A and part B, prospective, per capita rate of payment for services~~

provided for enrollees in such organization who are entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B.

"(2) Such rate of payment shall be determined annually in accordance with regulations, taking into account the health maintenance organization's premiums with respect to its other enrollees (with appropriate actuarial adjustments to reflect the difference in utilization between its members who are under age 65 and its members who are age 65 and over) and such other pertinent factors as the Secretary may prescribe in regulations, and shall be designed to provide payment at a level not to exceed 95 per centum of the amount that the Secretary estimates (with appropriate adjustments to assure actuarial equivalence) would be payable for services covered under this title if such services were to be furnished by other than health maintenance organizations.

"(3) The payments to health maintenance organizations under this subparagraph 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 product of (A) the number of covered enrollees of such organization for such month, and (B) the monthly premium

rate for supplementary medical insurance for such month as has been determined and promulgated under section 1839 (b) (2). The remainder of such payment shall be paid by the former trust fund.

"(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 enrollees on a per capita prepayment basis;

"(2) provides with respect to enrollees to whom this section applies (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;

"(3) provides physicians' services directly through physicians who are either employees or partners of such organization or under an arrangement with an organized group or groups of physicians which is or are reimbursed for services on the basis of an aggregate fixed sum or on a per capita basis;

"(4) 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;

"(5) has enrolled members at least half of whom consist of individual under age 65;

"(6) has arrangements for assuring 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

"(7) has an open enrollment period at least once every two years, under which it accepts eligible persons (as defined under subsection (d)) without underwriting restrictions and on a first-come first-accepted basis up to the limit of its capacity (unless to do so would result in failure to meet the requirement of paragraph (5)).

"(c) the benefits provided to an individual under this section shall consist of—

"(1) 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 (c) of this section; and

"(2) entitlement to have payment made by such health maintenance organization to him or on his behalf for such emergency services (as defined in regulations) 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.

"(d) Subject to the provisions of subsection (c), every individual who is entitled to hospital insurance benefits under part A and is enrolled for medical insurance benefits under part B shall be eligible to enroll with a 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 de-

scribed in subsection (c), its premium rate for such enrollees shall not exceed the actuarial value of the cost-sharing provisions applicable under part A and part B.

"(2) If the health maintenance organization provides its enrollees under this section with additional services over those described in subsection (c), it shall furnish such enrollees with information as to the division of its premium rate between the portion applicable to such additional services and the portion applicable to the services described in subsection (c), subject to the limitation that the latter portion may not exceed the actuarial value of the cost-sharing provisions applicable under part A and part B."

(b) Section 1866 of such Act is amended by adding at the end thereof the following new subsection:

"(f) For purposes of this section, the term 'provider of services' shall include a health maintenance organization if such organization meets the requirements of section 1876."

(c) Notwithstanding the provisions of section 1833 of the Social Security Act, any health maintenance organization which has entered into an agreement with the Secretary pursuant to section 1866 of such Act shall, for the duration of such agreement, be entitled to reimbursement only as provided in section 1876 of such Act.

(d) The effective date of any agreement with any health maintenance organization pursuant to section 1866 of such

~~Act shall be specified in such agreement pursuant to regulations.~~

~~(c)(1) Section 1814(a) of such Act is amended by striking out "Except as provided in subsection (d)," and inserting in lieu thereof the following: "Except as provided in subsection (d) or in section 1876,".~~

~~(2) Section 1833(a) of such Act is amended by striking out "Subject to" and inserting in lieu thereof the following: "Except as provided in section 1876, and subject to".~~

~~(3) Section 1866(b)(2) of such Act is amended by inserting after "1861" in clause (B) the following: "(or of section 1876 in the case of a health maintenance organization)".~~

~~(f) The amendments made by this section shall be effective with respect to services provided on or after January 1, 1971.~~

PAYMENT TO HEALTH MAINTENANCE ORGANIZATIONS

SEC. 239. (a) Title XVIII of the Social Security Act is amended by adding after section 1875 the following new section:

"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, as provided in

this section, with respect to any health maintenance organization, a prospective 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)(A) Each such rate of payment shall be determined annually in accordance with regulations, based on established actuarial methods taking into account the health maintenance organization's premiums with respect to its other enrollees (with appropriate actuarial adjustments to reflect the difference in utilization of resources between its members who are under age 65 and its members who are age 65 or over) and such other pertinent factors as the Secretary may prescribe in regulations, and shall be designed to provide payment at a level not to exceed the lesser of—

"(i) The portion of such organization's net premium with respect to its members who are under age 65 which represents its average per capita cost of providing benefits to such members (excluding administrative expenses), adjusted to the extent necessary to reflect the difference

in utilization of services between its members who are under age 65 and its members who are age 65 or over, and also, in the selection of risk arising from underwriting procedures, plus—

"(I) A percentage of such adjusted net premium equal to the percentage by which such organization's weighted average premium with respect to its members who are under age 65 exceeds the portion of such premium which represents such organization's average per capita cost of providing services to such members and its administrative expenses, or

"(II) If less, 150 per centum of the dollar amount by which such organization's weighted average premium rate with respect to members who are under age 65 exceeds the portion of such premium rate which represents such organization's average per capita cost of providing services to them and its administrative expenses, or

"(ii) Ninety-five per centum of the amount which the Secretary estimates (with appropriate adjustment to assure actuarial equivalence) would otherwise be payable under this title for costs of such services (excluding administrative expenses) if they were furnished by other than health maintenance organizations.

"(B) In addition to the amount determined pursuant to

subparagraph (A), there shall be payable to a health maintenance organization a reasonable allowance for its administrative costs which are not normally incurred by providers of services (as defined in regulations). Such allowance shall, however, in no case exceed 95 per centum of the national average (determined on a per capita basis) of administrative costs incurred by organizations described in sections 1816 and 1842, as determined by the Secretary on the basis of recent reliable data.

"(C) If the conditions specified in subparagraph (D) are met, the Secretary may pay any health maintenance organization at the 95 per centum actuarially equivalent rate specified in clause (ii) of subparagraph (A) even though it may be larger than the rate specified in clause (i), plus an allowance for administrative expenses as specified in subparagraph (B).

"(D) Payment at the rate specified in subparagraph (C) may be made to a health maintenance organization only if such organization provides the Secretary with satisfactory assurance that any amounts attributable to the difference between payment at such rate and payment at the rate specified in subparagraph (A) will be used in full by such organization for providing its enrollees under this section benefits in addition to those specified in subsection (c) or reducing the premium rates charged to such enrollees pursuant to subsection (g).

"(3) The payments to health maintenance organizations under this subsection for each month shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund, as follows: The amount payable to such an organization for such a month from the Federal Supplementary Medical Insurance Trust Fund shall be equal to 200 percent of the product of (A) the number of individuals enrolled under subsection (e) with such organization for such month, and (B) the monthly premium for supplementary medical insurance applicable for such month under section 1839(b)(2). The remainder of such payment for such month to such organization shall be paid by the Federal Hospital Insurance Trust Fund. 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.

"(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 under subsection (e) on a per capita prepayment basis;

"(2) provides, 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;

"(3) provides physicians' services (A) directly through physicians who are either employees or partners of such organization, 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) 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;

"(5) except as provided in subsections (h) and (i) has enrolled members at least half of whom are individuals under age 65;

"(6) has arrangements for assuring that the health services required by its members are received promptly and appropriately and that the services which are received meet standards of quality which it establishes in accordance with regulations;

"(7) 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 requirement of paragraph (5)); and

"(8)(A) has an enrollment of not less than 10,000 members, or (as determined by the Secretary) is expected to have such enrollment within 3 years from the date such determination is made and (B) is expected to maintain such enrollment.

"(c) The benefits provided under this section 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 such emergency services and prescribed maintenance therapy (as defined in regulations) 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;

"(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 a 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). 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 provided in section 205(g).

"(g)(1) If the health maintenance organization provided its enrollees under this section only the services described in subsection (c), its premium rate 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) A health maintenance organization may provide additional services for which premium charges may be made, but such charges must be reasonable as determined by the Secretary in accordance with regulations. If the health maintenance organization provides to its enrollees under this section services in addition to those described in subsection (c), it shall furnish such enrollees with information on the portion of its premium rate applicable to such additional services and the portion applicable to the services described in subsection (c). Such portion applicable to the services described in subsection (c) may 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.

"(h) The provisions of paragraph (5) of subsection (b) shall not apply with respect to any health maintenance organization for such period not to exceed five years from the date such organization enters into an agreement with the Secretary pursuant to subsection (j), 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 (5) within such five year period.

"(i) The Secretary may waive the requirements of paragraph (5) of subsection (b) with respect to any health maintenance organization if he finds that such organization has made reasonable efforts to achieve compliance with such paragraph and, that because of its geographic location or other circumstances beyond its control, such organization would be unable to achieve compliance with such paragraph except through a reduction of enrollment under this section.

"(j)(1) The Secretary is authorized to enter into a contract with any health maintenance organization which undertakes to provide, on a 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) Each contract under this section shall be for a term 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 health maintenance organization has failed substantially to carry out the contract or is carrying out the contract in a manner inconsistent with the efficient and effective administration of this section.

"(3) The effective date of any contract executed pursuant to this subsection shall be specified in such contract pursuant to regulations.

"(4) Payment for services provided by any health maintenance organization to eligible enrollees under the contract shall be made pursuant to subsection (a)(2) except that if the Secretary determines within a three year period following the termination of any accounting period of any such organization that the estimates made pursuant to subsection (a)(2) were substantially incorrect, because they were based upon erroneous data or because actuarial assumptions were materially different from the actual experience with the result that such organization received substantially more or less

than it should have received pursuant to subsection (a)(2), the Secretary is authorized to make appropriate retroactive adjustments in such payments.

"(5) 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 under such contract; and

"(B) shall contain such other terms and conditions not inconsistent with this section as the Secretary may find necessary."

(b) Notwithstanding the provisions of section 1814 and section 1833 of the Social Security Act, any health maintenance organization which has entered into an agreement with the Secretary pursuant to section 1876 of such Act shall, for the duration of such agreement, be entitled to reimbursement only as provided in section 1876 of such Act for individuals who are members of such organization; except that with respect to individuals who were members of such organi-

zation prior to July 1, 1971, and who, although eligible to have payment made pursuant to section 1876 of such Act for services rendered to them, chose (in accordance with regulations) not to have such payment made pursuant to such section, the Secretary shall, for a period not to exceed three years commencing on July 1, 1971, pay such organization on the basis of prospective per capita rates, determined in accordance with the provisions of section 1876(a) of such Act, with appropriate actuarial adjustments to reflect the difference in utilization of out-of-plan services between such individuals and individuals who are enrolled with such organization pursuant to section 1876 of such Act.

(c)(1) Section 1814(a) of such Act, as amended by section 226(b) of this Act, is further amended by striking out "Except as provided in subsections (d) and (g)," and inserting in lieu thereof the following: "Except as provided in subsections (d) and (g) and in section 1876,".

(2) Section 1833(a) of such Act is amended by striking out "Subject to" and inserting in lieu thereof the following: "Except as provided in section 1876 and subject to".

(d) The amendments made by this section shall be effective with respect to services provided on or after July 1, 1971.

(235) *UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND STAFFING STANDARDS FOR EXTENDED CARE FACILITIES AND SKILLED NURSING HOMES*

SEC. 240. (a) Title XI of the Social Security Act (as amended by section 221 of this Act) is further amended by adding at the end thereof the following new section:

"UNIFORM HEALTH, SAFETY, ENVIRONMENTAL, AND STAFFING STANDARDS FOR EXTENDED CARE FACILITIES AND SKILLED NURSING HOMES

"SEC. 1123..(a) If any State has a State plan approved under title XIX which imposes (as a condition for payment of skilled nursing services under the plan) on nursing homes in such State standards with respect to health, safety, environmental quality, or staffing which are higher than the standards (relating to health, safety, environmental quality, or staffing) which are imposed under title XVIII with respect to extended care facilities, the Secretary shall impose, on the extended care facilities in such State, like standards as a condition of payment under title XVIII for extended care services provided by such facilities.

"(b) In addition to the requirements imposed by law as a condition of approval of any State plan under title XIX, there is hereby imposed the requirement (and the plan shall be deemed to require) that, as a condition of payment under the plan for skilled nursing home services provided by facili-

ties in such State, such facilities must meet the standards (relating to health, safety, environmental quality, and staffing) applicable to facilities providing extended care services for which payment may be made under title XVIII, if, and to the extent that, such standards are higher than the standards (relating to health, safety, environmental quality, and staffing) which are otherwise imposed under the plan as a condition of payment thereunder for skilled nursing home services."

(b) The amendments made by subsection (a) shall be applicable with respect to skilled nursing home services provided after June 30, 1971, under a State plan approved under title XIX of the Social Security and extended care services provided after such date under title XVIII of such Act.

(236) *SIMPLIFIED REIMBURSEMENT OF EXTENDED CARE FACILITIES*

SEC. 241. (a) Section 1861(v)(1) of the Social Security Act is amended by—

(a) inserting "(A)" after "(v)(1)";

(b) inserting "(B)" immediately before "Such" the first time it appears in the second paragraph thereof; and

(c) adding at the end the following new paragraph:

"(C) Such regulations may, in the case of extended care facilities in any State, provide for the use of rates, developed by the State in which such facilities are located, for the payment of the cost of

skilled nursing home services furnished under the State's plan approved under title XIX (and such rates may be increased by the Secretary on a class or size of institution or on a geographical basis by a percentage factor not in excess of 10 percent to take into account determinable items or services or other requirement under this title not otherwise included in the computation of such State rates), if the Secretary finds that such rates are reasonably related to (but not necessarily limited to) analyses undertaken by such State of costs of care in comparable facilities in such State; except that the foregoing provisions of this subparagraph shall not apply to any extended care facility in such State if—

"(i) such facility is a distinct part of or directly operated by a hospital, or

"(ii) such facility operates in a close, formal satellite relationship (as defined in regulations of the Secretary) with a participating hospital or hospitals.

Notwithstanding the previous provisions of this paragraph, in the case of an extended care facility specified in clause (ii) of this subparagraph, the reasonable cost of any services furnished by such facility as determined by the Secretary under this subsection

shall not exceed 150 percent of the costs determined by the application of this subparagraph (without regard to such clause (ii)).".

(b) The amendments made by subsection (a) shall be applicable only in the case of accounting periods beginning after June 30, 1971.

(237) *WAIVER OF REQUIREMENT OF REGISTERED PROFESSIONAL NURSES IN HOSPITALS IN RURAL AREAS*

SEC. 242. Section 1861(e)(5) of the Social Security Act is amended by (1) inserting "(i)" after "(5)", (2) inserting "(ii)" after "and", and (3) adding at the end thereof the following: "except that the Secretary is authorized to waive the requirement of clause (i) of this paragraph for any one-year period (or less) ending no later than December 31, 1975 with respect to any institution where immediately preceding such period he finds that—

"(A) such institution is located in a rural area and the supply of hospital services in such area is not sufficient to meet the needs of individuals residing therein, and

"(B) the failure of such institution to qualify as a hospital would seriously reduce the availability of such services to beneficiaries in such area; and

"(C) such institution has made and continues to make a good faith effort to comply with this paragraph,

but such compliance is impeded by the lack of qualified nursing personnel in such area; and

"(D) the requirements of such clause (i) were met for a regular daytime shift."

(238) *INDEPENDENT PROFESSIONAL REVIEW IN INTERMEDIATE CARE FACILITIES*

SEC. 243. Section 1902(a) of the Social Security Act (as amended by sections 234, 238, 251, and 253 of this Act) is further amended (A) by striking out "and" at the end of paragraph (31), (B) by striking out the period at the end of paragraph (33) and inserting in lieu of such period "; and", and (C) by adding after paragraph (32) the following new paragraph:

"(33) Effective July 1, 1971, 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; (B) for periodic inspections to be made in all 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 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."

(239) *DIRECT LABORATORY BILLING OF PATIENTS*

SEC. 244. (a) Section 1833(a)(1) of the Social Security Act is amended by—

(1) striking out "and" before "(B)";

(2) inserting before the semicolon at the end thereof the following: ", and (C) with respect to diagnostic tests performed in a laboratory for which payment is made under this part to the laboratory, the amounts paid shall be equal to 100 percent of the negotiated rate for such tests (as determined pursuant to subsection (g) of this section)".

(b) Section 1833 of such Act is further amended by adding at the end thereof the following subsection:

"(g) With respect to diagnostic tests performed in a laboratory for which payment is made under this part to the laboratory, the Secretary is authorized to establish a payment rate which is acceptable to the laboratory and which would be considered the full charge for such tests. Such negotiated rate shall be limited to an amount not in excess of the total payment that would have been made for the services in the absence of such a rate."

(240) *PROFESSIONAL STANDARDS REVIEW*

SEC. 245. (a) The heading to title XI of the Social Security Act is amended by striking out

"TITLE XI—GENERAL PROVISIONS"

and inserting in lieu thereof

"TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

"PART A—GENERAL PROVISIONS".

(b) Title XI of such Act is further amended by adding after section 1123 thereof (as added by section 240(a) of this Act) the following:

"PART B—PROFESSIONAL STANDARDS REVIEW

"DECLARATION OF PURPOSE

"SEC. 1151. In order to promote the effective, efficient, and economical delivery of health care services for which

payment may be made (in whole or in part) under title XVIII, or under State plans approved under title XIX, and in recognition of the interests of patients and the public in improved health care services, it is the purpose of this part to assure, through the application of suitable procedures of professional standards review, that the services for which payment may be made under the Social Security Act will conform to appropriate professional standards for the provision of health care and that payment for such services will be made—

"(1) only when, and to the extent, medically necessary, as determined in the exercise of reasonable limits of professional discretion; and

"(2) in the case of services provided by a hospital or other health care facility on an inpatient basis, only when and for such period as such services cannot, consistent with professionally recognized health care standards, effectively be provided on an outpatient basis or more economically in an inpatient health care facility of a different type, as determined in the exercise of reasonable limits of professional discretion.

"DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1152. (a) The Secretary shall (1) not later than January 1, 1972, establish throughout the United States

appropriate areas with respect to which Professional Standards Review Organizations may be designated, and (2) at the earliest practicable date thereafter enter into an agreement with a qualified organization whereby such an organization shall be designated as the Professional Standards Review Organization for such area.

"(b) For purposes of subsection (a), the term 'qualified organization' means—

"(1) when used in connection with any area—

"(A) a nonprofit professional association (i) (or a component organization thereof) which is composed of physicians engaged in the practice of medicine or surgery in such area, (ii) the membership of which includes a substantial proportion of all such physicians in such area, and (iii) which has available professional competence to review health care services of the types and kinds with respect to which Professional Standards Review Organizations have review responsibilities under this part, or

"(B) such other public, nonprofit private, or other agency or organization, which the Secretary determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; and

"(2) which the Secretary, on the basis of his exam-

ination and evaluation of a formal plan submitted to him by the association, agency, or organization (as well as on the basis of other relevant data and information), finds to be willing to perform and capable of performing, in an effective and timely manner and at reasonable cost, the duties, functions, and activities of a Professional Standards Review Organization required by or pursuant to this part.

"(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) 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 agreement 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 (nor has its predecessor 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 will result in an improvement in the performance in such area of the duties and functions required of such Organizations under this part.

"(d)(1) An agreement entered into under this part between the Secretary and any organization under which such organization is designated as the Professional Standards Review Organization for any area shall provide that such organization will—

"(A) perform such duties and functions and assume such responsibilities and comply with such other requirements as may be required by this part or under regulations of the Secretary promulgated to carry out the provisions of this part; and

"(B) collect such data relevant to its function and such information and keep and maintain such records as the Secretary may require to carry out the purposes of

this part and to permit access to and use of any such records as the Secretary may require for such purposes.

"(2) Any such agreement with an organization under this part shall provide that the Secretary make payments to such organization equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such organization in carrying out or preparing to carry out the duties and functions required by such agreement.

"(3) Any such agreement under this part with an organization shall be for a term of twelve months; except that, prior to the expiration of such term, such agreement may be terminated—

"(A) by the organization at such time and upon such notice to the Secretary as may be prescribed in regulations (except that notice of more than three months may not be required); or

"(B) by the Secretary at such time and upon such reasonable notice to the organization as may be prescribed in regulations, but only after the Secretary has determined (after providing such organization with an opportunity for a formal hearing on the matter) that such organization is not substantially complying with or effectively carrying out the provisions of such agreement.

"(e) No Professional Standards Review Organization

shall utilize the services of any individual who is not a physician to make final determinations with respect to the professional conduct of any physician, or any act performed by any physician in the exercise of his profession.

"REVIEW PENDING DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATION

"SEC. 1153. Pending the assumption by a Professional Standards Review Organization for any area, of full review responsibility, and pending a demonstration of capacity for improved review effort with respect to matters involving the provision of health care services in such area for which payment (in whole or in part) may be made, under title XVIII, or under State plans approved under title XIX, any review with respect to such services which has not been designated by the Secretary as the responsibility of such organization, shall be reviewed in the manner otherwise provided for under law.

"TRIAL PERIOD FOR PROFESSIONAL STANDARDS REVIEW ORGANIZATION

"SEC. 1154. (a) The Secretary shall initially designate an organization as a Professional Standards Review Organization for any area on a conditional basis with a view to determining the capacity of such organization to perform the duties and functions imposed under this part on Professional Standards Review Organizations. Such designation may not

be made prior to receipt from such organization and approval by the Secretary of a formal plan for the orderly assumption and implementation of the responsibilities of the Professional Standards Review Organization under this part.

"(b) During any such trial period (which may not exceed twenty-four months), the Secretary may require a Professional Standards Review Organization to perform only such of the duties and functions required under this part of Professional Standards Review Organizations as he determines such organization to be capable of performing. The number and type of such duties shall, during the trial period, be progressively increased as the organization becomes capable of added responsibility so that, by the end of such period, such organization shall be considered a qualified organization only if the Secretary finds that it is substantially carrying out the activities and functions required of Professional Standards Review Organizations under this part with respect to the review of health care services provided by physicians and other practitioners and institutional health care facilities. Any of such duties and functions not performed by such organization during such period shall be performed in the manner and to the extent otherwise provided for under law.

"(c) Any agreement under which any organization is conditionally designated as the Professional Standards Review Organization for any area may be terminated by such organization upon ninety days notice to the Secretary or by the Secretary upon ninety days notice to such organization.

"(d) In order to avoid duplication of functions and unnecessary review and control activities, the Secretary is authorized to waive any or all of the review or similar activities otherwise required under or pursuant to any provision of this Act (other than this part) where he finds, on the basis of substantial evidence of the effective performance of review and control activities by Professional Standards Review Organizations, that the review and similar activities otherwise so required, are not needed for the provision of adequate review and control.

"DUTIES AND FUNCTIONS OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1155. (a)(1) It shall be the duty and function of each Professional Standards Review Organization for any area to assume, at the earliest date practicable, responsibility for the review of the professional activities in such area of physicians and other health care practitioners and institutional providers of health care services in the provision of health care services for which payment may be made (in whole or in part) under title XVIII, or under State plans

approved under title XIX, for the purpose of determining whether—

"(A) such services are or were medically necessary;

"(B) the quality of such services meets professionally recognized standards of health care; and

"(C) in case such services are proposed to be provided in a hospital or other health care facility on an in-patient basis, such services could, consistent with the provision of appropriate medical care, be effectively provided on an out-patient basis or more economically in an in-patient health care facility of a different type.

"(2) Each Professional Standards Review Organization shall have the authority to determine, in advance, in the case of—

"(A) any elective admission to a hospital, or other health care facility, or

"(B) any other health care service which will consist of extended or costly courses of treatment,

whether such service, if provided, or if provided by a particular health care practitioner or by a particular hospital or other health care facility, would meet the criteria specified in clauses (A) and (C) of paragraph (1).

"(3) Each Professional Standards Review Organization shall, in accordance with regulations of the Secretary, determine and publish, from time to time, the types and kinds of

cases (whether by type of health care or diagnosis involved, or whether in terms of other relevant criteria relating to the provision of health care services) with respect to which such Organization will, in order most effectively to carry out the purposes of this part, exercise the authority conferred upon it under paragraph (2).

"(4) Each Professional Standards Review Organization shall be responsible for the regular review of profiles of care and services received and provided with respect to patients, utilizing to the greatest extent practicable in such patient profiles, methods of coding which will provide maximum confidentiality as to patient identity and assure objective evaluation consistent with the purposes of this part. Profiles shall also be regularly reviewed on an ongoing basis with respect to each health care practitioner and provider to determine whether the care and services ordered or rendered are consistent with the criteria specified in clauses (A), (B), and (C) of paragraph (1).

"(5) Physicians assigned responsibility for the review of hospital care may be only those having active hospital staff privileges in at least one of the participating hospitals in the area served by the Professional Standards Review Organization.

"(6) No physician shall be permitted to review—

"(A) health care services provided to a patient if

he was directly or indirectly involved in providing such services, or

"(B) health care services provided in or by an institution, if he or any member of his family has, directly or indirectly, any financial interest in such institution. For purposes of this paragraph, a physician's family includes only his spouse (other than a spouse who is legally separated from him under a decree of divorce or separate maintenance), children (including legally adopted children), grandchildren, parents, and grandparents.

"(b) To the extent necessary or appropriate for the proper performance of its duties and functions, the Professional Standards Review Organization serving any area is authorized in accordance with regulations prescribed by the Secretary to—

"(1) make arrangements to utilize the services of persons who are practitioners of or specialists in the various areas of medicine (including dentistry), or other types of health care, which persons shall, to the maximum extent practicable, be individuals engaged in the practice of their profession within the area served by such organization;

"(2) undertake such professional inquiry either before or after, or both before and after, the provision of

services with respect to which such organization has a responsibility for review under subsection (a)(1);

"(3) examine the pertinent records of any practitioner or provider of health care services providing services with respect to which such organization has a responsibility for review under subsection (a)(1); and

"(4) inspect the physical facilities in which care is rendered or services provided (which are located in such area) of any practitioner or provider.

"(c) In order to familiarize physicians with the review functions and activities of Professional Standards Review Organizations and to promote acceptance of such functions and activities by physicians, patients, and other persons, each Professional Standards Review Organization, in carrying out its review responsibilities, shall (to the maximum extent consistent with the effective and timely performance of its duties and functions)—

"(1) encourage all physicians practicing their profession in the area served by such Organization to participate in the review activities of such Organization;

"(2) provide rotating physician membership of review committees on an extensive and continuing basis;

"(3) assure that membership on review committees have the broadest representation feasible in terms of the various types of practice in which physicians engage in the area served by such Organization; and

"(4) utilize, whenever feasible, medical periodicals and similar publications to publicize the functions and activities of Professional Standards Review Organizations.

"(d)(1) Each Professional Standards Review Organization is authorized to utilize the services of, and accept the findings of, the review committees of hospitals located in the area served by such Organization, but only when and only to the extent that such committees have demonstrated to the satisfaction of such Organization their capacity effectively and in timely fashion to review activities in such hospitals (including the medical necessity of admissions, services ordered, and lengths of stay) so as to aid in accomplishing the purposes and responsibilities described in subsection (a)(1).

"(2) Each Professional Standards Review Organization is authorized to utilize the services of medical societies and similar organizations to assist such Organization in performing one or more of its professional review activities, but only when and only to the extent that such societies or other organizations have demonstrated to the satisfaction of such Organization their capacity effectively and in timely fashion to perform such activities so as to aid in accomplishing the purposes described in subsection (a)(1).

"(3) The Secretary may prescribe regulations to carry out the provisions of this subsection.

"NORMS OF HEALTH CARE SERVICES FOR VARIOUS ILLNESSES OR HEALTH CONDITIONS

"SEC. 1156. (a) Each Professional Standards Review Organization shall apply professionally developed norms of care and treatment based upon typical patterns of practice in their region (including typical lengths-of-stay for institutional care by age and diagnosis) as principal points of evaluation and review. The National Professional Standards Review Council and the Secretary shall provide such technical assistance to the organization as will be helpful in utilizing and applying such norms of care and treatment. Where the actual norms of care and treatment in a Professional Standards Review Organization area are significantly different from professionally developed regional norms of care and treatment approved for comparable conditions, the Professional Standards Review Organization concerned shall be so informed, and in the event that appropriate consultation and discussion indicate reasonable basis for usage of such unusual norms in the area concerned, the Professional Standards Review Organization may apply such actual norms in such area as are approved by the National Professional Standards Review Council.

"(b) Any such norm with respect to treatment for any particular illness or health condition shall include (in accordance with regulations of the Secretary)—

"(1) the types and extent of the health care services which, taking into account differing, but acceptable, modes of treatment, are considered within the range of appropriate treatment of such illness or health condition, consistent with professionally recognized and accepted patterns of care;

"(2) the type of health care facility which is considered, consistent with such standards, to be the type in which health care services which are medically appropriate for such illness or condition can most economically be provided.

"(c)(1) The National Professional Standards Review Council shall provide for the preparation and distribution, to each Professional Standards Review Organization and to each other agency or person performing review functions with respect to the provision of health care services under title XVIII, or under State plans approved under title XIX, of appropriate materials indicating the regional norms to be utilized pursuant to this part. Such data concerning norms shall be reviewed and revised from time to time. The approval of the National Professional Standards Review Council of norms of care and treatment shall be based on its analysis of appropriate and adequate data.

"(2) Each review organization, agency, or person referred to in paragraph (1) shall utilize the norms developed

under this section as a principal point of evaluation and review for determining, with respect to any health care services which have been or are proposed to be provided, whether such care and services are consistent with the criterion specified in section 1155(a)(1).

"(d)(1) Each Professional Standards Review Organization shall—

"(A) in accordance with regulations of the Secretary, specify the appropriate points in time, after the admission of a patient for in-patient care in a health care institution, at which the physician attending such patient shall execute a certification stating that further in-patient care in such institution will be medically necessary effectively to meet the health care needs of such patient; and

"(B) require that there be included in any such certification with respect to any patient such information as may be necessary to enable such Organization properly to evaluate the medical necessity of the further institutional health care recommended by the physician executing such certification.

"(2) The points in time at which any such certification will be required shall be consistent with and based on professionally developed norms of care and treatment and data developed with respect to length of stay in health care institu-

tions of patients having various illnesses, injuries, or health conditions, and requiring various types of health care services or procedures.

"SUBMISSION OF REPORTS BY PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1157. If, in discharging its duties and functions under this part, any Professional Standards Review Organization determines that any health care practitioner or any hospital, or other health care facility has violated any of the obligations imposed by section 1160, such organization shall report the matter to the Statewide Professional Standards Review Council for the State in which such organization is located together with the recommendations of such Organization as to the action which should be taken with respect to the matter. Any Statewide Professional Standards Review Council receiving any such report and recommendation shall review the same and promptly transmit such report and recommendation to the Secretary together with any additional comments or recommendations thereon as it deems appropriate.

"REQUIREMENT OF REVIEW APPROVAL AS CONDITION OF PAYMENT OF CLAIMS

"SEC. 1158. Notwithstanding any other provision of law, no Federal funds appropriated under any title of this

Act for the provision of health care services shall be used (directly or indirectly) for the payment, under any such title or any program established pursuant thereto, of any claim for the provision of such services if—

"(1) the provision of such services is subject to review by any Professional Standards Review Organization, or other agency; and

"(2) such organization or other agency has, in the proper exercise of its duties and functions under or consistent with the purposes of this part, disapproved of the services giving rise to such claim, and has, prior to the provision of such services, notified the practitioner or provider providing such services and the individual to receive such services of its disapproval of the provision of such services to such individual.

"NOTICE TO CLAIMS PAYMENT AGENCY OF DISAPPROVAL OF SERVICES

"SEC. 1159. Whenever any Professional Standards Review Organization, in the discharge of its duties and functions as specified by or pursuant to this part, disapproves of any health care services furnished by any practitioner or provider, such organization shall promptly notify the agency or organization having responsibility for acting upon claims for payment for or on account of such services.

"OBLIGATIONS OF HEALTH CARE PRACTITIONERS AND PROVIDERS OF HEALTH CARE SERVICES; SANCTIONS AND PENALTIES; HEARINGS AND REVIEW

"SEC. 1160 (a) (1) It shall be the obligation of any health care practitioner and any other person (including a hospital or other health care facility) who provides health care services for which payment may be made (in whole or in part) under title XVIII, or under any State plan approved under title XIX, to assure that services ordered or provided by such practitioner or person—

"(A) will be provided only when, and to the extent, medically necessary; and

"(B) will be of a quality which meets professionally recognized standards of health care;

and it shall be the obligation of any health care practitioner, in ordering, authorizing, directing, or arranging for the provision by any other person (including a hospital or other health care facility) of health care services for any patient of such practitioner, to exercise his professional responsibility with a view to assuring (to the extent of his influence or control over such patient, such person, or the provision of such services) that such services will be provided—

"(C) only when, and to the extent, medically necessary; and

"(D) will be of a quality which meets professionally recognized standards of health care.

"(2) Each health care practitioner, and each hospital or other provider of health care services, shall have an obligation, within reasonable limits of professional discretion, not to take any action, in the exercise of his profession (in the case of any health care practitioner), or in the conduct of its business (in the case of any hospital or other such provider), which would authorize any individual to be admitted as an in-patient in or to continue as an in-patient in any hospital or other health care facility unless—

"(A) in-patient care is determined by such practitioner and by such hospital or other provider, consistent with professionally recognized health care standards, to be medically necessary for the proper care of such individual; and

"(B)(i) the in-patient care required by such individual cannot, consistent with such standards, be provided more economically in a health care facility of a different type; or

"(ii) (in the case of a patient who requires care which can, consistent with such standards, be provided more economically in a health care facility of a different type) there is, in the area in which such individual is located, no such facility or no such facility which is avail-

able to provide care to such individual at the time when care is needed by him.

"(b)(1) If after reasonable notice and opportunity for discussion with the practitioner or provider concerned, any Professional Standards Review Organization submits a report and recommendation to the Secretary pursuant to section 1157 (which report and recommendation shall be submitted through the Statewide Professional Standards Review Council which shall promptly transmit such report and recommendations together with any additional comments and recommendations thereon as it deems appropriate) and if the Secretary determines that such practitioner or provider, in providing health care services over which such organization has review responsibility and for which payment (in whole or in part) may be made under title XVIII, or under any State plan approved under title XIX, has—

"(A) by failing, in a substantial number of cases, substantially to comply with any obligation imposed on him under subsection (a), or

"(B) by grossly and flagrantly violating any such obligation in one or more instances,

demonstrated an unwillingness or a lack of ability substantially to comply with such obligations, he (in addition to any other sanction provided under law) may exclude (permanently or for such period as the Secretary may prescribe)

such practitioner or provider from eligibility to provide such services on a reimbursable basis.

"(2) A determination made by the Secretary under this subsection shall be effective at such time and upon such reasonable notice to the public and to the person furnishing the services involved as may be specified in regulations. Such determination shall be effective with respect to services furnished to an individual on or after the effective date of such determination (except that in the case of institutional health care services such determination shall be effective in the manner provided in title XVIII with respect to terminations of provider agreements), and shall remain in effect until the Secretary finds and gives reasonable notice to the public that the basis for such determination has been removed and that there is reasonable assurance that it will not recur.

"(3) In lieu of the sanction authorized by paragraph (1), the Secretary may require that (as a condition to the continued eligibility of such practitioner or provider to provide such health care services on a reimbursable basis) such practitioner or provider pay to the United States, in case such acts or conduct involved the provision by such practitioner or provider of health care services which were medically improper or unnecessary, an amount not in excess of the actual or estimated cost of the medically improper or unnecessary services so provided, or (if less) $5,000. Such amount may be deducted from any sums owing by

the United States (or any instrumentality thereof) to the person from whom such amount is claimed.

"(4) Any person furnishing services described in paragraph (1) who is dissatisfied with a determination made by the Secretary under this subsection shall be entitled to reasonable notice and opportunity for a hearing thereon by the Secretary to the same extent as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

"(c) It shall be the duty of each Professional Standards Review Organization and each Statewide Professional Standards Review Council to use such authority or influence it may possess as a professional organization, and to enlist the support of any other professional or governmental organization having influence or authority over health care practitioners and any other person (including a hospital or other health care facility) providing health care services in the area served by such review organization, in assuring that each practitioner or provider (referred to in subsection (a)) providing health care services in such area shall comply with all obligations imposed on him under subsection (a).

"NOTICE TO PRACTITIONER OR PROVIDER

"SEC. 1161. (a) Whenever any Professional Standards Review Organization takes any action or makes any determination—

"(1) which denies any request, by a health care practitioner or other provider of health care services, for approval of a health care service proposed to be ordered or provided by such practitioner or provider; or

"(2) that any such practitioner or provider has violated any obligation imposed on such practitioner or provider under section 1160;

such organization shall, immediately after taking such action or making such determination, give notice to such practitioner or provider of such determination and the basis therefor, and shall provide him with appropriate opportunity for discussion and review of the matter.

"STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS; ADVISORY GROUPS TO SUCH COUNCILS

"SEC. 1162. (a) In any State in which there are located three or more Professional Standards Review Organizations, the Secretary shall establish a Statewide Professional Standards Review Council.

"(b) The membership of any such Council for any State shall be appointed by the Secretary and shall consist of—

"(A) one representative 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).

"(c) It shall be the duty and function of the Statewide Professional Standards Review Council for any State, in accordance with regulations of the Secretary, to coordinate the activities of, and disseminate information and data among, the various Professional Standards Review Organizations within such State.

"(d) The Secretary is authorized to enter into an agreement with any such Council under which the Secretary shall make payments to such Council equal to the amount of expenses reasonably and necessarily incurred, as determined by the Secretary, by such Council in carrying out the duties and functions provided in this section.

"(e)(1) The Statewide Professional Standards Review Council for any State shall be advised and assisted in carrying out its functions by an advisory group (of not less than seven nor more than eleven members) which shall be made up of representatives of health care practitioners (other than physicians) and hospitals and other health care facilities which

provide within the State health care services for which payment (in whole or in part) may be made under any program established by or pursuant to this Act.

"(2) The Secretary shall by regulations provide the manner in which members of such advisory group shall be selected by the Statewide Professional Standards Review Council.

"(3) The expenses reasonably and necessarily incurred, as determined by the Secretary, by such group in carrying out its duties and functions under this subsection shall be considered to be expenses necessarily incurred by the Statewide Professional Standards Review Council served by such group.

"NATIONAL PROFESSIONAL STANDARDS REVIEW COUNCIL

"Sec. 1163. (a)(1) There shall be established a National Professional Standards Review Council (hereinafter in this section referred to as the 'Council') which shall consist of eleven physicians, 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.

"(2) Members of the Council shall be appointed for a term of three years and shall be eligible for reappointment.

"(3) The Secretary shall from time to time designate one of the members of the Council to serve as Chairman thereof.

"(b) Members of the Council shall consist of physicians of recognized standing and distinction in the appraisal of medical practice. A majority of such members shall be physicians who have been recommended to the Secretary to serve on the Council by national organizations recognized by the Secretary as representing practicing physicians. The membership of the Council shall include physicians who have been recommended for membership on the Council by consumer groups and other health care interests.

"(c) The Council is authorized to utilize, and the Secretary shall make available, 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 prepared by, for, or otherwise available to, the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

"(d) Members of the Council, while serving on business of the Council, shall be entitled to receive compensation at a rate fixed by the Secretary (but not in excess of the daily rate paid under GS–18 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, including per diem in lieu of subsistence, as authorized by section 5703

of title 5, United States Code, for persons in Government service employed intermittently.

"(e) It shall be the duty of the Council to—

"(1) advise and assist the Secretary in the administration of this part;

"(2) provide for the development and distribution, among Statewide Professional Standards Review Councils and Professional Standards Review Organizations, of information and data which will assist such review councils and organizations in carrying out their duties and functions;

"(3) review the operations of Statewide Professional Standards Review Councils and Professional Standards Review Organizations with a view to determining the effectiveness and comparative performance of such review councils and organizations in carrying out the purposes of this part; and

"(4) make or arrange for the making of studies and investigations with a view to developing and recommending to the Secretary and to the Congress measures designed more effectively to accomplish the purposes and objectives of this part.

"(f) The National Professional Standards Review Council shall from time to time, but not less often than annually, submit to the Secretary and to the Congress a report

on its activities and shall include in such report the findings of its studies and investigations together with any recommendations it may have with respect to the more effective accomplishment of the purposes and objectives of this part. Such report shall also contain comparative data indicating the results of review activities, conducted pursuant to this part, in each State and in each of the various areas thereof.

"APPLICATION OF THIS PART TO CERTAIN STATE PROGRAMS RECEIVING FEDERAL FINANCIAL ASSISTANCE

"SEC. 1164. (a) In addition to the requirements imposed by law as a condition of approval of a State plan approved under title XIX, there is hereby imposed the requirement that provisions of this part shall apply to the operation of such plan or program.

"(b) The requirement imposed by subsection (a) with respect to State plans approved under title XIX shall apply—

"(1) in the case of any such plan where legislative action by the State legislature is not necessary to meet such requirement, on and after January 1, 1972; and

"(2) in the case of any such plan where legislative action by the State legislature is necessary to meet such requirement, whichever of the following is earlier—

"(A) on and after July 1, 1972, or

"(B) on and after the first day of the calendar

month which first commences more than ninety days after the close of the first regular session of the legislature of such State which begins after December 31, 1971.

"CORRELATION OF FUNCTIONS BETWEEN PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS AND ADMINISTRATIVE INSTRUMENTALITIES

"SEC. 1165. The Secretary shall by regulations provide for such correlation of activities, such interchange of data and information, and such other cooperation consistent with economical, efficient, coordinated and comprehensive implementation of this part (including usage of existing mechanical and other data-gathering capacity), between—

"(A)(i) agencies and organizations which are parties to agreements entered into pursuant to section 1816, (ii) carriers which are parties to contracts entered into pursuant to section 1842, and (iii) any other public or private agency (other than a Professional Standards Review Organization) having review or control functions, or proved relevant data-gathering procedures and experience, and

"(B) Professional Standards Review Organizations, as may be necessary or appropriate for the effective administration of title XVIII, or State plans approved under title XIX.

"PROHIBITION AGAINST DISCLOSURE OF INFORMATION

"SEC. 1166. (a) Any data or information acquired by any Professional Standards Review Organization, in the exercise of its duties and functions, shall be held in confidence and shall not be disclosed to any person except (A) to the extent that may be necessary to carry out the purposes of this part or (B) in such cases and under such circumstances as the Secretary shall by regulations provide to assure adequate protection of the rights and interests of patients, health care practitioners, or providers of health care.

"(b) It shall be unlawful for any person to disclose any such information other than for such purposes, and any person violating the provisions of this section shall, upon conviction, be fined not more than $1,000, and imprisoned for not more than six months, or both, together with the costs of prosecution.

"LIMITATION ON LIABILITY FOR PERSONS PROVIDING INFORMATION, AND FOR MEMBERS AND EMPLOYEES OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS, AND FOR HEALTH CARE PRACTITIONERS AND PROVIDERS

"SEC. 1167. (a) Notwithstanding any other provision of law, no person providing information to any Professional Standards Review Organization shall be held, by reason of having provided such information, to have violated any crimi-

nal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof) unless—

"(1) such information is unrelated to the performance of the duties and functions of such Organization, or

"(2) such information is false and the person providing such information knew, or had reason to believe, that such information was false.

"(b)(1) No individual who, as a member or employee of any Professional Standards Review Organization or who furnishes professional counsel or services to such organization, shall be held by reason of the performance by him of any duty, function, or activity authorized or required of Professional Standards Review Organizations under this part, to have violated any criminal law, or to be civilly liable under any law, of the United States or of any State (or political subdivision thereof).

"(2) The provisions of paragraph (1) shall not apply with respect to any action taken by any individual if such individual, in taking such action, was motivated by malice toward any person affected by such action.

"(c) No health care practitioner and no provider of health care services shall be civilly liable to any person under any law, of the United States or of any State (or political subdivision thereof) on account of any action taken by him in

compliance with or reliance upon professionally accepted norms of care and treatment applied by a Professional Standards Review Organization operating in the area where such practitioner or provider took such action but only if—

"(1) he takes such action (in the case of a health care practitioner) in the exercise of his profession as a health care practitioner or (in the case of a provider of health care services) in the exercise of his functions as a provider of health care services and

"(2) he exercised due care in all professional conduct taken or directed by him and reasonably related to, and resulting from, the actions taken in compliance with or reliance upon such professionally accepted norms of care and treatment.

"AUTHORIZATION FOR USE OF CERTAIN FUNDS TO ADMINISTER THE PROVISIONS OF THIS PART

"SEC. 1168. Expenses incurred in the administration of this part shall be payable from—

"(1) funds in the Federal Hospital Insurance Trust Fund;

"(2) funds in the Federal Supplementary Medical Trust Funds; and

"(3) funds appropriated to carry out the provisions of title XIX;

in such amounts from each of the sources of funds (referred

to in clauses (1), (2), and (3)) as the Secretary shall deem to be fair and equitable after taking into consideration the costs attributable to the administration of this part with respect to each of such plans and programs.

"TECHNICAL ASSISTANCE TO ORGANIZATIONS DESIRING TO BE DESIGNATED AS PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

"SEC. 1169. The Secretary is authorized to provide all necessary technical and other assistance (including the preparation of prototype plans of organization and operation) to organizations described in section 1152(b)(1) which—

"(1) express a desire to be designated as a Professional Standards Review Organization; and

"(2) the Secretary determines have a potential for meeting the requirements of a Professional Standards Review Organization;

to assist such organizations in developing a proper plan to be submitted to the Secretary and otherwise in preparing to meet the requirements of this part for designation as a Professional Standards Review Organization.

"AUTHORIZATION OF DEMONSTRATION PROJECTS

"SEC. 1170. (a) In order to determine the feasibility and potential economies of methods whereby Professional Standards Review Organizations, in addition to their responsibilities under this part, assume responsibility and risk with

respect to the review and payment of claims for health care services, payment for which may be made (in whole or in part) under any program established by or pursuant to this Act, the Secretary is authorized to enter into agreements in periods ending not later than December 31, 1975, with such number of Professional Standards Review Organizations, in the same or in different areas of the Nation, as may be necessary to permit adequate and proper comparison of results, with respect to the review and payment of claims for such services, as between areas in which risk is assumed by Professional Standards Review Organizations and areas in which such risk is not assumed by such organizations. The Secretary shall submit reports to the Congress on the results of such demonstration projects from time to time but not less than annually.

"(b)(1) The Secretary shall undertake such agreements with Professional Standards Review Organizations which indicate willingness and capacity to assume responsibility for review and full payment for all care and services for which beneficiaries or recipients resident in such geographic areas are eligible. Reimbursement to such Professional Standards Review Organizations for such commitments may be on a capitation, prepayment, insured or related basis for renewable contract periods not in excess of one year. Such amounts may not, on an annualized basis for

the initial agreement period, exceed per capita beneficiary costs in the geographic area concerned during the 12-month period prior to the effective date of the agreement. For any subsequent periods the base 12-month period per capita beneficiary costs shall also be applicable and adjusted by appropriate factors representing unit cost increases in covered services.

"(2) Where such agreements are negotiated, provision shall be made for assumption of risk by the underwriting Professional Standards Review Organizations through agreement to make contingent payment for physicians' services of not in excess of 80 per centum of the amounts otherwise allowable for such services in the absence of such agreement.

"(3) From any amounts remaining at the end of the agreement period, provision shall be made for equal division of such amounts between the Secretary (and the State in the case of a federally matched program) and the Professional Standards Review Organizations. The amounts actually paid to the Professional Standards Review Organizations from the divided excess may not exceed the 20 per centum of otherwise allowable amounts withheld plus an incentive payment not in excess of 25 per centum of the total amounts allowable and payable for physicians' services during that year. Any remaining amounts of the Professional

Standards Review Organizations calculation in excess shall revert to the Secretary or to the State in the case of a federally matched health care program.

"(4) Any deficit shall be assumed by the Secretary or State agency in order to assure beneficiaries and recipients of payment for necessary care. The Professional Standards Review Organizations shall not be entitled to the 20 per centum of the otherwise allowable amounts for physicians' services withheld in such period. In any subsequent year, the Secretary shall recover from any excess amounts remaining such additional amounts as had been paid by him or by a State agency to eliminate deficits in prior periods before calculation of any payments of withheld and incentive amounts to the Professional Standards Review Organizations.

"EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS

"SEC. 1171. The provisions of this part shall not apply with respect to a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts."

PART C—MISCELLANEOUS AND TECHNICAL PROVISIONS

COVERAGE PRIOR TO APPLICATION FOR MEDICAL ASSISTANCE

SEC. 251. (a) Section 1902 (a) of the Social Security Act (as amended by sections (241)~~234 (b)~~ ~~and~~ ~~238 (b)~~ *234(b), 238(b) and 243* of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (242) ~~(31)~~ *(32)*;

(2) by striking out the period at the end of paragraph (243) ~~(32)~~ *(33)* and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (244) ~~(32)~~ *(33)* the following new paragraph:

"(245) ~~(33)~~ *(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 for such assistance if such individual was (or upon application would have been) eligible for such assistance at the time such care and services were furnished."

(b) The amendments made by subsection (a) shall be effective July 1, 1971.

HOSPITAL ADMISSIONS FOR DENTAL SERVICES UNDER MEDICARE PROGRAM

SEC. 252. (a) Section 1814 (a) (2) of the Social Security Act is amended by striking out "or" at the end of subparagraph (C), by adding "or" after the semicolon at the end of subparagraph (D), and by inserting after subparagraph (D) the following new subparagraph:

"(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;".

(b) Section 1861(r) of such act (246)~~is~~ *(as amended by sections 203 and 205 of this Act) is further* amended by inserting after "or any facial bone" the following: ", or (C) the certification required by section 1814(a)(2)(E) of this Act,".

(c) Section 1862(a)(12) of such Act is amended by inserting before the semicolon the following: ", 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".

(d) The amendments made by this section shall apply with respect to admissions occurring after the second month following the month in which this Act is enacted.

EXEMPTION OF CHRISTIAN SCIENCE SANATORIUMS FROM CERTAIN NURSING HOME REQUIREMENTS UNDER MEDICAID PROGRAMS

SEC. 253. (a) Section 1902(a) of the Social Security Act is amended by adding at the end thereof the following new sentence: (247)~~"For purposes of paragraphs (26) (28) (B), (D), and (E), and (29), and of section 1903(g)(4), the terms 'skilled nursing home' and 'nursing home~~

~~do not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.~~" *"The provisions of paragraphs (9)(A), (29), (32), and (33) shall not apply to Christian Science sanatoriums operated, or listed and certified, by the First Church of Christ, Scientist, in Boston, Massachusetts."*

(b) Section 1908(g)(1) of such Act is amended by inserting after "Secretary" the following: ", but does not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts".

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

PHYSICAL THERAPY ~~(248)~~ *AND OTHER* SERVICES UNDER MEDICARE PROGRAM

~~(249) SEC. 254. (a)(1) Section 1861(p) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (4)(B)) the following new sentence: "Under regulations, 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."

(2) Section 1833 of such Act is amended by adding at the end thereof the following new subsection:

"(g) In the case of services described in the next to last sentence of section 1861(p), with respect to expenses incurred in any calendar year, no more than $100 shall be considered as incurred expenses for purposes of subsections (a) and (b)."

(3) Section 1833(a)(2) of such Act (as amended by section 230(b) of this Act) is further amended by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding after subparagraph (B) the following new subparagraph:

"(C) if such services are services to which the next to last sentence of section 1861(p) applies, the reasonable charges for such services."

(4) Section 1832(a)(2)(C) of such Act is amended by striking out "services." and inserting in lieu thereof "services, other than services to which the next to last sentence of section 1861(p) applies."

(b)(1) Section 1861(p) of such Act (as amended by subsection (a)(1) of this section) is further amended by adding at the end thereof the following new sentence: "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 in-patient of a hospital or extended care facility."

SEC. 254. (a)(1) Section 1861(p) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (4)(B)) the following new sentence: "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."

(2) Section 1835(a)(2)(C) of such Act is amended by striking out "on an outpatient basis".

(250) (c) *(b)* Section 1861(v) of such Act (as amended by sections 221(c)(4) and 223(f) of this Act) is further amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

(251) "(5) Where physical therapy services are furnished by a provider of services or other organization specified in the first sentence of section 1861(p), or by others under an arrangement with such a provider or other organization, the amount included in any payment to such provider or organization under this title as the reasonable cost of such services shall not exceed an amount equal to the salary which would reasonably have been paid for such services to the person performing them if they had been performed in an employ-

~~ment relationship with such provider or organization rather than under such arrangement."~~

"(5) Where physical therapy services, occupational therapy services or other therapy services or services of other health-related personnel (other than physicians) are furnished by a provider of services, or other organization specified in the first sentence of section 1861(p), or by others under an arrangement with such a provider or other organization, the amount included in any payment to such provider or organization under this title as the reasonable cost of such services shall not exceed an amount equal to the salary which would reasonably have been paid for such services to the person performing them if they had been performed in an employment relationship with such provider or organization (rather than under such arrangement) plus the cost of such other expenses incurred by such person not working as a full-time employee, as the Secretary may in regulations determine to be appropriate."

~~(252) (d) (1) The amendments made by subsections (a) and (b) shall apply with respect to services furnished on or after January 1, 1971.~~

(c)(1) The amendments made by subsection (a) shall apply with respect to services furnished after June 30, 1971.

(2) The amendments made by subsection (253) ~~(c)~~ *(b)* shall be effective with respect to accounting periods beginning on or after (254) ~~January 1~~ *June 30*, 1971.

EXTENSION OF GRACE PERIOD FOR TERMINATION OF SUPPLEMENTARY MEDICAL INSURANCE COVERAGE WHERE FAILURE TO PAY PREMIUMS IS DUE TO GOOD CAUSE

SEC. 255. (a) Section 1838 (b) of the Social Security Act is amended by striking out "(not in excess of 90 days)" in the third sentence, and by adding at the end thereof the following new sentence: "The grace period determined under the preceding sentence shall not exceed 90 days; except that it may be extended to not to exceed 180 days in any case where the Secretary determines that there was good cause for failure to pay the overdue premiums within such 90-day period."

(b) The amendments made by subsection (a) shall apply with respect to nonpayment of premiums which become due and payable on or after the date of the enactment of this Act or which became payable within the 90-day period immediately preceding such date; and for purposes of such amendments any premium which became due and payable within such 90-day period shall be con-

sidered a premium becoming due and payable on the date of the enactment of this Act.

EXTENSION OF TIME FOR FILING CLAIM FOR SUPPLEMENTARY MEDICAL INSURANCE BENEFITS WHERE DELAY IS DUE TO ADMINISTRATIVE ERROR

SEC. 256. (a) Section 1842(b)(3) of the Social Security Act (as amended by section 224(a) of this Act) is further amended by adding at the end thereof the following new sentence: "The requirement in subparagraph (B) that a bill be submitted or request for payment be made by the close of the following calendar year shall not apply if (i) failure to submit the bill or request the payment by the close of such year is due to the error or misrepresentation of an officer, employee, fiscal intermediary, carrier, or agent of the Department of Health, Education, and Welfare performing functions under this title and acting within the scope of his or its authority, and (ii) the bill is submitted or the payment is requested promptly after such error or misrepresentation is eliminated or corrected."

(b) The amendment made by subsection (a) shall apply with respect to bills submitted and requests for payment made after March 1968.

WAIVER OF ENROLLMENT PERIOD REQUIREMENTS WHERE INDIVIDUAL'S RIGHTS WERE PREJUDICED BY ADMINISTRATIVE ERROR OR INACTION

SEC. 257. (a) Section 1837 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) In any case where the Secretary finds that an individual's enrollment or nonenrollment in the insurance program established by this part is unintentional, inadvertent, or erroneous and is the result of the error, misrepresentation, or inaction of an officer, employee, or agent of the Department of Health, Education, and Welfare, the Secretary may take such action (including the designation for such individual of a special initial or subsequent enrollment period, with a coverage period determined on the basis thereof and with appropriate adjustments of premiums) as may be necessary to correct or eliminate the effects of such error, misrepresentation, or inaction."

(b) The amendment made by subsection (a) shall be effective as of July 1, 1966.

ELIMINATION OF PROVISIONS PREVENTING ENROLLMENT IN SUPPLEMENTARY MEDICAL INSURANCE PROGRAM MORE THAN THREE YEARS AFTER FIRST OPPORTUNITY

SEC. 258. Section 1837 (b) of the Social Security Act is amended to read as follows:

"(b) No individual may enroll under this part more than twice."

WAIVER OF RECOVERY OF INCORRECT PAYMENTS FROM SURVIVOR WHO IS WITHOUT FAULT UNDER MEDICARE PROGRAM

SEC. 259. (a) Section 1870(c) of the Social Security Act is amended by striking out "and where" and inserting in lieu thereof the following: "or where the adjustment (or recovery) would be made by decreasing payments to which another person who is without fault is entitled as provided in subsection (b)(4), if".

(b) The amendment made by subsection (a) shall apply with respect to waiver actions considered after the date of the enactment of this Act.

REQUIREMENT OF MINIMUM AMOUNT OF CLAIM TO ESTABLISH ENTITLEMENT TO HEARING UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 260. (a) Section 1842(b)(3)(C) of the Social Security Act is amended by inserting after "a fair hearing by the carrier" the following: ", in any case where the amount in controversy is $100 or more,".

(b) The amendment made by subsection (a) shall apply with respect to hearings requested (under the procedures established under section 1842(b)(3)(C) of the

Social Security Act) after the date of the enactment of this Act.

COLLECTION OF SUPPLEMENTARY MEDICAL INSURANCE PREMIUMS FROM INDIVIDUALS ENTITLED TO BOTH SOCIAL SECURITY AND RAILROAD RETIREMENT BENEFITS

SEC. 261. (a) Section 1840 (a) (1) of the Social Security Act is amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (b) (1) and (c)".

(b) Section 1840 (b) (1) of such Act is amended by inserting "(whether or not such individual is also entitled for such month to a monthly insurance benefit under section 202)" after "1937", and by striking out "subsection (d)" and inserting in lieu thereof "subsection (c)".

(c) Section 1840 of such Act is further amended by striking out subsection (c), and by redesignating subsections (d) through (i) as subsections (c) through (h), respectively.

(d) (1) Section 1840 (e) of such Act (as so redesignated) is amended by striking out "subsection (d)" and inserting in lieu thereof "subsection (c)".

(2) Section 1840 (f) of such Act (as so redesignated) is amended by striking out "subsection (d) or (f)" and inserting in lieu thereof "subsection (c) or (e)".

(3) Section 1840 (h) of such Act (as so redesignated)

is amended by striking out "(c), (d), and (e)" and inserting in lieu thereof "(c), and (d)".

(4) Section 1841(h) of such Act is amended by striking out "1840(e)" and inserting in lieu thereof "1840(d)".

(e) Section 1841 of such Act is amended by adding at the end thereof the following new subsection:

"(i) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as the Secretary of Health, Education, and Welfare certifies are necessary to pay the costs incurred by the Railroad Retirement Board in making deductions pursuant to section 1840(b)(1). During each fiscal year or after the close of such fiscal year, the Railroad Retirement Board shall certify to the Secretary the amount of the costs it incurred in making such deductions and such certified amount shall be the basis for the amount of such costs certified by the Secretary to the Managing Trustee."

(f) The amendments made by this section shall apply with respect to premiums becoming due and payable after (255) ~~the fourth month following the month in which this Act is enacted~~ *June 30, 1971.*

PAYMENT FOR CERTAIN INPATIENT HOSPITAL SERVICES FURNISHED OUTSIDE THE UNITED STATES

SEC. 262. (a) Section 1814(f) of the Social Security Act is amended to read as follows:

"Payment for Certain Inpatient Hospital Services Furnished Outside the United States

"(f) (1) Payment shall be made for inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States, or under arrangements (as defined in section 1861 (w)) with it, if—

"(A) such individual is a resident of the United States, and

"(B) such hospital was closer to, or substantially more accessible from, the residence of such individual than the nearest hospital within the United States which was adequately equipped to deal with, and was available for the treatment of, such individual's illness or injury.

"(2) Payment may also be made for emergency inpatient hospital services furnished to an individual entitled to hospital insurance benefits under section 226 by a hospital located outside the United States if—

"(A) such individual was physically present in a place within the United States at the time the emergency which necessitated such inpatient hospital services occurred, and

"(B) such hospital was closer to, or substantially more accessible from, such place than the nearest hospital within the United States which was adequately

equipped to deal with, and was available for the treatment of, such individual's illness or injury.

"(3) Payment shall be made in the amount provided under subsection (b) to any hospital for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual by the hospital or under arrangements (as defined in section 1861(w)) with it if (A) the Secretary would be required to make such payment if the hospital had an agreement in effect under this title and otherwise met the conditions of payment hereunder, (B) such hospital elects to claim such payment, and (C) such hospital agrees to comply, with respect to such services, with the provisions of section 1866(a).

"(4) Payment for the inpatient hospital services described in paragraph (1) or (2) furnished to an individual entitled to hospital insurance benefits under section 226 may be made on the basis of an itemized bill to such individual if (A) payment for such services cannot be made under paragraph (3) solely because the hospital does not elect to claim such payment, and (B) such individual files application (submitted within such time and in such form and manner and by such person, and containing and supported by such information as the Secretary shall by regulations prescribe) for reimbursement. The amount payable with respect to such services shall, subject to the provisions of

section 1813, be equal to the amount which would be payable under subsection (d) (3)."

(b) Section 1861 (e) of such Act is amended—

(1) by striking out "except for purposes of sections 1814 (d) and 1835 (b)" and inserting in lieu thereof "except for purposes of sections 1814 (d), 1814 (f), and 1835 (b)";

(2) by inserting ", section 1814 (f) (2)," immediately after "For purposes of sections 1814 (d) and 1835 (b) (including determinations of whether an individual received inpatient hospital services or diagnostic services for purposes of such sections)"; and

(3) by inserting after the third sentence the following new sentence: "For purposes of section 1814 (f) (1), such term includes an institution which (i) is a hospital for purposes of section 1814 (d), 1814 (f) (2), and 1835 (b) and (ii) is accredited by the Joint Commission on Accreditation of Hospitals, or is accredited by or approved by a program of the country in which such institution is located if the Secretary finds the accreditation or comparable approval standards of such program to be essentially equivalent to those of the Joint Commission on Accreditation of Hospitals."

~~(256) (c) Section 1862 (a) (4) of such Act is amended by striking out "emergency".~~

(c)(1) Section 1862(a)(4) of such Act is amended by—

(1) striking out "emergency"; and

(2) inserting after "1814(f)" the following: "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;".

(2) Section 1861(r) of such Act (as amended by sections 203, 205(a), and 252(b) of this Act) is further amended by adding the following sentence: "For the purposes of section 1862(a)(4) and subject to the limitations and conditions provided in the previous sentence, such term includes a doctor of one of the arts, specified in such previous sentence, legally authorized to practice such art in the country in which the inpatient hospital services (referred to in such section 1862(a)(4)) are furnished."

(3) Section 1842(b)(3)(B)(ii) of such Act is amended by striking out "service;" and inserting in lieu thereof the following: "service (except in the case of physicians' services and ambulance service furnished as described in section 1862(a)(4), other than for purposes of section 1870(f));"

(4) Section 1833(a)(1) of such Act (as amended by section 244(a) of this Act) is further amended by striking out "and" before "(C)", and by inserting before the semicolon at the end thereof the following: ", and (D) with respect to expenses incurred for those physicians' services for which payment may be made under this part that are described in section 1862(a)(4), the amounts paid shall be subject to such limitations as may be prescribed by regulations".

(d) The amendments made by this section shall apply to services furnished with respect to admissions occurring after (257) ~~December 31, 1970~~ *June 30, 1971.*

(258) ~~STUDY OF CHIROPRACTIC COVERAGE~~

~~SEC. 263. The Secretary, utilizing the authority conferred by section 1110 of the Social Security Act, shall conduct a study of the coverage of services performed by chiropractors under State plans approved under title XIX of such Act in order to determine whether and to what extent such services should be covered under the supplementary medical insurance program under part B of title XVIII of such Act, giving particular attention to the limitations which should be placed upon any such coverage and upon payment therefor. Such study shall include one or more experimental, pilot, or demonstration projects designed to assist in providing under controlled conditions the information necessary to achieve the objectives of the study. The Secretary shall report the results of such study to the Congress within two~~

~~years after the date of the enactment of this Act, together with his findings and recommendations based on such study (and on such other information as he may consider relevant concerning experience with the coverage of chiropractors by public and private plans).~~

MISCELLANEOUS TECHNICAL AND CLERICAL AMENDMENTS

SEC. ~~(259)264.~~ *263.* (a) Clause (A) of section 1902 (a) (26) of the Social Security Act is amended by striking out "evaluation" and inserting in lieu thereof "evaluation)", and by striking out "care)" and inserting in lieu thereof "care".

(b) Section 1908 (d) of such Act is amended by striking out "subsection (b) (1)" and inserting in lieu thereof "subsection (c) (1)".

(c) Section 408 (f) of such Act is amended by striking out "522 (a)" and inserting in lieu thereof "422 (a)".

~~(260)~~*PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH CARE PERSONNEL*

SEC. 264. Title XI of the Social Security Act is amended by adding after section 1123 (as added by section 240(a) of this Act) and before section 1151 (as added by section 245 (b) of this Act) the following new section:

"PROGRAM FOR DETERMINING QUALIFICATIONS FOR CERTAIN HEALTH CARE PERSONNEL

"SEC. 1124. (a) The Secretary, in carrying out his functions relating to the qualifications for health care personnel

under title XVIII, shall develop (in consultation with appropriate professional health organizations and State health and licensure agencies) and conduct (in conjunction with State health and licensure agencies) until December 31, 1975, a program designed to determine the proficiency of individuals (who do not otherwise meet the formal educational, professional membership, or other specific criteria established for determining the qualifications of practical nurses, therapists, laboratory technicians, X-ray technicians, psychiatric technicians or other health care technicians and technologists) to perform the duties and functions of practical nurses, therapists, laboratory technicians, X-ray technicians, psychiatric technicians, or other health care technicians or technologists. Such program shall include (but not be limited to) the employment of procedures for the formal testing of the proficiency of individuals. In the conduct of such program, no individual who otherwise meets the proficiency requirements for any health care specialty shall be denied a satisfactory proficiency rating solely because of his failure to meet formal educational or professional membership requirements.

"(b) If any individual has been determined, under the program established pursuant to subsection (a), to be qualified to perform the duties and functions of any health care specialty, no person or provider utilizing the services of such individual to perform such duties and functions shall be denied payment, under title XVIII or under any State plan ap-

proved under title XIX, for any health care services provided by such person on the grounds that such individual is not qualified to perform such duties and functions.

(261) *INSPECTOR GENERAL FOR HEALTH ADMINISTRATION*

SEC. 265. (a) Title XI of the Social Security Act is amended by adding after section 1124 (as added by section 264 of this Act) and before section 1151 (as added by section 245(b) of this Act) the following new section:

"INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

"SEC. 1125. (a)(1) In addition to other officers within the Department of Health, Education, and Welfare, there shall be, within such Department, an officer with the title of 'Inspector General for Health Administration' (hereinafter in this section referred to as the 'Inspector General'), who shall be appointed or reappointed by the President, by and with the advice and consent of the Senate. In addition, there shall be a Deputy Inspector General for Health Administration (hereinafter referred to as the 'Deputy Inspector General'), and such additional personnel as may be required to carry out the functions vested in the Inspector General by this section.

"(2) The term of office of any individual appointed or reappointed to the position of Inspector General shall expire 6 years after the date he takes office pursuant to such appointment or reappointment.

"(b) The Inspector General shall report directly to the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the 'Secretary'); and, in carrying out the functions vested in him by this section, the Inspector General shall not be under the control of, or subject to supervision by, any officer of the Department of Health, Education, and Welfare, other than the Secretary.

"(c)(1) It shall be the duty and responsibility of the Inspector General to arrange for, direct or conduct such reviews, inspections, and audits of the health insurance program established by title XVIII, the medical assistance programs established pursuant to title XIX and any other programs of health care authorized under any other title of this Act as he considers necessary for ascertaining the efficiency and economy of their administration, their consonance with the provisions of law by or pursuant to which such programs were established, and the attainment of the objectives and purposes for which such provisions of law were enacted.

"(2) The Inspector General shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (1) of this subsection for the purpose of—

"(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

"(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans, procedures, or administration of, such programs; and

"(C) evaluating the effectiveness of such programs in attaining the objectives and purposes of the provisions of law by or pursuant to which such programs were established.

"(d)(1) For purposes of aiding in carrying out his duties under this section, the Inspector General shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of or available to the Department of Health, Education, and Welfare which relate to the programs with respect to which the Inspector General has responsibilities under this section.

"(2) The head of any Federal department, agency, office, or instrumentality shall, at the request of the Inspector General, provide any information which the Inspector General determines will be helpful to him in carrying out his responsibilities under this section.

"(e)(1) The Inspector General shall have authority to suspend any regulation, practice, or procedure employed in the administration of any program with respect to which he has responsibilities under this section if, as a result of any

study, investigation, review, or audit of such program, he determines that—

"(A) the suspension of such regulation, practice, or procedure will promote efficiency or economy in the administration of such program; or

"(B) such regulation, practice, or procedure is contrary to applicable provisions of law, or does not carry out the objectives and purposes of the provisions of law by or pursuant to which there was established the program in connection with which such regulation, practice, or procedure is promulgated, instituted, or applied.

"(2)(A) Any suspension by the Inspector General of any regulation, practice, or procedure pursuant to this subsection shall remain in effect until the Inspector General issues an order reinstating such regulation, practice, or procedure; except that (i) in the case of any existing regulation, the Secretary may, at any time after any such suspension by the Inspector General, issue an order revoking such suspension, and (ii) in the case of a suspension of a practice or procedure or the application of a proposed regulation, the Secretary may, at any time later than 30 days after any such suspension by the Inspector General, issue an order revoking such suspension.

"(B) Whenever the Secretary issues an order revoking any such suspension by the Inspector General, he shall

promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of such order and shall submit to each such committee information explaining his reasons for the issuance of such order.

"(f)(1) The Inspector General may, from time to time, submit such reports to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives relating to his activities as he deems to be appropriate.

"(2) Whenever either of the committees referred to in paragraph (1) makes a request to the Inspector General to furnish such committee with any information, or to conduct any study or investigation and report the findings resulting therefrom to such committee, the Inspector General shall comply with such request.

"(3) Whenever the Inspector General issues an order suspending or reinstating any regulation, practice, or procedures pursuant to subsection (e), he shall promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of such order and shall submit to each such Committee information explaining his reasons for the issuance of such order.

"(g) The Inspector General may make expenditures (not in excess of $50,000 in any fiscal year) of a confiden-

tial nature when he finds that such expenditures are in aid of inspections, audits, or reviews under this section; but such expenditures so made shall not be utilized to make payments, to any one individual, the aggregate of which exceeds $2,000. The Inspector General shall submit annually a confidential report on expenditures under this provision to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

"(h)(1) Expenses of the Inspector General relating to the health insurance program established by title XVIII shall be payable from the Federal Hospital Insurance Trust Fund and from the Federal Supplementary Medical Insurance Trust Fund, with such portions being paid from each such Fund as the Secretary shall deem to be appropriate. Expenses of the Inspector General relating to medical assistance programs established pursuant to title XIX shall be payable from funds appropriated to carry out such title; and expenses of the Inspector General relating to any program of health care authorized under any title of this Act (other than titles XVIII and XIX) shall be payable from funds appropriated to carry out such program.

"(2) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

"(i) The Secretary shall provide the Inspector General

and his staff with appropriate office space within the facilities of the Department of Health, Education, and Welfare, together with such equipment, office supplies, and communications facilities and services, as may be necessary for the operation of such office and shall provide necessary maintenance services for such office and the equipment and facilities located therein."

(b) Section 5315 of title 5, United States Code, is amended by inserting:

"(93) Inspector General for Health Administration."

immediately below

"(92) Executive Vice President, Overseas Private Investment Corporation."

(262) *INCREASE IN LIMITATION ON PAYMENTS TO PUERTO RICO FOR MEDICAL ASSISTANCE*

SEC. 266. (a) Section 1108(c)(1) of the Social Security Act is amended by striking "$20,000,000" and inserting in lieu thereof "$30,000,000".

(b) The amendment made by this section shall apply with respect to fiscal years beginning after June 30, 1971.

(263) *ESTABLISHMENT OF PRIORITIES FOR SCREENING OF CHILDREN UNDER MEDICAL ASSISTANCE PROGRAMS*

SEC. 267. Section 1905(a)(4)(B) of the Social Security Act is amended by inserting immediately after the semi-

colon at the end thereof the following: "and, in order to assure the orderly implementation of this subclause (B), such regulations shall establish priorities with respect to the screening of eligible individuals in order of age groups;".

(264) *TREATMENT IN MENTAL HOSPITALS FOR INDIVIDUALS UNDER AGE 21*

SEC. 268. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking the word "and" in paragraph (14);

(2) by redesignating paragraph (15) as paragraph (17);

(3) by inserting after paragraph (14) the following new paragraph:

"(15) effective July 1, 1971, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (c);".

(b) Section 1905 of such Act is further amended by adding after subsection (b) the following new subsection:

"(c)(1) For purposes of paragraph (15) 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, involves active treatment (which meets such standards, equivalent to standards applicable with respect to inpatient psychiatric hospital services under title XVIII, as may be prescribed in regulations by the Secretary) of such individual; 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 services included under paragraph (1) is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1970, by the State (and the political subdivisions thereof) from non-Federal funds for such services."

(c) Section 1905(a) is further amended by striking out, in the part which follows paragraph (17) (as redesignated by subsection (a) of this section), "except that"

and inserting in lieu thereof "except as otherwise provided in paragraph (15),"

(265) *INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE CARE FACILITIES*

SEC. 269. (a) Section 1905(a) of the Social Security Act is amended by inserting after clause (15) (as added by section 268 of this Act) the following new clause:

"(16) effective July 1, 1971, 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)(33)(A), to be in need of such care;".

(b) Section 1905 of such Act is amended by adding at the end thereof the following new subsections:

"(d) For purposes of this title the term 'intermediate care facility' means an institution or distinct part thereof 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 is designed to provide, but who because of their mental or physical condition require care and services (beyond the level of room and board) which can be made available to them only through institutional facilities, (2) has on its staff at least one full-time licensed practical nurse, (3) meets such standards prescribed by the

Secretary as he finds appropriate for the proper provision of such care, and (4) meets such standards of safety and sanitation as are applicable to nursing homes under State law. 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. With respect to services furnished to individuals under age 65, the term 'intermediate care facility' shall not include, except as provided in subsection (e), any public institution or distinct part thereof for mental diseases or mental defects. Clause (2) shall not apply to any such institution or distinct part thereof which meets the requirements of subsection (e).

"(e) The term 'intermediate care facility services' may include services in a public institution (or distince 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 with respect to patients in such institution (or distinct part thereof) will not be reduced because of payments made under this title."

(c) Effective July 1, 1971, section 1121 of such Act is repealed.

(266) *USE OF CONSULTANTS FOR EXTENDED CARE FACILITIES*

SEC. 270. Section 1864(a) of the Social Security Act is amended by adding at the end the following new sentence: "Any State agency which has such an agreement may, subject to approval of the Secretary, furnish to an extended care facility, after proper request by such facility, such specialized consultative services (which such agency is able and willing to furnish) as such facility may need to meet one or more of the conditions specified in section 1861(j). Any such services furnished by a State agency shall be deemed to have been furnished pursuant to such agreement."

(267) *TERMINATION OF NATIONAL ADVISORY COUNCIL ON NURSING HOME ADMINISTRATION*

SEC. 271. Section 1908(f)(5) of the Social Security Act is amended by striking out "December 31, 1971" and inserting in lieu thereof "December 31, 1970".

(268) *AUTHORITY FOR MISSOURI TO MODIFY ITS MEDICAL ASSISTANCE PROGRAM: REPEAL OF SECTION 1902(d) OF THE SOCIAL SECURITY ACT*

SEC. 272. (a) The State of Missouri is hereby authorized to modify its State plan approved under title XIX of the Social Security Act, effective for the four-quarter period commencing July 1, 1970, in accordance with the provisions of section 1902(d) of such Act (but without application of clause (1) of the first sentence thereof).

(b) Section 1902(d) of the Social Security Act is repealed.

(269) *PENALTIES FOR FRAUDULENT ACTS AND FALSE REPORTING UNDER MEDICARE AND MEDICAID*

SEC. 273. (a) Section 1872 of the Social Security Act is amended by striking out "208,".

(b) Title XVIII of the Social Security Act is amended by adding at the end thereof (after section 1876 added to such Act by section 239(a) of this Act) the following new section:

"PENALTIES

"SEC. 1877 (a) The provisions of section 208 of this Act shall apply with respect to this title to the same extent as they are applicable with respect to title II, except that in the case of penalties applicable to this title, such penalties

shall be a fine of not more than $10,000 or imprisonment for not more than one year, or both.

"(b) Notwithstanding the provisions of subsection (a), any provider of services, supplier, physician, or other person who furnishes items or services to an individual for which payment is or may be made under this title and who solicits, offers, or receives any—

(1) kickback or bribe in connection with the furnishing of such items or services or the making or receipt of such payment, or

(2) rebate of any fee or charge for referring any such individual to another person for the furnishing of such items or services

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(c) Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution or facility in order that such institution or facility may qualify as a hospital, extended care facility, or home health agency (as those terms are defined in section 1861), shall be guilty of a misdemeanor and upon conviction thereof shall be fined

not more than $2,000 or imprisoned for not more than 6 months, or both."

(c) Title XIX of such Act is amended by adding after section 1908 the following new section:

"PENALITIES

"SEC. 1909. (a) Any person who furnishes items or services to an individual for which payment is or may be made in whole or in part out of Federal funds under a State plan approved under this title and who solicits, offers or receives any—

(1) kickback or bribe in connection with the furnishing of such items or services or the making or receipt of such payment, or

(2) rebate of any fee or charge for referring any such individual to another person for the furnishing of such items or services

shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

"(b) Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution or facility in order that such institution or facility may qualify

as a hospital, skilled nursing home, intermediate care facility, or home health agency (as those terms are employed in this title) shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than 6 months, or both."

(d) The provisions of subsection (a) shall not be applicable to any acts, statements, or representations made or committed prior to the enactment of this Act.

(270) *PUBLIC ACCESS TO RECORDS CONCERNING AN INSTITUTION'S QUALIFICATION*

SEC. 274. Section 1866 of the Social Security Act is amended by (1) redesignating subsection (e) as subsection (f) and (2) inserting after subsection (d) the following new subsection:

"(e) If the Secretary finds that a hospital or extended care facility which has entered into an agreement under this section has failed to comply with one or more of the applicable provisions of section 1861 and regulations issued thereunder, but that such failure is not sufficient to justify a termination of such agreement, he shall notify such hospital or extended care facility of such failure. If after a reasonable length of time, not to exceed 90 days from the date of such notification, such failure still exists, the Secretary shall make public (as provided in regulation) in readily available form and place information as to such failure by such hospital or extended care facility."

(271) *LIEN IN FAVOR OF UNITED STATES WHERE OVERPAYMENT DETERMINED*

SEC. 275. Title XVIII of the Social Security Act is amended by adding at the end thereof (after section 1877 added to such Act by section 273 of this Act) the following new section:

"LIEN IN FAVOR OF UNITED STATES WHERE OVERPAYMENT IS DETERMINED

"SEC. 1878. (a) Where the Secretary determines that a provider of services or other person who has furnished items or services to an individual is indebted to the United States by reason of payments made to such provider or other person under this title, and after demand by the Secretary, the provider of services or other person neglects or refuses to pay the amount of such indebtedness, such amount (including any interest) shall be a lien in favor of the United States upon all property and rights to property, whether real or personal, belonging to such provider or person.

"(b) Unless another date is specifically fixed by law, the lien imposed by subsection (a) shall arise at the time the Secretary makes the demand referred to in such subsection (a) and shall continue until the liability for the amount determined to be due the United States (or a judgment against the provider or person arising out of an action pursuant to subsection (d)) is satisfied or becomes unenforceable by reason of lapse of time.

"(c) The provisions of section 6323 (relating to the validity and priority against certain persons) and section 6325 (relating to release of lien or discharge of property) of the Internal Revenue Code of 1954 shall be applicable to the lien imposed by subsection (a) of this section in the same manner, to the same extent, and under the same conditions as such sections 6323 and 6325 are applicable to the lien imposed by section 6321 of such code, and for purposes of this section, the following terms used in such sections 6323 and 6325 shall have the meanings assigned to them in this subsection—

"(1) the term 'lien imposed by section 6321' shall mean 'the lien imposed by subsection (a)';

"(2) the term 'Secretary or his delegate' shall mean the 'Secretary of Health, Education, and Welfare';

"(3) the term 'tax lien filing' shall mean the 'filing of notice of the lien imposed by subsection (a)';

"(4) the terms 'lien imposed with respect to any internal revenue tax' or 'lien imposed by this chapter' shall mean 'lien imposed under subsection (a)';

"(5) reference to the assessment of an amount or the assessment of a tax shall be a reference to the amount determined due by the Secretary with respect to which a lien is imposed under subsection (a).

"(d) In the case of any provider of services or other

persons furnishing services under this title with respect to whose property or rights to property a lien has been filed pursuant to this section and who is dissatisfied with such filing, such provider or person shall be entitled to a hearing thereon by the Secretary (after reasonable notice and opportunity for a hearing) to the same extent as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(b), and to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g). In any such hearing, such provider or person shall have the right to challenge the Secretary's determination of overpayment which gave rise to the filing of such lien and the burden of proof shall be upon the provider or person challenging the Secretary's determination of overpayment."

(272) *EXTENSION OF TITLE V TO AMERICAN SAMOA AND THE TRUST TERRITORY OF THE PACIFIC ISLANDS*

SEC. 276. (a) Section 1101(a)(1) of the Social Security Act is amended by adding at the end thereof the following sentence: "Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands."

(b) Section 1108(d) is amended by inserting, after "allot such smaller amount to Guam", the following: ", American Samoa, and the Trust Territory of the Pacific Islands".

(c) The amendments made by this section shall apply with respect to fiscal years beginning after June 30, 1971.

(273) *RELATIONSHIP BETWEEN MEDICAID AND COMPREHENSIVE HEALTH CARE PROGRAMS*

SEC. 277. Section 1902(a)(23) of the Social Security Act is amended by adding at the end thereof the following: "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 excess of 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;"

(274) *REFUND OF EXCESS PREMIUMS UNDER MEDICARE*

SEC. 278. Section 1870 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) If an individual, who is enrolled under section 103 (d) of the Social Security Amendments of 1965 or under section 1837, dies, and premiums with respect to such enrollment have been received with respect to such individual for any month after the month of his death, such premiums shall be refunded to the person or persons determined by the

Secretary under regulations to have paid such premiums, or if payment for such premiums was made by the deceased individual before his death, to the legal representative of the estate of such deceased individual, if any. If there is no person who meets the requirements of the preceding sentence such premiums shall be refunded to the person or persons in the priorities specified in paragraphs (2) through (7) of subsection (e).".

(275) *CLARIFICATION OF MEANING OF "PHYSICIANS' SERVICES" UNDER TITLE XIX*

SEC. 279. Section 1905(a)(5) of the Social Security Act is amended by inserting "furnished by a physician (as defined in section 1861(r)(1))" after "physicians' services".

(276) *CHIROPRACTORS' SERVICES UNDER MEDICAID*

SEC. 280. (a) Section 1905 of the Social Security Act (as amended by sections 268(b), 269(b), and 279 of this Act) is further amended by adding after subsection (d) the following new subsection:

"(e) 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.

(b) The amendment made by this section shall be effective with respect to services furnished after June 30, 1971.

(277) PROVIDER REIMBURSEMENT APPEALS BOARD

SEC. 281. (a) Title XVIII of the Social Security Act is amended by inserting after section 1878 (as added by section 275 of this Act) the following new section:

"PROVIDER REIMBURSEMENT APPEALS BOARD

"SEC. 1879. (a) Any provider of services which has filed a required cost report within the time specified in regulations may obtain a hearing with respect to such cost report by the Provider Reimbursement Appeals Board (hereinafter referred to as 'the Board') if—

"(1) such provider—

"(A) is dissatisfied with a final determination of the organization serving as its fiscal intermediary pursuant to section 1816 as to the reasonable cost of the items and services furnished to individuals for which payment may be made under this title for the period covered by such report, or

"(B) has not received such final determination from such intermediary within ninety days from the

date of filing such report, where such report complied with the rules and regulations of the Secretary relating to such report, or

"(C) has not received such final determination within ninety days of filing a supplementary cost report, where such cost report did not so comply and such supplementary cost report did so comply, and

"(2) the amount in controversy is $10,000 or more, and

"(3) such provider files a request for a hearing within 180 days after—

"(A) notice of the intermediary's final determination under paragraph (1)(A), or

"(B) the filing of the cost report under paragraph (1)(B), or

"(C) the filing of the supplementary cost report under paragraph (1)(C).

"(b) The provisions of subsection (a) shall apply to any group of providers of services if each provider of services in such group would, upon the filing of an appeal (but without regard to the $10,000 limitation), be entitled to such a hearing, but only if the matters in controversy involve a common question of fact or interpretation of law or regulations and

the amount in controversy is, in the aggregate, $10,000 or more.

"(c) At such hearing, the provider of services shall have the right to be represented by counsel, to introduce evidence, and to examine and cross-examine witnesses. Evidence may be received at any such hearing even though inadmissable under rules of evidence applicable to court procedure.

"(d) A decision by the Board shall be based upon the record made at such hearing, which shall include the evidence considered by the intermediary and such other evidence as may be obtained or received by the Board, and shall be supported by substantial evidence when the record is viewed as a whole. The Board shall have the power to affirm, modify, or revise a final determination of the fiscal intermediary with respect to a cost report and to make any other revisions on matters covered by such cost report (including revisions adverse to the provider of service) even though such matters were not considered by the intermediary in making such final determination. Where the Board grants a hearing pursuant to subparagraphs (B) and (C) of paragraph (1) of subsection (a) it shall have the power to make a final determination with respect to the cost report to the same extent as the fiscal intermediary.

"(e) The Board shall have full power and authority to make rules and establish procedures, not inconsistent with the

provisions of this title, which are necessary or appropriate to carry out the provisions of this section. In the course of any hearing the Board may administer oaths and affirmations. The provisions of subsections (d), (e) and (f) of section 205 to subpenas shall apply to the Board to the same extent as they apply to the Secretary with respect to title II.

"(f) A decision of the Board shall be final and shall be affirmed by the Secretary within 60 days after the date such decision is made unless the Secretary, on his own motion, and within a 90-day period after the provider of services in notified of the Board's decision, reverses or modifies adversely to such provider the Board's decision. In any case where such reversal or modification or nonaffirmation occurs the provider of services may obtain a review of such decision by a civil action commenced within sixty days of the date he is notified of the Secretary's reversal or modification. 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.

"(g) The findings of a fiscal intermediary that no payment may be made under this title for any expenses incurred for items or services furnished to an individual because such

items or services are listed in section 1862 shall not be reviewed by the Board or by any court.

"(h) The Board shall be composed of five members appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Two of such members shall be selected from representatives of organizations representing providers of services. Such members shall be persons knowledgeable in the field of cost reimbursement, at least one of whom shall be a certified public accountant, and shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate specified (at the time service is rendered by such members) for grade GS-18 in title 5, section 5332. The term of office shall be three years, except that the Secretary shall appoint initial members of the Board for shorter terms to the extent necessary to permit staggered terms of office."

(b) The amendments made by this section shall apply with respect to cost reports of providers of services, as defined in title XVIII of the Social Security Act, for accounting periods ending after June 30, 1971.

(278) *LIMITATION ON ADJUSTMENT OR RECOVERY OF INCORRECT PAYMENTS UNDER THE MEDICARE PROGRAM*

SEC. 282. (a)(1) Section 1870(b)(1) of the Social Security Act is amended by—

(A) inserting "(A)" after "the Secretary determines"; and

(B) inserting at the end of paragraph (1) the following:

"(B) that such provider of services or other person was without fault with respect to the payment of such excess over the correct amount, or".

(2) Section 1870(b) of such Act is amended by adding at the end the following new sentence: "For purposes of clause (B) of paragraph (1), such provider of services or such other person shall, in the absence of evidence to the contrary, be deemed to be without fault if the Secretary's determination that more than such correct amount was paid was made subsequent to the third year following the year in which notice was sent to such individual that such amount had been paid."

(b) Section 1870(c) of such Act is amended by—

(1) inserting "or title XVIII" after "title II", and

(2) adding at the end the following new sentence: "Adjustment or recovery of an incorrect payment (or only such part of an incorrect payment as the Secretary determines to be inconsistent with the purposes of this title) against an individual who is without fault shall be deemed to be against equity and good conscience if (A) the incorrect payment was made for expenses incurred for items or services for which payment may not be made under this title by reason of the provisions of paragraph

(1) or (9) of section 1862 and (B) if the Secretary's determination that such payment was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such individual."

(c) Section 1866 (a)(1) of such Act is amended by—

(1) redesignating subparagraph (B) as subparagraph (C), and

(2) inserting after subparagraph (A) the following new subparagraph:

"(B) not to charge any individual or any other person for items or services for which such individual is not entitled to have payment made under this title because payment for expenses incurred for such items or services may not be made by reason of the provisions of paragraphs (1) or (9), but only if (i) such individual was without fault in incurring such expenses and (ii) the Secretary's determination that such payment may not be made for such items and services was made after the third year following the year in which notice of such payment was sent to such individual, and".

(d) Section 1842(b)(3)(ii) of such Act is amended by—

(1) inserting "(I)" after "of which"; and

(2) inserting after "service" the following: "and (II) the physician or other person furnishing such serv-

ice agrees not to charge for such service if payment may not be made therefor by reason of the provisions of paragraph (1) of section 1862, and if the individual to whom such service were furnished was without fault in incurring the expenses of such service, and if the Secretary's determination that payment (pursuant to such assignment) was incorrect was made subsequent to the third year following the year in which notice of such payment was sent to such individual".

(e) Section 1814(a)(1) of such Act is amended to read as follows:

"(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;"

(f) Section 1835(a)(1) of such Act is amended to read as follows:

"(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"

(g) The provisions of subsections (a), (b), (c), and (d) of this section shall apply in the case of notices of payment sent to individuals after 1968. The provisions of subsections (e) and (f) shall apply in the case of requests for payment filed after December 31, 1971.

(279) *PROVIDE FOR 75 PERCENT MATCHING UNDER MEDICAID OF EXPENDITURES FOR PROFESSIONAL REVIEW OF SKILLED NURSING HOMES AND INTERMEDIATE CARE FACILITIES*

SEC. 283. Section 1903(a)(2) of the Social Security Act is amended—

(1) by inserting "(A)" immediately after "attributable to", and

(2) by inserting immediately before "; plus" the following: "and (B) payment for professional review activities, performed by skilled professional medical personnel and staff directly supporting such personnel pursuant to section 1902(a) (26) and (33), regardless of whether such activities are performed by State agency personnel or by others under an arrangement with such agency".

(280) *TITLE III—PROVISIONS RELATING TO WELFARE*

GUARANTEED MINIMUM INCOME FOR RECIPIENTS OF OLD-AGE ASSISTANCE, AID TO THE BLIND, AID TO THE DISABLED, OR AID TO THE AGED, BLIND, OR DISABLED

SEC. 301. (a) Section 2(a)(10)(A) of the Social Security Act is amended by inserting after the semicolon at the end thereof "and except that, in the case of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands), the sum of the financial assistance provided to each individual who is eligible under the plan (other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies), plus his income which is not disregarded pursuant to clause (i) or (ii) and the reasonable value of shelter and other needed items which are regularly provided to such individual (to the extent they are provided without cost), shall not

be less than $130 per month (or in the case of two or more such eligible individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, $130 per month plus $70 per month for each of such individuals in addition to one);".

(b) Section 1002(a)(8) of such Act is amended by inserting before the semicolon at the end thereof ", and except that, in the case of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands), the sum of the financial assistance provided to each individual who is eligible under the plan (other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies), plus his income which is not disregarded pursuant to clause (A), (B), or (C) and the reasonable value of shelter and other needed items which are regularly provided to such individual (to the extent they are provided without cost), shall not be less than $130 per month (or in the case of two or more such eligible individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, $130 per month plus $70 per month for each of such individuals in addition to one);".

(c) Section 1402(a)(8) of such Act is amended by inserting before the semicolon at the end thereof ", and except that, in the case of any State (other than the Commonwealth

of Puerto Rico, Guam, or the Virgin Islands), the sum of the financial assistance provided to each individual who is eligible under the plan (other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies), plus his income which is not disregarded pursuant to clause (A), (B), or (C) and the reasonable value of shelter and other needed items which are regularly provided to such individual (to the extent they are provided without cost), shall not be less than $130 per month (or in the case of two or more such eligible individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, $130 per month plus $70 per month for each of such individuals in addition to one);".

(d) Section 1602(a)(14) of such Act is amended by inserting after and below clause (D) the following:

"and except that, in the case of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands), the sum of the financial assistance provided to each individual who is eligible under the plan (other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies), plus his income which is not disregarded pursuant to clause (A), (B), (C), or (D) and the reasonable value of shelter and other needed items which are regularly provided to such individual (to

the extent they are provided without cost), shall not be less than $130 per month (or in the case of two or more such eligible individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, $130 per month plus $70 per month for each of such individuals in addition to one);".

(e) The amendments made by the preceding subsections of this section shall apply with respect to expenditures under a State plan approved under title I, X, XIV, or XVI, of the Social Security Act made for aid or assistance under such plan for periods after March 1971.

(f) Any individual with respect to whom old-age assistance, aid to the blind, aid to the disabled, or aid to the aged, blind, or disabled is paid under such a State plan shall not be eligible to participate in the food stamp program conducted under the Food Stamp Act of 1964 or the program conducted under section 416 of the Act of October 31, 1969, or any similar programs for distribution of surplus agricultural commodities effective April 1, 1971.

INCREASE IN STANDARD OF NEED FOR AGED, BLIND, AND DISABLED RECIPIENTS

SEC. 302. Title XI of the Social Security Act is amended by adding after section 1125 (as added by section 266 of this Act) and before section 1151 (as added by section 245 of this Act) the following new section:

"INCREASING STANDARD OF NEED UNDER ASSISTANCE PROGRAMS

"SEC. 1126. In addition to the requirements imposed by law as a condition of approval of a State plan of any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) to provide aid or assistance to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of an individual found eligible (as a result of the requirement imposed by this section or otherwise), for aid or assistance for any month after March 1971—

"(1) the total of the amounts used to determine the needs of such individual shall be at least $10 higher than the total thereof which would have been used to determine needs of such individual under the State plan as in effect for March 1971, or

"(2) in the case of two or more such individuals who are, as determined in accordance with regulations of the Secretary, members of the same household, the sum of such totals used for such month after March 1971 shall exceed such total for March 1971 by the sum of $10 plus $5 for each such individual in excess of one

except that, in the case of any such State plan which provides for meeting a fixed percentage of unmet needs as so

determined, the Secretary shall prescribe the method or methods for achieving as much as possible the results provided for under the preceding provisions of this section."

UNIFORM DEFINITIONS OF DISABILITY UNDER TITLES XIV AND XVI

SEC. 303 (a)(1) Title XIV of the Social Security Act is amended by striking out the term "permanently and totally disabled" wherever it appears in such title and inserting in lieu thereof "disabled".

(2) Section 1405 of such Act is amended by—

(A) striking out, in the caption, "Definition", and inserting "Definitions";

(B) striking out "Sec. 1405." and inserting "Sec. 1405. (a)"; and

(C) inserting after such subsection (a) the following new subsection:

"(b) For purposes of this title an individual is 'disabled' only if he is under a disability. The term 'disability' means inability 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 12 months. 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."

(b)(1) Title XVI of such Act is amended by striking out the term "permanently and totally disabled" wherever it appears in such title and inserting in lieu thereof "disabled".

(2) Section 1605 of such Act is amended by adding at the end thereof the following new subsection:

"(c) For purposes of this title an individual is 'disabled' only if he is under a disability. The term 'disability' means inability 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 12 months. An individual shall be determined to be under a disability only if his physical or mental impair-

ment 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)(1) No State plan for aid to the disabled shall be regarded as having failed to comply with the requirements of title XIV of the Social Security Act by reason of the fact that such plan provides aid to individuals who do not meet the definition of "disabled" (as contained in section 1405(b) of such Act) if such individuals are individuals who—

(A) were receiving aid under such plan for the month before the month in which the term "disabled" (as contained in such section 1405(b)) is first put into effect in the administration of such plan; and

(B) would be regarded as disabled, for purposes of the administration of such plan, if the term "disabled"

(as contained in such section 1405(b)) had not been put into effect in the administration of such plan.

(2) No State plan for aid to the aged, blind, or disabled shall be regarded as having failed to comply with the requirements of title XVI of the Social Security Act by reason of the fact that such plan provides aid to individuals who do not meet the definition of "disabled" (as contained in section 1605 (c) of such Act) if such individuals are individuals who—

(A) were receiving aid under such plan for the month before the month in which the term "disabled" (as contained in such section 1605(c)) is first put into effect in the administration of such plan; and

(B) would be regarded as disabled, for purposes of the administration of such plan, if the term "disabled" (as contained in such section 1605(c)) had not been put into effect in the administration of such plan.

(d)(1) Sections 1121(a), 1901, 1902(a)(17)(D), and 1902(a)(18) of the Social Security Act are amended by striking out "permanently and totally disabled" wherever it appears and inserting in lieu thereof "disabled".

(2) Section 1905(a)(v) of such Act is amended by striking out "permanently and totally disabled" and inserting in lieu thereof "disabled (as defined in section 1405(b))".

(e) The amendments made by this section shall take effect April 1, 1971.

UNIFORM DEFINITIONS OF BLINDNESS UNDER TITLES X AND XVI

SEC. 304. (a) Section 1006 of the Social Security Act is amended (1) by inserting "(a)" immediately after "SEC. 1006.", and (2) by adding at the end thereof the following new subsection:

"(b)(1) For purposes of this title, an individual shall be considered to be blind only if he suffers from blindness (as defined in paragraph (2)).

"(2) The term 'blindness' means central visual acuity of 20/200 or less in the better eye, with the use of 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 this paragraph as having a central visual acuity of 20/200 or less."

(b) Section 1605 of such Act (as amended by section 503(b) of this Act) is further amended by adding at the end thereof the following new subsection:

"(d)(1) For purposes of this title, an individual shall be considered to be blind only if he suffers from blindness (as defined in paragraph (2)).

"(2) The term 'blindness' means central visual acuity of 20/200 or less in the better eye, with the use of 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 this paragraph as having a central visual acuity of 20/200 or less."

(c)(1) No State plan for aid to the blind shall be regarded as having failed to comply with the requirements of title X of the Social Security Act by reason of the fact that such plan provides aid to individuals who do not meet the definition of blindness (as contained in section 1006(b) of such Act) if such individuals are individuals who—

(A) were receiving aid under such plan for the month before the month in which the term blindness (as contained in such section 1006(b)) is first put into effect in the administration of such plan; and

(B) would be regarded as blind, for purposes of the administration of such plan, if the term blindness (as contained in such section 1006(b)) had not been put into effect in the administration of such plan.

(2) No State plan for aid to the aged, blind, or disabled shall be regarded as having failed to comply with the requirements of title XVI of the Social Security Act by reason of the fact that such plan provides aid to individuals who do not meet the definition of blindness (as contained in section 1605(d) of such Act) if such individuals are individuals who—

(A) were receiving aid under such plan for the month before the month in which the term blindness (as contained in such section 1605(d)) is first put into effect in the administration of such plan; and

(B) would be regarded as blind, for purposes of the administration of such plan, if the term blindness (as contained in such section 1605(d)) had not been put into effect in the administration of such plan.

(d) The amendments made by this section shall take effect April 1, 1971.

PROHIBITION AGAINST IMPOSING LIENS ON PROPERTY OF THE BLIND

SEC. 305. (a) Section 1002(a) of the Social Security Act is amended by striking out "and" at the end of clause (12), and by inserting before the period at the end thereof the following: "; and (14) provide that no individual claiming aid to the blind shall be required as a condition of such aid to subject any property to a lien or to transfer to the State or to any of its political subdivisions title to or any interest in any property, and that no person shall be required to reimburse the State or any of its political subdivisions for any aid lawfully received by a blind individual under the State plan."

(b) Section 1602(a) of the Social Security Act is amended by striking out "and" at the end of paragraph

(16), by striking out the period at the end of paragraph (17) and inserting in lieu thereof "; and", and by adding immediately after paragraph (17) the following new paragraph:

"(18) provide that no blind individual claiming aid under the plan shall be required as a condition thereof to subject any property to a lien or to transfer to the State or to any of its political subdivisions title to or any interest in any property, and that no person shall be required to reimburse the State or any of its political subdivisions for any aid or assistance lawfully received by a blind individual under the State plan."

(c) The amendments made by this section shall be effective April 1, 1971.

FISCAL RELIEF FOR STATES

SEC. 306. Title XI of the Social Security Act is amended by adding after section 1126 (as added by section 502 of this Act) the following new section:

"FISCAL RELIEF FOR STATES

"SEC. 1127. (a) The Secretary shall pay to any State (other than the Commonwealth of Puerto Rico, Guam, or the Virgin Islands) which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act, for each quarter beginning after March 1971, in addition to the

amounts otherwise payable to such State under such title, an amount equal to the excess if any of—

"(1) the non-Federal share of (A) the expenditures, under the State plan approved under such title, as cash assistance which would be made under such plan as in effect for December 1970, and (B) so much of the rest of such expenditures made under such plan as are required (as determined by the Secretary) by reason of the amendments made by the Social Security Amendments of 1970, over

"(2) 90 per centum of the non-Federal share of the total average quarterly expenditures, under such plan, as cash assistance during the 4-quarter period ending December 31, 1970.

"(b) For purposes of subsection (a), the non-Federal share of expenditures for any quarter under a State plan approved under title I, X, XIV, or XVI of the Social Security Act as cash assistance, referred to in subsection (a)(1), means the difference between (A) the total expenditures for such quarter under such plan as, respectively, old-age assistance, aid to the blind, aid to the disabled, and aid to the aged, blind, or disabled, and (B) the amounts determined for such quarter for such State with respect to such expenditures under, respectively, sections 3, 1003, 1403, and 1603 of such Act and (in the case of the plan approved

under title I or X) under section 9 of the Act of April 19, 1950.

"(c) The Secretary shall pay to each State which has a plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV, of the Social Security Act, for each quarter beginning after March 1971, an amount equal to the excess of—

"(1) the total expenditures, under the State plan approved under such title or part, as aid or assistance with respect to Indians, Aleuts, Eskimos, or other aboriginal persons, over

"(2) the amounts otherwise payable to such State under such title or part and under section 9 of the Act of April 19, 1950 as the Federal share of such aid or assistance to such persons."

AMENDMENTS TO IMPROVE THE WORK INCENTIVE PROGRAM ESTABLISHED UNDER PART C OF TITLE IV OF THE SOCIAL SECURITY ACT

SEC. 320. (a)(1) Section 402(a)(15) of the Social Security Act is amended to read as follows:

"(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 family planning services are offered to them, 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;".

(2) Section 402(a)(19)(A) of such Act is amended to read as follows:

"(A) effective July 1, 1971, provide that every individual, as a condition of eligibility for aid 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; or

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

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;".

(3) Section 402(a)(19)(C) of such Act is amended effective July 1, 1971, by striking out "20 per centum" and inserting in lieu thereof "10 per centum".

(4) Section 402(a)(19)(D) of such Act is amended effective July 1, 1971, to read as follows:

"(D) that training incentives and other allowances authorized under section 434 shall be dis-

regarded in determining the needs of an individual under section 402(a)(7);".

(5) Section 402(a)(19) of such Act is further amended by striking out subparagraph (E).

(6) The parenthetical clause in section 402(a)(19)(F) of such Act is amended by striking out "pursuant to subparagraph (A) (i) and (ii) and section 407(b)(2)" and inserting in lieu thereof "pursuant to subparagraph (G)".

(7) Section 402(a)(19) of such Act is amended by adding at the end thereof the following new subparagraph:

"(G) that the State agency, effective July 1, 1971, 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 (through utilization of the services of the Federal Child Care Corporation, or otherwise), 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 such individuals are prepared to accept employment or receive manpower training, refer such individuals to the Secretary of Labor for employment or training under part C, and (iii) will participate in the development of operational and employability plans under section 433(b); if more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child services if they are available;".

(8) Section 403 of such Act is amended by adding at the end thereof the following new subsection:

"(e) 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 by one percentage point for each percentage point by which the number of individuals referred, 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 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)."

(9) Section 403 of such Act is amended by adding after subsection (e) the following new subsection:

"(f) Notwithstanding subparagraph (A) of subsection (a)(3) the rate specified in such subparagraph shall be—

"(1) 100 per centum (rather than 75 per centum) with respect to family planning services provided pursuant to clause (15) of section 402(a),

"(2) 90 per centum (rather than 75 per centum) with respect to child care services provided pursuant to clause (14) of section 402(a) or section 402(a) (19) (G) but only, in the case of any quarter, if the total amount of non-Federal expenditures during such quarter under the State plan for child care services is not less than the amount of the average quarterly amount of non-Federal expenditures under such plan for child care services for the 4-quarter period ending December 31, 1970; except that the Secretary is authorized, for a temporary period of not to exceed 6 months, to increase such rate to 100 per centum in a political subdivision of a State or portion thereof if and only if he determines that such services would not be made available during such period in the absence of such increased rate of payment, and

"(3) 90 per centum (rather than 75 per centum) with respect to social and supportive services (other than family planning services and child care services) provided pursuant to section 402(a)(19)(G)."

(b)(1) The first sentence of section 430 of the Social Security Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(2) Section 431 of such Act is amended (1) by inserting "(a)" immediately after "SEC. 431.", and (2) by adding at the end thereof the following new subsections:

"(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1972), not less than 40 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)(1) For the purpose of carrying out the provisions of this part in any State for any fiscal year (commencing with the fiscal year ending June 30, 1972), there shall be available (from the sums appropriated pursuant to subsection (a) for such fiscal year) for expenditure in such State an amount equal to the allotment of such State for such year (as determined pursuant to paragraph (2) of this subsection).

"(2) Sums appropriated pursuant to subsection (a) for the fiscal year ending June 30, 1972, or for any fiscal year thereafter, shall be allotted among the States as follows:

Each State shall be allotted from such sums an amount which bears the same ratio to the total of such sums as—

"(A) in the case of the fiscal year ending June 30, 1972, 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

"(B) in the case of the fiscal year ending June 30, 1973, 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."

(3)(A)(i) Clause (1) of section 432(b) of such Act is amended—

(I) by inserting "(A)" immediately after "(1)"; and

(II) by striking out "and utilizing" and inserting in lieu thereof "and (B) a program utilizing".

(ii) Clause (3) of section 432(b) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(B) Section 432(d) of such Act is amended to read as follows:

"(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 non-reimbursable basis."

(C) Section 432 of such Act is further amended by adding at the end thereof the following new subsection:

"(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."

(4)(A) Section 433(a) of such Act is amended—

(i) by striking out "section 402" and inserting in lieu thereof "section 402(a)(19)(G)"; and

(ii) by adding at the end thereof the following new sentence: "The Secretary, in carrying out such program for individuals so referred to him by a State, shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, dependent children and relatives who

have attained age 16 and who are not in school, or engaged in work or manpower training; third, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; fourth, all other individuals so referred to him."

(B) Section 433(b) of such Act is amended to read as follows:

"(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 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) In carrying out any such statewide operational plan of any State, there shall be developed jointly by the Secretary and the administrative unit of the State administering the special program referred to in section 402(a)(19)(G) in each area of the State an employability plan for each individual residing in such area who is participating in the work incentive program established by this part. Such employability plan for any such individual shall (i) conform with the statewide operational plan of such State, (ii) provide that the separate administrative unit referred to in section 402(a)(19)(G)(ii) will provide the services referred to in section 402(a)(19)(G)(ii), and (iii) provide that the Secretary shall be responsible for providing the training, placement, and related services authorized under this part."

(C)(i) Section 433(e)(1) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(ii) Section 433(e)(2)(A) of such Act is amended by striking out "a portion" and inserting in lieu thereof "100 per centum (in the case of the first year that such agreement is in effect, if such agreement is in effect at least

three years) and 90 per centum (if such agreement is in effect less than three years; or, if such agreement is in effect at least three years, in the case of any year after the first year that such agreement is in effect)".

(iii) Section 433(e)(2)(B) of such Act is amended by striking out "on special work projects of" and inserting in lieu thereof "in public service employment for".

(iv) Section 433(e)(3) of such Act is hereby repealed.

(D) Section 433(f) of such Act is amended by striking out "any of the programs established by this part" and inserting in lieu thereof "section 432(b)(3)".

(E) Section 433(g) of such Act is amended by striking out "section 402(a)(19)(A) (i) and (ii)" and inserting in lieu thereof "section 402(a)(19)(G)".

(F) Section 433(h) of such Act is amended by striking out "special work projects" and inserting in lieu thereof "public service employment".

(G) Section 434 of such Act is amended—

(i) by inserting "(a)" immediately after "SEC. 434."; and

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

"(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower train-

ing under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly relating to the participation by such member in such training."

(5)(A) Section 435(a) of such Act is amended, effective July 1, 1971, by striking out "80 per centum" and inserting in lieu thereof "90 per centum".

(B) Section 435(b) of such Act is amended by striking out "; except that with respect to special work projects under the program established by section 432(b)(3), the costs of carrying out this part shall include only the costs of administration".

(6) Section 436(b) of such Act is amended by striking out "by the Secretary after consultation with" and inserting in lieu thereof "jointly by him and".

(7) Section 437 of such Act is amended to read as follows:

"SEC. 437. The Secretary is authorized to provide to an individual who is registered pursuant to section 402(a)(19)(A) and who is unemployed relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning

of income sufficient to make such individual and his family ineligible for benefits under part A)."

(8) Section 438 of such Act is amended by striking out "projects under".

(9) Section 439 of such Act is amended to read as follows:

"SEC. *439. The Secretary and the Secretary of Health, Education, and Welfare shall, not later than six months after the date of enactment of the Social Security Amendments of 1970, issue regulations to carry out the purposes of this part, as amended by the Social Security Amendments of 1970. 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).*"

(10) Section 441 of such Act is amended—

*(A) by inserting "(a)" immediately after "*SEC. *441.";*

(B) by adding immediately after the last sentence thereof the following sentence: "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."; and

(C) by adding after and below such section the following new subsection:

"(b) The Secretary shall collect and publish monthly, by State, by age group, and by sex, the following information with respect to individuals registered pursuant to section 402 (a)(19)(A)—

"(1) the number of individuals so registered, the number of individuals receiving each particular type of work training services, and the number of individuals receiving no such services;

"(2) the number of individuals placed in jobs by the Secretary under section 432(b)(1)(A), and the average wages of the individuals so placed;

"(3) the number of individuals who begin but fail to complete training, and the reasons for the failure of such individuals to complete training; and the number of individuals who register voluntarily but do not receive training or placement;

"(4) the number of individuals who obtain employment following the completion of training, and the num-

ber of such individuals whose employment is in fields related to the particular type of training received;

"(5) of the individuals who obtain employment following the completion of training, the average wages of such individuals, and the number retaining such employment three months, six months, and twelve months, following the date of completion of such training;

"(6) the number of individuals in public service employment, by type of employment, and the average wages of such individuals; and

"(7) the amount of savings, under Part A of this title, realized by reason of the operation of each of the programs established pursuant to this part."

(11) Section 442 of such Act is amended to read as follows:

"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)."

(12) Section 443 of such Act is amended by striking out "20 per centum" wherever it appears therein and inserting in lieu thereof "10 per centum".

(13) (A) Section 444(c)(1) of such Act is amended by striking out "section 402(a)(16) and section 402(a)(19)(F)" and inserting in lieu thereof "section 402(a)(19)".

(B) Section 444(d) of such Act is amended (i) by striking out "a special work project" and inserting in lieu thereof "public service employment"; (ii) by striking out "project" at the end of the first sentence and inserting in lieu thereof "employment"; and (iii) by striking out "402(a)(15)" and inserting in lieu thereof "402(a)(19)".

(14)(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 reasonable child care expenses (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income; and".

(B) Except as provided in section 570, clause (A) shall

be effective July 1, 1971, except that any State may elect to modify its plan so as to provide for an earlier effective date.

(c) The amendments made by this section shall, except as otherwise specified herein, take effect on January 1, 1971.

EMERGENCY ASSISTANCE TO NEEDY MIGRANT WORKERS WITH CHILDREN

SEC. 330. (a) Section 402(a) of the Social Security Act is amended by striking out "and" at the end of clause (22), and by inserting immediately before the period at the end of clause (23) the following: "; and (24) effective July 1, 1971, provide that emergency assistance to needy families, as defined in section 406(e)(1), be furnished on a Statewide basis to needy migrant workers with children in the State."

(b) Section 406(e) of such Act is amended by striking out paragraph (2).

(c) Section 403(a)(3)(A) of such Act is amended (A) by striking out "or" at the end of clause (ii), (B) by striking out "; plus" at the end of clause (iii) and inserting in lieu thereof ", or", and (C) by inserting after clause (iii) the following:

"(iv) emergency assistance to needy families, as defined in section 406(e)(1) which is furnished to needy migrant workers with fam-

ilies pursuant to section 402(a)(24); plus"

(d) Except as provided in section 570, the amendments made by this section shall be effective on July 1, 1971.

ADVISORY COUNCILS FOR STATE PROGRAMS OF AID TO FAMILIES WITH DEPENDENT CHILDREN NOT TO BE REQUIRED UNDER REGULATIONS OF THE SECRETARY

SEC. 340. Section 1102 of the Social Security Act (as amended by section 550 of this Act) is further amended by adding at the end thereof the following new subsection:

"(c) Nothing contained in subsection (a) or any other provision of law shall be construed to authorize or permit the Secretary of Health, Education, and Welfare to prescribe any rule or regulation requiring any State, in the operation of a State plan approved under title IV, to establish or pay the expenses of any advisory council to advise the State with respect to the programs under such title in such State."

USE OF SOCIAL SECURITY NUMBERS

SEC. 350. (a) Section 2(a) of the Social Security Act (as amended by section 542 of this Act) is further amended (A) by striking out "and" at the end of paragraph (12), (B) by striking out the period at the end of paragraph (13) and inserting in lieu of such period "; and", and (C) by adding after paragraph (13) the following new paragraph:

"(14) effective January 1, 1972, provide (A) that, as a condition of eligibility under the plan, each

applicant for or recipient of assistance shall furnish to the State agency his social security account number; and (B) that such State agency shall utilize such account numbers in the administration of such plan."

(b) Section 402(a) of such Act (as amended by section 542 of this Act) is further amended (A) by striking out "and" at the end of paragraph (25), and (B) by inserting immediately before the period at the end of paragraph (26), the following: "; and (27) effective January 1, 1972, 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; and (B) that such State agency shall utilize such account numbers in the administration of such plan."

(c) Section 1002(a) of such Act (as amended by section 542 of this Act) is further amended (A) by striking out "and" at the end of paragraph (15), and (B) by inserting immediately before the period at the end of paragraph (16) the following: "; and (17) effective January 1, 1972, 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; and (B) that such State agency shall utilize such account numbers in the administration of such plan."

(d) Section 1402(a) of such Act (as amended by section

542 of this Act) is further amended (A) by striking out "and" at the end of paragraph (13), and (B) by inserting immediately before the period at the end of paragraph (14) the following: "; and (15) effective January 1, 1972, 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; and (B) that such State agency shall utilize such account numbers in the administration of such plan."

(e) Section 1602(a) of such Act (as amended by section 542 of this Act) is further amended (A) by striking out "and" at the end of paragraph (19), (B) by striking out the period at the end of paragraph (20) and inserting in lieu of such period "; and", and (C) by adding after paragraph (20) the following new paragraph:

(21) effective January 1, 1972, 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; and (B) that such State agency shall utilize such account numbers in the administration of such plan."

CERTAIN EFFECTIVE DATES POSTPONED IF STATE LEGISLATURE DOES NOT CONVENE BEFORE 1972

SEC. 360. The requirements imposed by sections 520 (b)(14), and 530 of this Act shall not be requirements

for the State plan of any State prior to July 1, 1972, if the legislature of such State does not meet in a regular session which commences after December 31, 1970, and which closes before July 1, 1971.

DISREGARDING OF FINANCIAL RESPONSIBILITY OF OTHER PERSONS IN DETERMINING ELIGIBILITY OF BLIND INDIVIDUALS FOR AID OR MEDICAL ASSISTANCE

SEC. 361. (a) Section 1002(a)(8) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (B); and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (D) shall not take into account the financial responsibility of any other natural person for such individual unless such individual is such person's spouse or such person's child who is under age 21".

(b) Section 1602(a)(14)(A) of such Act is amended—

(1) by striking out "and" at the end of clause (i); and

(2) by inserting after clause (ii) the following: "and (iii) shall not take into account the financial responsibility of any other natural person for such individual unless such individual is such person's spouse or such person's child who is under age 21,".

(c) Section 1902(a)(17)(D) of such Act is amended by striking out "or is blind or permanently and totally disabled".

(d) The amendments made by the preceding subsections of this section shall take effect on January 1, 1971.

TITLE ~~III~~ *IV*—MISCELLANEOUS PROVISIONS

MEANING OF TERM "SECRETARY"

SEC. ~~301~~ *401.* As used in *titles I, II, and III of* this Act, and in the provisions of the Social Security Act amended by this Act, the term "Secretary," unless the context otherwise requires, means the Secretary of Health, Education, and Welfare.

DEDUCTIBILITY OF ILLEGAL MEDICAL REFERRAL PAYMENTS, ETC.

SEC. 602. (a) Section 162(c) of the Internal Revenue Code of 1954 (relating to bribes and illegal kickbacks) is amended—

(1) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following new paragraph:

"(2) OTHER ILLEGAL PAYMENTS.—No deduction shall be allowed under subsection (a) for any payment (other than a payment described in paragraph (1)) made, directly or indirectly, to any person, if the payment constitutes an illegal bribe or kickback under any law of the United States, or under any law of a State

(but only if such State law is generally enforced), which subjects the payor to a criminal or civil penalty (including the loss of license or privilege to engage in a trade or business). For purposes of this paragraph, a bribe or kickback includes a payment in consideration of the referral of a client, patient, or customer."; and

(2) by striking out "BRIBES AND ILLEGAL KICKBACKS." in the heading of such section and inserting in lieu thereof "ILLEGAL BRIBES, KICKBACKS, ETC.".

(b) The amendments made by subsection (a) shall apply with respect to payments made after December 30, 1969.

(285) *REQUIRED INFORMATION RELATING TO EXCESS MEDICARE TAX PAYMENTS BY RAILROAD EMPLOYEES*

SEC. 430. (a) Section 6051(a) of the Internal Revenue Code of 1954 (relating to requirement of receipts for employees) is amended—

(1) by striking out "section 3101, 3201, or 3402" in the matter preceding paragraph (1) and inserting in lieu thereof "section 3101 or 3402";

(2) by inserting "and" at the end of paragraph (5), and by striking out "; and" at the end of paragraph (6) and inserting in lieu thereof a period; and

(3) by striking out paragraphs (7) and (8).

(b) Section 6051(c) of such Code (relating to additional requirements) is amended by striking out "sections

3101 and 3201" in the second sentence and inserting in lieu thereof "section 3101".

(c) Section 6051 of such Code (relating to receipts for employees) is amended by adding at the end thereof the following new subsection:

"(e) RAILROAD EMPLOYEES.—

"(1) ADDITIONAL REQUIREMENT.—Every person required to deduct and withhold tax under section 3201 from an employee shall include on or with the statement required to be furnished such employee under subsection (a) a notice concerning the provisions of this title with respect to the allowance of a credit or refund of the tax on wages imposed by section 3101(b) and the tax on compensation imposed by section 3201 or 3211 which is treated as a tax on wages imposed by section 3101(b).

"(2) INFORMATION TO BE SUPPLIED TO EMPLOYEES.—Each person required to deduct and withhold tax under section 3201 during any year from an employee who has also received wages during such year subject to the tax imposed by section 3101(b) shall, upon request of such employee, furnish to him a written statement showing—

"(A) the total amount of compensation with respect to which the tax imposed by section 3201 was deducted,

"(B) the total amount deducted as tax under section 3201, and

"(C) the portion of the total amount deducted as tax under section 3201 which is for financing the cost of hospital insurance under part A of title XVIII of the Social Security Act."

(d) The amendments made by this section shall apply in respect of remuneration paid after December 31, 1969.

(286) *REPORTING OF MEDICAL PAYMENTS*

SEC. 404. (a) Subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"SEC. 6050A. RETURNS REGARDING PAYMENTS TO PROVIDERS OF HEALTH CARE SERVICES.

"(a) REQUIREMENT OF REPORTING.—

"(1) PAYMENTS TO PROVIDERS.—Every person who during any calendar year (beginning with calendar year 1971) makes payments aggregating $600 or more to a provider of health care services for health care services furnished by such provider or by another such provider shall make a return according to the forms or regulations prescribed by the Secretary or his delegate setting forth the total amount of such payments made to

such provider during the calendar year, and the name and address of such provider.

"(2) PAYMENTS IN REIMBURSEMENT OF CERTAIN AMOUNTS PAID OR PAYABLE TO PROVIDERS UNDER GOVERNMENT PROGRAMS.—Every person who during any calendar year (beginning with calendar year 1972) makes payments to one or more persons in reimbursement of amounts aggregating $600 or more paid or payable to a provider of health care services for health care services furnished by such provider or by another such provider under a Government health care program shall make a return according to the forms or regulations prescribed by the Secretary or his delegate setting forth the total amount paid or payable to such provider during the calendar year with respect to which such reimbursements were made, and the name and address of such provider.

"(b) EXCEPTIONS.—

"(1) EXEMPT ORGANIZATIONS.—Subsections (a) (1) and (2) shall not apply to any payment to, or amount paid or payable to, an organization—

"(A) which is described in section 501(c)(3) and is exempt from taxation under section 501(a), or

"(B) which is an agency or instrumentality of

the United States or of any State or political subdivision thereof.

"(2) CERTAIN DIRECT PAYMENTS.—Subsection (a)(1) shall not apply to—

"(A) any payment by an individual for health care services furnished to himself or any other individual (other than any such payment made in the course of a trade or business), or

"(B) any payment of wages (as defined in section 3401(a)) with respect to which a statement is made under section 6051.

"(3) PAYMENTS SPECIFIED IN REGULATIONS.—The Secretary or his delegate may by regulations specify payments to which subsection (a)(1) shall not apply and amounts paid or payable to which subsection (a)(2) shall not apply.

"(c) DEFINITIONS.—For purposes of this section—

"(1) HEALTH CARE SERVICES.—The term 'health care services' means—

"(A) services described in paragraphs (1) through (9) of section 1861(s) of the Social Security Act, or (to the extent not described therein) in paragraphs (1) through (15) of section 1905(a) of such Act, and

"(B) such other services (similar or related to the services described in subparagraph (A)) as the Secretary or his delegate may prescribe by regulations.

"(2) PROVIDERS OF SERVICES.—The term 'provider of health care services' means any person who furnishes health care services, except any such person whose services are principally the selling or leasing of items of personal property.

"(3) GOVERNMENT HEALTH CARE PROGRAMS.—The term 'Government health care program' means any program for providing health care services which is administered by any department, agency, or instrumentality of the Government of the United States or is funded to a substantial extent by the United States, and includes (but is not limited to) the programs provided under—

"(A) titles V, XVIII, and XIX of the Social Security Act,

"(B) chapter 89 of title 5, United States Code, and the Retired Federal Employees Health Benefits Act,

"(C) chapter 55 of title 10, United States Code, and

"(D) chapter 17 of title 38, United States Code.

"(d) RETURNS BY GOVERNMENT OFFICERS.—Any return required under subsection (a) with respect to payments or reimbursements made by the United States, any State or political subdivision thereof, or any agency or instrumentality of the foregoing, shall be made by the officers or employees having information as to such payments or reimbursements.

"(e) STATEMENTS TO BE FURNISHED TO PROVIDERS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Every person making a return under subsection (a) shall furnish to each provider of health care services whose name is set forth in such return a written statement showing—

"(1) the name and address of the person making such return, and

"(2) the total amount of payments described in subsection (a)(1) made to the provider as shown on such return, and the total amounts paid or payable to the provider with respect to which reimbursements described in subsection (a)(2) were made as shown on such return.

The written statement required under the preceding sentence shall be furnished to the provider on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.

"(f) RECIPIENT TO FURNISH REQUIRED INFORMA-

TION.—*Upon demand of a person making payments to, or in reimbursement of amounts paid or payable to, a provider of health care services, there shall be furnished to such person by such provider—*

"(1) his name and address, and (if different) the address used for purposes of filing his income tax return, and

"(2) such identifying number as may be prescribed for securing proper identification of such provider.

"(g) RETENTION OF RECORDS.—Every person making a return under subsection (a) shall—

"(1) retain the records and other documents relating to the payments and reimbursements with respect to which such return is made for such time as the Secretary or his delegate prescribes by regulations, and

"(2) make such records and documents available to the Secretary or his delegate whenever in the judgment of the Secretary or his delegate such records and documents are necessary to the determination of the tax imposed on any person under subtitle A.

"(h) STUDY OF PRACTICES IN COLLECTING PAYMENTS FOR HEALTH CARE SERVICES.—

"(1) JOINT STUDY BY SECRETARIES OF TREASURY AND HEALTH, EDUCATION, AND WELFARE.—The Secretary and the Secretary of Health, Education, and Welfare shall make a joint continuing study of the practices

of providers of health care services in collecting payments for health care services (A) from insurance companies which provide health care insurance coverage for individuals and (B) from the individuals for whom such services are furnished.

"(2) REPORTS TO CONGRESSIONAL COMMITTEES.—The Secretary and the Secretary of Health, Education, and Welfare shall, on or before June 30 of each year (beginning with 1971), report the results of their study under paragraph (1) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives."

(b) (1) The table of sections for subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new item:

"Sec. 6050A. Returns regarding payments to providers of health care services."

(2) Section 6041 (a) of such Code (relating to information at source) is amended by striking out "or 6049 (a) (1)" and inserting in lieu thereof "6049 (a) (1), or 6050A (a)".

(3) Section 6652 (a) of such Code (relating to failure to file certain information returns) is amended—

(A) by striking out "or" at the end of paragraph (2);

(B) by inserting "or" at the end of paragraph (3);

(C) by inserting after paragraph (3) the following new paragraph:

"(4) to make a return required by section 6050A (a) (relating to reporting payments made to providers of health care services, etc.) with respect to payments to a provider of health care services and amounts paid or payable to such a provider for which reimbursements were made,"; and

(D) by striking out "(2) or (3)" and inserting in lieu thereof "(2), (3), or (4)".

(4) Section 6678 of such Code (relating to failure to furnish certain statements) is amended—

(A) by inserting "6050A (e)," before "or 6052 (b)"; and

(B) by inserting "6050A (a)," before "or 6052 (a)".

(c) Title XI of the Social Security Act is amended by adding after section 1129 (as added by section 546 of this Act) and before section 1151 (as added by section 245 of this Act) the following new section:

"RECORDS WITH RESPECT TO MEDICAL AND HEALTH CARE ITEMS AND SERVICES

"SEC. 1130. (a) It shall be the duty of the Secretary to compile, keep, and maintain, for each calendar year (be-

ginning with the calendar year 1970), such records as may be necessary accurately to indicate—

"(1) the identity (by name, address, medical or health care specialty, and such other identifying criteria as may be appropriate) of each person who, during the calendar year, furnishes medical or health care items or services to any individual, the number of individuals to whom such items or services were furnished by such person during such year, and the items and services furnished to such individuals by such person during such year, if all or any part of the cost or charge attributable to the provision of such items or services is payable under a program established by title XVIII or under any program or project under or established pursuant to this title, title V, or title XIX; and

"(2) with respect to each person referred to in paragraph (1), the aggregate of the amounts of the costs or charges attributable, under each program or project referred to in such paragraph, to medical or health care items or services furnished, during the calendar year, by such person to individuals under such programs and projects (including, in the aggregate amount of costs or charges so attributable, the amounts paid to individuals by reason or on account of the furnishing by such person of such items or services to such individuals).

"(b)(1) In order to carry out the provisions of subsection (a), the Secretary shall require persons, agencies, or agents (including carriers and intermediaries utilized under title XVIII and fiscal agents and insurers utilized under any program established under or pursuant to title V or XIX) administering, or assisting in the administration of, any program or project referred to in subsection (a)(1) to collect, and submit to the Secretary at such time or times as the Secretary may require, such data and information as the Secretary may deem necessary or appropriate. Such persons, agents, carriers, intermediaries, fiscal agents, and insurers shall utilize, in supplying the data and information provided for in the preceding sentence, the identifying numbers required under paragraph (2) as the basic means of identifying persons referred to in subsection (a)(1).

"(2) The Secretary shall require, for purposes of identifying the persons referred to in subsection (a)(1), the employment of the identifying numbers utilized on returns required with respect to payments to such persons pursuant to section 6050A of the Internal Revenue Code of 1954.

"(c)(1) The Secretary shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to each calendar year, beginning with the calendar year 1970, a

report indicating the name, address, and medical or health care specialty of each person who, during such year, furnished medical or health care items or services to individuals the costs of or charges for which give rise to payments under one or more of the programs or projects referred to in subsection (a)(1) of $25,000 or more. Such report shall indicate the amount of payments under each of such programs or projects attributable to such items or services furnished during such year by each such person, the number of different individuals to whom such items or services were furnished by such person during such year, and the items and services furnished to such individuals by such person during such year.

"(2) Such report for the calendar year 1970 shall be submitted not later than June 30, 1971, and such report for each succeeding calendar year shall be submitted not later than June 30 of the following calendar year."

(287) *APPOINTMENT AND CONFIRMATION OF ADMINISTRATOR OF SOCIAL AND REHABILITATION SERVICES*

SEC. 405. Appointments made on or after the date of enactment of this Act to the office of the Administrator of the Social and Rehabilitation Service, within the Department of Health, Education, and Welfare, shall be made by the President, by and with the advice and consent of the Senate.

(288) *ADVISORY COUNCIL ON SOCIAL SECURITY; CHANGE IN REPORTING DATE*

SEC. 406. So much of section 706(d) of the Social Security Act as precedes paragraph (1) is amended by inserting immediately after "appointed," the following: "(except that the Council appointed in 1969 shall submit its reports to the Secretary not later than March 1, 1971)".

(289) *DISREGARDING OF SOCIAL SECURITY INCREASES UNDER WELFARE PROGRAMS*

SEC. 407. (a) Section 1007 of the Social Security Amendments of 1969, as amended by section 2(b) of Public Law 91-306, is amended to read as follows:

"SEC. 1007. In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, in the case of any individual found eligible (as a result of the requirement imposed by this section or otherwise), for aid for any month after March 1970 and before January 1972 who also receives in such month—

"(1) a monthly insurance benefit under title II of such Act, the sum of the aid received by him for such month, plus the monthly insurance benefit received by him in such month, shall not be less than the sum of the

aid which would have been received by him for such month under the State plan as in effect for March 1970, plus either

"(A) the monthly insurance benefit which was or would have been received by him in March 1970 without regard to the other provisions of this title plus $4, or

"(B) the monthly insurance benefit which was or would have been received by him in March 1970 under the provisions of this title,

whichever is less (whether this requirement is satisfied by disregarding a portion of his monthly insurance benefit or otherwise), or

"(2) a monthly payment of annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, the sum of the aid received by him in such month, plus the monthly payment of such annuity or pension received by him in such month (not including any part of such annuity or pension which is disregarded under section 1006), shall (except as otherwise provided in the succeeding sentence) not be less than the sum of the aid which would have been received by him for such month under such plan as in effect for March 1970, plus either

"(A) the monthly payment of annuity or pen-

sion which was or would have been received by him in March 1970 without regard to the provisions of any Act enacted after May 30, 1970, and before December 31, 1970, which provides general increases in the amount of such monthly payment of annuity or pension plus $4, or

"(B) the monthly payment of annuity or pension which was or would have been received by him in March 1970, taking into account the provisions of such Act (if any),

whichever is less (whether this requirement is satisfied by disregarding a portion of his monthly payment of annuity or pension or otherwise)."

(b) Notwithstanding the provisions of sections 2(a)(10), 1002(a)(8), 1402(a)(8), and 1602(a)(13) and (14) of the Social Security Act, each State, in determining need for aid or assistance under a State plan approved under title I, X, XIV, or XVI, of such Act, shall disregard (and the plan shall be deemed to require the State to disregard), in addition to any other amounts which the State is required or permitted to disregard in determining such need, any amount paid to an individual under title II of such Act (or under the Railroad Retirement Act of 1937 by reason of the first proviso in section 3(e) thereof), in any month after December 1970, to the extent that (1) such payment is at-

tributable to the increase in monthly benefits under the old-age, survivors, and disability insurance system for January or February 1971 resulting from the enactment of this Act, and (2) the amount of such increase is paid separately from the rest of the monthly benefit of such individual for January or February 1971.

(c) In addition to the requirements imposed by law as a condition of approval of a State plan to provide aid or assistance to individuals under title I, X, XIV, or XVI of the Social Security Act, there is hereby imposed the requirement (and the plan shall be deemed to require) that, for months after March 1971, and before January 1972, the amount of aid or assistance payable to any individual under any such plan shall be computed in such manner as the Secretary of Health, Education, and Welfare shall by regulations prescribe to assure that any increase in the amount of such aid or assistance which is required by reason of the provisions of section 502 of this Act shall be in addition to, and not in lieu of, any increase in the amount of such aid or assistance which is or would be required by section 1007 of the Social Security Amendments of 1969, as amended.

(290) *ACCEPTANCE OF MONEY GIFTS MADE UNCONDITIONALLY TO THE SOCIAL SECURITY ADMINISTRATION*

SEC. 408. (a) The second sentence of section 201(a) of the Social Security Act is amended by inserting after

"in addition," and before "such amounts" the following: "such gifts and bequests as may be made thereto, and".

(b) The second sentence of section 201(b) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made thereto, and".

(c) Section 201 of such Act is further amended by adding after subsection (h) the following new subsection:

"(i)(1) The Managing Trustee of 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 is authorized to accept on behalf of the United States gifts and bequests made unconditionally to such Trust Funds or to the Social Security Administration.

"(2) Any such gift accepted pursuant to the authority granted in paragraph (1) of this subsection shall be deposited in—

"(A) the specific trust fund designated by the donor, or

"(B) if the donor has not so designated, to the Federal Old-Age and Survivors Insurance Trust Fund."

(d) The second sentence of section 1817(a) of such

Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made thereto, and".

(e) The second sentence of section 1841(a) of such Act is amended by inserting after "consist of" and before "such amounts" the following: "such gifts and bequests as may be made thereto, and".

(f) The amendments made by this section shall apply with respect to gifts received after the date of enactment of this Act.

(g) For the purpose of Federal income, estate, and gift taxes, any gift or bequest to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund, or the Social Security Administration, which is accepted by the Managing Trustee of such Trust Funds under the authority of section 201(i) of the Social Security Act, shall be considered as a gift or bequest to or for the use of the United States and as made for exclusively public purposes.

(291) *LOANS TO ENABLE CERTAIN FACILITIES TO MEET REQUIREMENTS OF LIFE SAFETY CODE*

SEC. 409. (a) It is the purpose of this section to provide assistance in the form of loans to hospitals and extended care facilities, which are providers of service participating in the

health insurance program established by title XVIII of the Social Security Act, in meeting requirements of the Life Safety Code of the National Fire Protection Association.

(b) The Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") is authorized for a period of five years commencing January 1, 1971, to lend to any hospital or extended care facility described in subsection (a) a sum sufficient to enable such hospital or extended care facility to install sprinkler systems and such as are necessary to meet the requirements of the Life Safety Code of the National Fire Protection Association, but only if a State planning agency described in section 314(a), section 314(b), or section 604(a) of the Public Health Service Act (or such other appropriate planning agency as may be designated by the Secretary) determines that the proposed expenditure should be made to permit the continued participation of such hospital or extended care facility in the program established by title XVIII of the Social Security Act, and that the proposed investment is not inconsistent with, or inappropriate in terms of area needs for the facility concerned.

(c)(1) Loans under this section shall be made only upon application therefor and shall be made by the Secretary in such amounts as the Secretary determines to be appropriate to carry out the purposes of this section and protect the financial interests of the United States.

(2) The rate of interest to be charged for any loan under this section shall be the average of the rates of interest on obligations issued for purchase by the Federal Hospital Insurance Trust Fund as determined at the time such loan is made.

(3) Such loans shall be repaid over a period of not to exceed 10 years, in equal periodic installments to be made not less frequently than annually.

(4) Such loans shall become due and payable in full at once if the Secretary determines (A) that the funds in question were not used for the purpose specified in the loan application, or (B) that the facility has ceased to make its services available to a reasonable proportion of persons entitled to benefits under title XVIII of the Social Security Act in the area served by such facility and who require such services.

(d) No hospital or extended care facility shall be eligible for a loan under this section unless—

(1) it was in operation and participating as a provider of services under title XVIII of the Social Security Act on January 1, 1971,

(2) the building in which the sprinkler system is to be installed was constructed prior to January 1, 1971, and

(3) the Secretary is satisfied that the applicant is unable to secure such loan from other sources or is unable to secure such loan from other sources at a reasonable rate of interest and on reasonable terms and conditions.

(e) There are authorized to be appropriated for the fiscal year ending June 30, 1970, and for each of the next five fiscal years such sums as may be necessary to carry out this section.

(292) *RETIREMENT INCOME CREDIT*

SEC. 410. (a) Section 37(d) of the Internal Revenue Code of 1954 (relating to limitation on retirement income) is amended—

(1) by striking out "$1,524" in the matter preceding paragraph (1) and inserting in lieu thereof "$1,872";

(2) by striking out "$1,200" in paragraph (2)(B) and inserting in lieu thereof "$1,680"; and

(3) by striking out "$1,700" each place it appears in paragraph (2)(B) and inserting in lieu thereof "$2,880".

(b) Section 37(i) of such Code (relating to special rules for married couples) is amended by striking out "$2,286" in paragraph (2)(B) and inserting in lieu thereof "$2,808".

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1970.

(293) *TAX CREDIT FOR CERTAIN EXPENSES INCURRED IN WORK INCENTIVE PROGRAMS*

SEC. 612 (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as section 41, and by inserting after section 39 the following new section:

"SEC. 40. EXPENSES OF WORK INCENTIVE PROGRAMS.

"(a) GENERAL RULE.—There shall be allowed, as a credit against the tax imposed by this chapter, the amount determined under subpart C of this part.

"(b) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section and subpart C."

(b) Part IV of subchapter A of chapter 1 of such Code (relating to credits against tax) is amended by adding at the end thereof the following new subpart:

"Subpart C—Rules for Computing Credit for Expenses of Work Incentive Programs

"SEC. 50. AMOUNT OF CREDIT.

"(a) DETERMINATION OF AMOUNT.—

"(1) GENERAL RULE.—The amount of the credit allowed by section 40 for the taxable year shall be equal

to 20 percent of the work incentive program expenses (as defined in section 50A(a)).

"(2) LIMITATION BASED ON AMOUNT OF TAX.—Notwithstanding paragraph (1), the credit allowed by section 40 for the taxable year shall not exceed—

"(A) so much of the liability for the taxable year as does not exceed $25,000, plus

"(B) 50 percent of so much of the liability for tax for the taxable year as exceeds $25,000.

"(3) LIABILITY FOR TAX.—For purposes of paragraph (2), the liability for tax for the taxable year shall be the tax imposed by this chapter for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 35 (relating to partially tax exempt interest),

"(C) section 37 (relating to retirement income), and

"(D) section 38 (relating to investment in certain depreciable property).

For purposes of this paragraph, any tax imposed for the taxable year by section 531 (relating to accumulated earnings tax), section 541 (relating to personal holding company tax), or section 1378 (relating to tax on

certain capital gains of subchapter S corporations), and any additional tax imposed for the taxable year by section 1351(d)(1) (relating to recoveries of foreign expropriation losses), shall not be considered tax imposed by this chapter for such year.

"(4) MARRIED INDIVIDUALS. In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (2) shall be $12,500 in lieu of $25,000. This paragraph shall not apply if the spouse of the taxpayer has no work incentive program expenses for, and no unused credit carryback or carryover to, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(5) CONTROLLED GROUPS.—In the case of a controlled group, the $25,000 amount specified under paragraph (2) shall be reduced for each component member of such group by apportioning $25,000 among the component members of such group in such manner as the Secretary or his delegate shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning assigned to such term by section 1563(a).

"(b) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(1) ALLOWANCE OF CREDIT.—If the amount of the credit determined under subsection (a)(1) for any taxable year exceeds the limitation provided by subsection (a)(2) for such taxable year (hereinafter in this subsection referred to as 'unused credit year'), such excess shall be—

"(A) a work incentive program credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a work incentive program credit carryover to each of the 7 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by section 40 for such years, except that such excess may be a carryback only to a taxable year beginning after December 31, 1970. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraphs (A) and (B)) such credit may be carried, and then to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(2) LIMITATION.—The amount of the unused

credit which may be added under paragraph (1) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by subsection (a)(2) for such taxable year exceeds the sum of—

"(A) the credit allowable under subsection (a)(1) for such taxable year, and

"(B) the amounts which, by reason of this subsection, are added to the amount allowable for such taxable year and attributable to taxable years preceding the unused credit year.

"(c) EARLY TERMINATION OF EMPLOYMENT BY EMPLOYER, ETC.—

"(1) GENERAL RULE.—Under regulations prescribed by the Secretary or his delegate—

"(A) WORK INCENTIVE PROGRAM EXPENSES.—If the taxpayer terminates the employment of any employee with respect to whom work incentive program expenses are taken into account under subsection (a) at any time during the first 12 months of such employment (whether or not consecutive) or before the close of the 12th calendar month after the calendar month in which such employee completes 12 months of employment with the taxpayer, the tax under this chapter for the

taxable year in which such employment is terminated shall be increased by an amount (determined under such regulations) equal to the credits allowed under section 40 for such taxable year and all prior taxable years attributable to work incentive program expenses paid or incurred with respect to such employee.

"(B) CARRYBACKS AND CARRYOVERS ADJUSTED.—In the case of any termination of employment to which subparagraph (A) applies, the carrybacks and carryovers under subsection (b) shall be properly adjusted.

"(2) SUBSECTION NOT TO APPLY IN CERTAIN CASES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to—

"(i) a termination of employment of an employee who voluntarily leaves the employment of the taxpayer, or

"(ii) a termination of employment of an individual who, before the close of the period referred to in paragraph (1) (A), becomes disabled to perform the services of such employment, unless such disability is removed before the close

of such period and the taxpayer fails to offer reemployment to such individual.

"(B) CHANGE IN FORM OF BUSINESS, ETC.—For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated—

"(i) by a transaction to which section 381 (a) applies, if the employee continues to be employed by the acquiring corporation, or

"(ii) by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in such trade or business and the taxpayer retains a substantial interest in such trade or business.

"(3) SPECIAL RULE.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit allowable under subpart A.

"SEC. 50A. DEFINITIONS; SPECIAL RULES.

"(a) WORK INCENTIVE PROGRAM EXPENSES.—For purposes of this subpart, the term 'work incentive program expenses' means the wages and salaries of employees who are certified by the Secretary of Labor as having been placed in employment under a work incentive program established

under section 432(b)(1) of the Social Security Act which are paid or incurred for services rendered by such employees during the first 12 months of such employment (whether or not consecutive).

"(b) LIMITATIONS.—

"(1) TRADE OR BUSINESS EXPENSES.—No item shall be taken into account under subsection (a) unless such item is allowable as a deduction under section 162 (relating to trade or business expenses).

"(2) REIMBURSED EXPENSES.—No item shall be taken into account under subsection (a) to the extent that the taxpayer is reimbursed for such item.

"(3) GEOGRAPHICAL LIMITATION.—No item shall be taken into account under subsection (a) with respect to any expense paid or incurred by the taxpayer for training conducted outside of the territory of the United States.

"(4) MAXIMUM PERIOD OF TRAINING OR INSTRUCTION.—No wages or salary of an employee shall be taken into account under subsection (a) after the end of the 24-month period beginning with the date of initial employment of such employee by the taxpayer.

"(5) INELIGIBLE INDIVIDUALS.—No item shall be taken into account under subsection (a) with respect to an individual who—

"(A) bears any of the relationships described in paragraphs (1) through (8) of section 152(a) to the taxpayer, or, if the taxpayer is a corporation, to an individual who owns, directly or indirectly, more than 50 percent in value of the outstanding stock of the corporation (determined with the application of section 267(c)), or

"(B) if the taxpayer is an estate or trust, is a grantor, beneficiary, or a fiduciary of the estate or trust, or is an individual who bears any of the relationships described in paragraphs (1) through (8) of section 152(a) to a grantor, beneficiary, or fiduciary of the estate or trust.

"(c) SUBCHAPTER S CORPORATIONS.—In case of an electing small business corporation (as defined in section 1371)—

"(1) the work incentive program expenses for each taxable year shall be apportioned pro rata among the persons who are shareholders of such corporation on the last day of such taxable year, and

"(2) any person to whom any expenses have been apportioned under paragraph (1) shall be treated (for purposes of this subpart) as the taxpayer with respect to such expenses.

"(d) ESTATES AND TRUSTS.—In the case of an estate or trust—

"(1) the work incentive program expenses for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each,

"(2) any beneficiary to whom any expenses have been apportioned under paragraph (1) shall be treated (for purposes of this subpart) as the taxpayer with respect to such expenses, and

"(3) the $25,000 amount specified under subparagraphs (A) and (B) of section 50(a)(2) applicable to such estate or trust shall be reduced to an amount which bears the same ratio to $25,000 as the amount of the expenses allocated to the trust under paragraph (1) bears to the entire amount of such expenses.

"(e) LIMITATIONS WITH RESPECT TO CERTAIN PERSONS.—In the case of—

"(1) an organization to which section 593 applies,

"(2) a regulated investment company or a real estate investment trust subject to taxation under subchapter M (section 851 and following), and

"(3) a cooperative organization described in section 1381(a),

rules similar to the rules provided in section 46(d) shall

apply under regulations prescribed by the Secretary or his delegate.

"(f) CROSS REFERENCE.—

"For application of this subpart to certain acquiring corporations, see section 381(c)(24),"

(c)(1) The table of subparts for part IV of subchapter A of chapter 1 of such Code is amended by adding at the end thereof the following:

"Subpart C. Rules for computing credit for expenses of work incentive programs."

(2) The table of sections of subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Expenses of work incentive programs.
"Sec. 41. Overpayments of tax."

(3) Section 381(c) of such Code (relating to items taken into account in certain corporated acquisitions) is amended by adding at the end thereof the following new paragraph:

"(24) CREDIT UNDER SECTION 40 FOR WORK INCENTIVE PROGRAM EXPENSES.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 40, and under such regulations as may be prescribed by the Secretary or his delegate) the items required to be taken

into account for purposes of section 40 in respect of the distributor or transferor corporation."

(d) The amendments made by this section shall apply to taxable years beginning after December 31, 1970.

(294) *CHANGE IN EXECUTIVE SCHEDULE—COMMISSIONER OF SOCIAL SECURITY*

SEC. 412. (a) Section 5316 of title 5, United States Code (relating to positions at level V of the Executive Schedule), is amended by striking out:

"(51) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(b) Section 5315 of title 5, United States Code (relating to positions at level IV of the Executive Schedule), is amended by adding at the end thereof the following:

"(94) Commissioner of Social Security, Department of Health, Education, and Welfare.".

(c) The amendments made by the preceding provisions of this section shall take effect on the first day of the first pay period of the Commissioner of Social Security, Department of Health, Education, and Welfare, which commences on or after January 1, 1971.

(295) *PRIVATE PENSION BENEFITS THAT DECREASE BY REASON OF SOCIAL SECURITY INCREASES*

SEC. 413. (a) Section 404 of the Internal Revenue Code of 1954 (relating to deduction for contributions of an

employer to an employee's trust or annuity plan, etc.) is amended by adding at the end thereof the following new subsection:

"(g) PENSION, ETC., PLANS CORRELATED WITH OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS.—If contributions are paid by an employer to a stock bonus, pension, profit-sharing or annuity plan designed to provide benefits upon retirement, and, the amount of the benefit payment or payments to an individual who is entitled to such benefit payment or payments under the plan for any period after December 31, 1970, is reduced, in whole or in part, by reason of an increase in the amount of the monthly insurance benefits which are payable to such individual for such period under title II of the Social Security Act, then the total amount deductible under this section with respect to contributions made by the employer to the plan for the taxable year in which occurs the period described in this section shall, under regulations of the Secretary or his delegate, be reduced by an amount (which shall not be in excess of the total of the amount otherwise so deductible) equal to the net decrease in payments to all individuals under the plan by reason of such increase during such taxable year."

(b) The amendment made by this section shall apply with respect to taxable years of employers contributing to such stock bonus, pension, profit-sharing or annuity plans beginning on or after the date of enactment of this Act.

Passed the House of Representatives May 21, 1970.

Attest: W. PAT JENNINGS,
Clerk.

Passed the Senate with amendments December 29 (legislative day, December 28), 1970.

Attest: FRANCIS R. VALEO,
Secretary.

91ST CONGRESS
2D SESSION

H. R. 17550

AN ACT

To amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 29 (legislative day, DECEMBER 28), 1970

Ordered to be printed with the amendments of the Senate numbered

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 91st CONGRESS, SECOND SESSION

Vol. 116 WASHINGTON, THURSDAY, DECEMBER 31, 1970 No. 211

House of Representatives

* * * * *

The message also announced that the Senate insists upon its amendments to the bill (H.R. 17550) entitled "An act to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. LONG, Mr. TALMADGE, Mr. RIBICOFF, Mr. WILLIAMS of Delaware and Mr. BENNETT to be the conferees on the part of the Senate.

* * * * *

MESSAGE FROM THE SENATE

PETITIONING CHAIRMAN OF WAYS AND MEANS COMMITTEE IN REGARD TO SENATE AMENDMENTS TO SOCIAL SECURITY BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, I have a petition signed by 100 Members of the House of Representatives urging the Honorable WILBUR MILLS, chairman of the Ways and Means Committee to take the Senate amendments to the social security bill from the Speaker's desk to conference and accept those which: First, increase social security benefits by 10 percent; second, increase the social security minimum to $100; third, increase the retirement earnings test to $2,400; and fourth, increase the monthly minimum allowance for the aged, disabled, and blind on welfare to $130 a person or $200 per couple.

I can very well understand to act on this bill while it languished in the other body for over 7 months. I also understand the frustrations of Members who properly explained about the attempt to attach nonrelated legislation to the social security bill.

These considerations, however, should be put aside because of the need to adopt this legislation. A new bill next year is not likely to provide a 10-percent increase in benefits, nor is it likely to increase the minimum benefit to $100—nor is it likely to include an increase in the allowable retirement income to $2,400 per year; nor is it likely to increase the monthly minimum allowance for the aged, disabled, and blind on welfare to acceptable levels. Furthermore, if a new bill passes the Congress by April 1, increased benefit payments will not be received by 26 million recipients until after July 1.

The experience of this year indicates the manner in which the social security legislation is used as a delivery system for legislation which could not make it through this Congress on its own power. This abuse of the legislative process could be avoided if we pass out a social security bill this session.

Following is the petition signed by 100 Members of this body urging action before sine die adjournment of this Congress.

The SPEAKER pro tempore (Mr. FOLEY). Is there objection to the request of the gentleman from Ohio?

Mr. MILLS. Mr. Speaker, reserving the right to object, and I shall not object, of course, but I would think it would be the gentlemanly thing to do, and I am sure those who signed the petition would want done, and that is to accord the privilege to the chairman of the Committee on Ways and Means the opportunity to have the original copy of it and not just to read the signatures into the CONGRESSIONAL RECORD.

Therefore, I hope my friend from Ohio will provide that opportunity to the chairman of the committee.

Mr. VANIK. I have for the chairman the original. I got the 100th name just a couple of minutes ago and it is on my desk. I have a mimeographed copy of it.

Mr. MILLS. I appreciate the gentleman at least letting me have the original copy.

Mr. VANIK. I shall be glad to do so.

Mr. MILLS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VANIK. Mr. Speaker, the petition referred to follows:

PETITION

We, the undersigned Members of the House of Representatives, hereby urge the Honorable Wilbur Mills, Chairman of the Ways and Means Committee, to take the Senate Amendments to the Social Security Bill from the Speaker's Desk to Conference and accept those which (1) increase social security benefits by 10 percent, (2) increase the social security minimum to $100, (3) increase the retirement earnings test to $2400, (4) increase the monthly minimum allowance for the Aged, Disabled, and Blind on welfare to $130 a person or $200 per couple.

LIST OF SIGNERS

Brock Adams, Phillip Burton, Jonathan Bingham, James A. Burke, James Scheuer, Dominick Daniels, Michael Harrington.

Henry Helstoski, Lloyd Meeds, Donald Reigle, Joseph Minish, Robert Kastenmeier, William Ford, Robert Nix.

William Ryan, Edward Patten, Edward Koch, Sidney Yates, John Melcher, Edward Garmatz, Thaddeus Dulski.

Louis Stokes, William Hathaway, John Brademas, Fred Schwengel, Lucien Nedzi, Patsy Mink, Michael Feighan.

Richard McCarthy, Paul McCloskey, William Harsha, William J. Green, Donald Fraser, Jerome Waldie, James Fulton.

Robert Tiernan, Ken Hechler, Frank Clark, John Conyers, William Barrett, Richard Hanna, James Byrne, Samuel Stratton.

Melvin Price, Lester Wolff, Charles Carney, Lawrence Coughlin, Joshua Eilberg, David R. Obey, Abner Mikva.

Thomas M. Rees, Frank Brasco, Ray Madden, Seymour Halpern, William Moorhead, Clement Zablocki, Lionel Van Deerlin.

John Dingell, Otis Pike, Robert Leggett, Paul Findley, Roman Pucinski, James Kee, Peter Kyros.

Edward Roybal, Jeffery Cohelan, Frank Annunzio, Torbet Macdonald, Robert Mollohan, Frank Thompson, Peter Rodino.

Byron Rogers, Arnold Olsen, Cornelius Gallagher, Henry Reuss, Charles A. Vanik, William Randall, John Culver, James O'Hara.

Edward Boland, Ludlow Ashley, Bertram Podell, Spark Matsunaga, Joseph McDade, John Slack, Clarence Long.

Also attached herewith is a Library of Congress memorandum relating to the financing of the OASDI system under the Senate version of the bill as compared with the House version:

MEMORANDUM

DECEMBER 29, 1970.

From: Francisco Bayo.

Subject: Comparison of the Financing of the OASDI System Under the Senate Version and House Version of H.R. 17550.

The attached Table I compares the financing adopted for the Senate version and the House version of the OASDI system under H.R. 17550. This comparison is made on the basis of level earnings assumptions and does not take into account the effect of the automatic benefit increase provisions or of their corresponding financing. The House version of these provisions is estimated to yield enough revenues, over the long-range future, to finance all the automatic increases in benefits. However, under the Senate version of the automatic provisions the system would slowly accumulate actuarial surpluses, unless the Congress acts in the future to either increase the benefits further or reduce the taxes.

On the basis of the level earnings assumption and disregarding the automatic provisions, the House bill has an actuarial imbalance for the OASDI system of −0.15% taxable payroll which is close to the permissible variation of .10% of taxable payroll. This was also the case under the Ways and Means Committee bill, which had an actuarial balance of −0.12% of taxable payroll and which was increased on the House floor to −0.15% of taxable payroll by a liberalization in the retirement test. However, this is not the case for the Senate bill which has an actuarial imbalance of −0.25% of taxable payroll and is beyond the acceptable limits of variation. It should be indicated that the bill reported by the Senate Finance Committee had an actuarial balance of −0.15% of taxable payroll, as in the House bill, and that the liberalization adopted on the Senate floor with respect to the earnings test and to grandchildren's benefits increased the imbalance by 0.10% to a total of −0.25% of taxable payroll.

The main differences between the two versions of the bill are presented in Table II which also indicates their long range cost effect. The level-cost of the OASDI system under present law and under both versions of the bill are presented in Table III.

TABLE I.—CHANGES IN ACTUARIAL BALANCE OF OLD-AGE, SURVIVORS AND DISABILITY INSURANCE SYSTEM AS PERCENTAGE OF TAXABLE PAYROLL OF HOUSE AND SENATE VERSIONS OVER PRESENT LAW

Item	Level-cost	
	House bill	Senate bill
Actuarial balance of present system	−0.08	−0.08
Effect of 1970 earnings	+.28	+.28
Increase in earnings	+.23	+.23
Age 62 computation point for men	−.12	−.07
Earnings test changes	−.13	−.22
Widow's benefits 100 percent of PIA at age 65	−.24	−920
Actuarial reduction changes	−.10	(1)
Eligibility for blind	−.01	−.08
4-month waiting period for disability	(1)	−.06
Family maximum for new beneficiaries	(1)	−.04
Miscellaneous changes [2]	−.01	−.02
General benefit increase	−.48	−.96
$100 minimum PIA	(1)	−.28
Revised contribution schedule	+.51	+1.25
Total effect of changes in bill	−.07	−.17
Actuarial balance under bill	−.15	−.25

[1] This change not included in this version of the bill.

[2] Includes the following: for both versions, child's benefits for children disabled at ages 18 to 21; workmen's compensation offset based on 100 percent of "average current earnings"; and reduced widower's benefit at age 60; for House version only elimination of support requirement for divorced wife's and widow's benefits; for Senate version only, disabled-child 7 years reentitlement; broaden definition of adopted child; and benefits to children supported by grandparents.

SOCIAL SECURITY ACT AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Arkansas (Mr. MILLS) is recognized for 10 minutes.

Mr. MILLS. Mr. Speaker, I want to take time first to thank my friend, the gentleman from Ohio (Mr. VANIK), for all of his valuable assistance in trying to help me work out, along with other Members who would have been on the conference committee, these many knotty problems that we would have if we went to conference. His assistance is appreciated. And I am sure if we were in conference and could be in communication with the gentleman with respect to each of the 295 amendments that the Senate adopted to the bill, raising the size of the bill from 158 pages initially to an even 400 pages, that we could get some very valuable direction from the gentleman in making decisions as to what the House conferees should be expected to do on each of these amendments.

How long this would take, however, insofar as receiving that consultation and advice and then making a decision on the part of those of us who would be the conferees, I do not know. But I think the gentleman has been in the Congress long enough, I think he has been on the Committee on Ways and Means long enough—maybe he has not attended enough conferences to know—that it is humanly impossible within a short period of time to go to conference, hand pick four or five things out of a bill that the gentleman wants us to have, and come back with those four or five things, and turn down the remainder in the conference and get the other side to agree.

You know, a conference is a compromise between representatives of this body and of the other body. I have never known of a time when the other body just capitulated on the basis of suggestions that the gentleman from Wisconsin (Mr. BYRNES) and I, and other House conferees would say what we wanted on the House side, because invariably they tell us that Senator So-and-So has a most important amendment in this bill, and we just could not go back to the Senate without Senator So-and-so's amendment adopted in the conference "for fear that he would engage in what is referred to over there as 'unlimited discussion' on the weaknesses of the conference report without 'my' provision in it."

That has happened invariably with respect to every one of these so-called Christmas tree bills that the House has been presented with over the years, usually before Christmas, you understand, Mr. Speaker, but this one did not pass the Senate until December 29.

Actually, there were so many errors in it after passage in the other body that it actually took two prints and two revisions by the enrolling clerks, or whoever does it, in order to put the bill in some form that they could submit to the House. It has taken over 2 working days of the Government Printing Office and the enrolling clerks in the Senate to get out this 400-page document for the House. Now, nobody knows yet whether it is perfect or not, even as far as the clerical condition is concerned, but we do know we did not get it until today.

And as I look at my calendar it seems to me that today is the 31st day of December, is it not?

Now, I took the occasion this afternoon, after I received the print—because of the interest of my friend, the gentleman from Ohio, in something being done, and also my own interest—just to run through some of these things, and see just what the Senate had done that he, on yesterday, recommended so quickly when he sent a letter to everybody in the House saying that he acknowledged that these were good amendments, and stating in the first paragraph of his letter to all of his dear colleagues, dated December 31:

Today the House will receive—

And it did not, but he said it would—

the Senate-passed Social Security Act with a request for a conference. The Senate amendments to this bill merit adoption by the House en bloc. There is no need for a conference and delay.

Now, I hope my friend has changed his mind, because there are provisions within the Senate bill that my friend fought in the House Committee on Ways and Means when they were being discussed. For example, my friend would not be for a suggestion that the Secretary of Health, Education, and Welfare be directed to levy against any and all property that any person might have who happened to owe money to the medicare program. Surely not.

The gentleman opposed that in the Committee on Ways and Means, but the gentleman asked me yesterday to just proceed to take the bill with that kind of an amendment in it.

Another provision that my friend surely would not want is one in an effort to do, I think, a very implausible thing: subsidize employers to employ the hard core, giving a tax break of such nature that it is profitable to the employer to fire his long-time unionized members, and go to nothing but so-called hard-core employment.

That is one thing I have always been told by my friends in organized labor, that they feared and did not want to see happen in connection with any of these training programs.

Now that is another provision which, had I followed the gentleman's advice and taken the bill from the Speaker's table and adopted the Senate amendments engross or in block, we would have had in this bill.

But the most serious part of it all really is here again—the irresponsibility of the matter. And I say this advisedly. It makes one's patience wear thin, when we have this sort of situation on a bill which reaches us on December 31 in the afternoon, which has 295 amendments, covering 268 pages of new provisions, which we were asked to accept even before the language of the amendments was available.

One thing that has happened every time the Committee on Ways and Means has acted on social security, and I wish my friend, the gentleman from Wisconsin, if I am wrong will correct me, the Committee on Ways and Means historically and certainly ever since I have been a member, and that goes back to 1942, has studiously acted to prevent this fund from ever becoming actuarially unsound.

We have never allowed such a bill to pass with our support even though every time, I may say without exception, we have had to patch it up in conference to prevent Senate amendments from making it actuarially unsound. We presented a bill to the President, which was sound, and we could say to the American people that it was actuarially sound, and we have maintained the integrity of the congressional position that you may rely with certainty upon these monthly payments when you are in retirement.

This bill, as we have it before us, is out of balance by 0.25 percent of payroll. Now that does not sound like very much does it? But what does 0.25 percent of payroll represent in dollars? That represents over $1 billion a year. We do not have enough in the fund to run the risk of spending more money within the life of the fund—more money than we can take in on an actuarial basis.

Now I could ask the gentleman to help me with respect to extending a lot of these other provisions, but I am not going to because I know now that my friend does not want us to take all of this. He has had a chance to know more about what is in the bill—and I am not criticizing him. I know that he has this zeal to help people. I have it myself. But if he will be patient with me and not be too anxious, and will let me go over some of these things with him and advise with him ahead of time, I may be able to help him to avoid making a mistake in this area because I have had some experience that he has not had an opportunity to have that I am sure my friend could use.

What I am talking about is this.

No one has spent more time, in my opinion, working in this field in the effort to help people than the membership of our committee, in total, over all of these many years. I know I have spent a lot of time thinking about this. I have been proud of the fact that the benefits under social security have risen; and that the fund has grown more; the program has meant more during the period of time I have been on the committee, and may I say even during the period of time I have been chairman of the committee, than in all of the history of the program theretofore. I have taken great pride in that. It is a pleasure for me to have been the author of so many of the bills that have helped the program to go in this direction.

But I urge my friends who are petitioning me through the gentleman from Ohio (Mr. VANIK) to be a little patient with us—and I know that we will not do all that they ask of us, and I say that in all frankness—but I have a lot more optimism about the whole operation than my friend has. I am not a pessimist like he is.

I have said, and the gentleman from Wisconsin has said, and every member of the Committee on Ways and Means with whom I have discussed the matter has agreed with me that there will be reported from the Committee on Ways and Means as soon as possible after we

reconvene a bill which will provide social security benefit increases across-the-board retroactive to January 1. The benefits in this bill would go into effect then.

It would be my intention that the bill would provide for those things that the House provided for in the social security measure insofar as outside earnings are concerned. We cannot go to the $2,400, without making our bill as actuarily unsound as the Senate bill is, except that we should increase taxes—and I do not know whether we want to do that or not—but what I would like to do is to report back a bill without a whole lot of discussion and a whole lot of divisiveness on the part of the committee, as quickly as we can. In my opinion, hearings are necessary, I am sure my friend would agree. I think if we do that and make such adjustments as we want to with respect to the percentage across-the-board increase in benefits and let the House know that the bill that it voted on last year is similar to the bill that we are asking it to vote on next year with these exceptions that we will describe, the bill would go through by unanimous consent.

The SPEAKER pro tempore. (Mr. FOLEY). The time of the gentleman from Arkansas has expired.

(By unanimous consent, at the request of Mr. BYRNES of Wisconsin, Mr. MILLS was allowed to proceed for 5 additional minutes.)

Mr. MILLS. I thank the gentleman.

The bill could pass by unanimous consent, in all probability. There is no reason why we cannot do it by Lincoln's Birthday, if we get the House organized. I would like to repeat: if we get the House organized in time. I, of course, do not know whether we can do it. I do not know what the caucus is going to impose upon us in that respect. They may make it impossible for us, if we are not careful, to organize the House in a short period of time. It may take us the month of February. But if it does not, we can, as the Ways and Means Committee, meet and report this bill out, in my opinion, in a short time at the most and have it passed.

So I say I am far more optimistic than my friend from Ohio is. I am surprised that he is so pessimistic, and I hope he will not go home and go to bed tonight without that degree of optimism about this that I have.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I think there are others who share the chairman's optimism, and certainly there are people who are as concerned about the welfare of these people as is the gentleman from Ohio, the gentleman from Arkansas, or myself. I refer to the National Council of Senior Citizens, Inc.

If the chairman would permit, I would like to call to the attention of the gentleman from Ohio a letter that they sent to the chairman of the committee and also to myself as the ranking member, and this was done some time ago, acknowledging the impracticality of going to a conference.

Certainly, if the proposition the gentleman suggested yesterday had been presented, they would have been equally shocked—the idea that we should just accept the Senate amendments en bloc. I could not help but be breathless at the preposterousness of such a proposition in abdicating the responsibilities of the House and the responsibilities of the Ways and Means Committee.

Now today the gentleman presents us with a new proposition, and that is to follow this very selective method.

But let me read what the National Council of Senior Citizens wrote to the chairman and myself with respect to the matter at hand:

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
Washington, D.C., December 23, 1970.

Hon. WILBUR D. MILLS,
Chairman Committee on Ways and Means, U.S. House of Representatives, Washington, D.C.

DEAR WILBUR: This morning's press carried a story to the effect that you and Congressman Byrnes had issued a joint statement dealing with the practical impossibility of any House-Senate Conference completing action during this session on H.R. 17550, even in the unlikely event that the Senate could act on this legislation between now and the end of this Congress.

Let me say that we in the National Council of Senior Citizens were relieved to learn of this position taken by you and the ranking minority member. We have been concerned during the last several weeks lest the Senate might be pushed by the time factor into some hasty action on this complex and far-reaching piece of legislation and that a House-Senate Conference would be confronted with the task of reconciling the two measures made enormously more complex by all of the changes made in the bill as reported by the Senate Finance Committee. It is our view that the position that you and Congressman Byrnes have taken and your making the position public represents a responsible approach to the problem at this stage and we are grateful for it.

We were glad to note also that the statement as reported indicated your readiness to consider improvements in the Social Security and Welfare programs early in the first session of the new Congress and that you expected that increases in Social Security benefits would be made retroactive to January 1. If you are successful in these efforts, the elderly will not have suffered any overall loss of benefits, though so many of them are living on the very edge of the margin that even delays in receiving benefit increases are very serious. Any such delay, however, would not be nearly as harmful to the elderly of this country as the effects of hasty and ill-considered legislation might be.

In connection with the new proposals in benefits, we hope that the Ways and Means Committee will recognize that since the very modest increase of five percent passed the House early this year, it has already been used up by the effects of the inflationary rise in the cost of living which hits the elderly on fixed incomes the hardest. We would urge therefore that as you approach this problem in the new year you would consider substantially greater increases in the benefit schedules than those in the House-passed bill of 1970.

With the season's best wishes, I am
Sincerely yours,
NELSON H. CRUIKSHANK,
President.

That is the position the Chairman is taking, and it is the position I have taken, that we are here dealing with a trust we have that involves the future floor of protection for all the older people and the people who are working today, and that 20-some million who are dependent on this system. We cannot take risky action, we cannot take precipitous action, we cannot take ill-considered action if we are going to do justice by the rights of these people and their dependents under this system.

I compliment the chairman with respect to the position he has taken in our dealing with this legislation and with respect to the bill as it has come over from the Senate.

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

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I would like to say I never intended to imply that what the other body prepared for us was a perfect bill. We have had many imperfect bills sent to us from the other body. There has been the trade bill, that included oil quotas and everything else under the sun that could be hooked onto it. I know neither the distinguished Chairman nor the distinguished ranking minority member of the Ways and Means Committee can tell me and assure this House that the social security bill will not again be used as a delivery system for the kind of conglomerate legislation that could not pass this House on its own.

The SPEAKER. The time of the gentleman from Arkansas has expired.

(On request of Mr. VANIK, and by unanimous consent, Mr. MILLS was allowed to proceed for 2 additional minutes.)

Mr. VANIK. Mr. Speaker, I would like to say I have always supported the integrity of this fund. As a matter of fact, I opposed the language of the House bill, and I cannot tell the gentleman right now whether it is in the Senate bill, the language reducing the tax rate or suspending the increase that was already provided in the law to take effect January 1.

And by that very provision they have diverted over $40 billion out of the trust fund during the next 10 years. I opposed that diversion in the House bill, as the gentleman knows.

I just want to say in closing on this point that it is not my patience that is at issue, and it is not the patience of our distinguished Chairman of the Ways and Means Commttee that is at issue, but it is the patience of the 26 million people plus the great body of other people that are affected by the other provisions of what the Senate has suggested in the four proposals I have made.

I certainly hope, with every hope that I can muster, that what we do next year will approach the high degree of service and accomplishments that is suggested by the four proposals I have asked the House Ways and Means Committee to adopt.

Mr. MILLS. If I have a minute or two left, I will say to the gentleman I do not like his fourth proposal either, because the House proposal of providing $220 to the couple as a minimum payment is better to me than the Senate's providing $200 per couple, but the gentleman will

have a chance to vote further in the committee on it if he wants. I will not vote for it. I will vote for the more liberal provision the House will provide. I hope my friend from Ohio, on more reflection, will also.

But what I want to get my friend to understand—and I had thought the gentleman had been in Congress long enough never to accept a proposal from the other body with respect to a bill this big, to understand that never should anybody take such a package, and never recommend to one's colleagues again that the amendments should be taken en bloc until the gentleman himself has had a chance to study them and read them.

Never in my years of dealing with the Senate have I ever known that body to produce anything and send it here, never have I ever had to go to conference with them on something that I have taken en bloc. I have never done it. I will ask the gentleman from Wisconsin if he has ever known of a major product coming from that body which we have had to meet on that he would take en bloc?

This is what I want to caution my friend about, because I do not want him to make a mistake again if he stays here—and I think he will, because he is a valuable and able Member—but I caution my friend, the gentleman, just do not make that mistake.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

(By unanimous consent, Mr. MILLS was allowed to proceed for 2 additional minutes.)

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

Mr. MILLS. I yield to my friend from Ohio.

Mr. VANIK. I just want to say I certainly hope that the distinguished chairman and the ranking minority member of the Ways and Means Committee and other Members of this House will help us adopt rules that will make it possible for the other Members of this body better to see a bill that they vote on that is reported out of a conference.

I have to go to the Speaker's desk to read the amendments, because under the archaic procedure under which we operate today a conference report coming over from the other body is almost secret to most of the Members of the House. They have no way of knowing totally what is going on in the legislative process, not only at this stage of a legislative session but also at any stage of a legislative session.

Mr. MILLS. Would my friend yield back to me?

Mr. VANIK. Certainly.

Mr. MILLS. Now, do not castigate us any more about conference reports and things like that.

I have never brought up a conference report during the time I have been chairman of the committee which has not been printed and available to every Member of the House who wanted to get it before it was ever considered. All a Member has to do is to ask for it and read it.

The gentleman asked me, though, yesterday, to take a bill that was not even over here, which had not even been printed by the Government Printing Office, and to accept all the amendments en bloc. It did not become available to anyone until today. But the gentleman sent his letter out yesterday.

If the gentleman wants to criticize us about conference reports, do not do that any more, please.

Mr. VANIK. I want to point out that no Member of this House had access to that volume prepared by the other body unless he went to that desk. I believe the rules ought to be changed.

Mr. MILLS. It was not there. What I am trying to tell the gentleman is that the engrossed copy arrived today—I repeat, today—at the Speaker's desk, and I could not get a copy of this until today, which represents the bill as amended by the Senate, and the ink is not even dry on it now. No one could get a copy because it was not in print.

Mr. VANIK. I want to point out to my distinguished chairman, I thought the report would be delivered the day before. They personally told me in the other body it would be delivered.

Mr. MILLS. What I am trying to caution my friend—and to get my friend to see the wisdom of my advice—is not to send out a letter until he has had an opportunity to analyze and to know what is in the proposition he is asking the House to take. That is all I ask. He should not have sent out the letter on the basis of the bill having been sent to the House. He should have sent out his letter, in my opinion, on the basis of an actual examination and an indepth study of the amendments, because now I do not know whether in the future I want to go along with his recommendations that I do something or not, because I just will not know how far into the subject he has gone. That is what worries me.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

(By unanimous consent, Mr. MILLS was allowed to proceed for 1 additional minute.)

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

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. VANIK. I just want to point out to the distinguished chairman that no Member of this House had access to this bill at all until it was brought to the Speaker's desk. In my letter I assumed it was going to be brought over yesterday. That is the reason why the language was in the letter. But that is only a small part of the controversy I raise today.

Mr. MILLS. Pardon me, but there is no controversy between the gentleman and me. We are both trying to do the same thing, to help the old people.

Mr. VANIK. I just want to say, in concluding my remarks, I certainly hope and trust that the goals we both aspire for and aim for with respect to our social security program will be adopted in time next session to make it a realistic and early payout to the 26 million people who are involved some time before April 1.

Mr. MILLS. I just want the gentleman to be optimistic, to be in the committee, like he is, and to see to it that it is done. But be optimistic about it, I say to my friend.

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

Mr. MILLS. I yield to the gentleman from California.

Mr. CORMAN. I thank the gentleman for yielding.

I notice in the proposal of the gentleman from Ohio we are dealing with two subject matters, although both deal with the old people. One is the social security benefit and the other is public assistance.

I understand from the chairman that we may move rather rapidly into this whole field. It is my own feeling that when we talk about public assistance, people who are poor and may be hungry, we are talking about people who are too old to work, too sick to work, and too young to work. Am I to anticipate we will take care of all those people at the same time, since there are little resources in the States to pay their portion of the cost of this?

It seems we must not exclude any portion of the poor when we finally decide what the Federal Government wants to do and what we will attempt to get the States to do.

Mr. MILLS. I will state to the gentleman that if I had not already made that observation, I should have done so. We do not want just a social security bill. What we would want, if I could have my way in the matter, would be a combination of such matters as we have been talking about; namely, social security amendments, medicare amendments, medicaid amendments, welfare amendments, which would include the AFDC program and any changes in that area, and also your adult assistance, which applies to the aged, to the disabled, and to the blind, so that we will have a complete package in one bill.

Mr. CORMAN. Mr. Speaker, I appreciate the comments of the chairman. But I would rather, when we look at this total picture of assistance, believe the first thing involved is what the beneciaries are to get and how much out of the total amount of resources will be devoted to these programs; how much the Federal Government is going to put in the pot and how much the State and local governments will put in.

Further, with regard to the Federal Government contribution, it comes in two forms. One form is general funds and the other form is from social security. We are always tempted to raise it to a rather high level, the minimum of social security, depending upon public assistance, but in truth if you do that you then cut back on the amount of money you have to give as benefits to social security recipients who have paid a substantial amount of money over a long period of time. So, in truth you rob the workers to obtain the expenditures for the benefits you might otherwise not have.

Mr. MILLS. I think the gentleman from California is eminently correct.

Mr. Speaker, let me say this in conclusion: I regret that I had to conclude, along with the gentleman from Wisconsin (Mr. BYRNES), because of the time

elements involved, that it would be an idle gesture and that it would be impossible for us to accomplish anything by going to conference. Therefore, you have to conclude that it would have been inadvisable to take the bill from the Speaker's table and engage in an idle gesture of asking unanimous consent for it to go to conference and die in the conference. I would rather that we not go through any such idle gesture here but recognize, all of us, just because we may at this particular session of the 91st Congress have lost a battle, it does not mean we have lost the war. I have received letters and telegrams from a number of organizations representing our older citizens commending us on our decision on this matter. There will be another Congress either on January 4 or January 21 or sometime next year—the beginning of the 92d Congress—and I can assure all of my colleagues, as I have said to my friend, the gentleman from Ohio (Mr. VANIK), with reference to the timing of this bill, it is my intention to move the bill as quickly as is possible and I have no thought of letting anything that might develop interfere with the carrying out of that purpose insofar as I can control it. Now, certainly, I know that my friend has confidence in me, as I have in him, and I know I can join him and I know he joins me in wishing a very happy New Year to all of those who are here as well as our colleagues who are not here, but certainly to those who have remained here long enough to hear the gentleman from Ohio and the gentleman from Arkansas settle this matter.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

91ST CONGRESS
1ST SESSION

S. 2986

IN THE SENATE OF THE UNITED STATES

OCTOBER 2, 1969

Mr. SCOTT (for himself, Mr. BROOKE, Mr. DOMINICK, Mr. GRIFFIN, Mr. HANSEN, Mr. JAVITS, Mr. PROUTY, Mr. SCHWEIKER, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Family Assistance Act of 1969".

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FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby finds and declares that—

(1) the present federally assisted welfare program provides benefits which vary widely throughout the country and which are unconscionably low in many States;

(2) the program for needy families with children is often administered in ways which are costly, inefficient, and degrading to personal dignity, and is characterized by intolerable incentives for family breakup, by inadequate encouragements to and opportunities for those on the welfare rolls to enter job training and employment so that they may become self-supporting, and by the inequitable exclusion from assistance of working families in poverty, especially families headed by a male;

(3) the growth of the welfare rolls threatens the fiscal stability of the States and the Federal-State partnership; and

(4) in the light of the harm to individual and family development and well-being caused by lack of income adequate to sustain a decent level of life, and the consequent damage to the human resources of the entire Nation, the Federal Government has a positive interest and responsibility in assuring the correction of these problems.

(b) It is therefore the purpose of this Act to fulfill the responsibility of the Federal Government to expand the training and employment incentives and opportunities, including necessary child care services, for those public assistance recipients who are members of needy families with children and who can become self-supporting; to provide a more adequate level and quality of living through income support and services for dependent persons and families who, through no fault of their own, require public assistance; to provide this financial assistance in a manner designed to strengthen family life and to establish more nearly uniform national standards of eligibility and aid; and to move to greater assumption by the Federal Government of the financial burden of these activities.

TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purposes of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"ELIGIBILITY

"SEC. 442. (a) Each family, as defined in section 445—

"(1) whose income, other than income which is excluded pursuant to section 443, is less than $500 per year for each of the first two members of the family plus $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500, shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"AMOUNT

"(b) The family assistance benefit for a family shall be payable at the rate of $500 per year for each of the first two members of the family plus $300 per year for each additional member thereof, reduced by the amount of income, not excluded pursuant to section 443, of the members of the family.

"PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"PERIOD FOR DETERMINATION OF BENEFITS

"(d) (1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a

family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefit for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"SPECIAL LIMITS ON GROSS INCOME

"(e) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming), will be considered sufficiently large to make such family ineligible for such benefits.

"INCOME

"EXCLUSIONS FROM INCOME

"SEC. 443. (a) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2) (A) the total unearned income of all members of a family which is, as determined in accordance with criteria prescribed by the Secretary, too inconsequential, or received too infrequently or irregularly, to be included, and (B) subject to limitations prescribed by the Secretary any earned income which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of

earned income (not excluded by the preceding clauses of this section) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance which is based on need and furnished by any State or political subdivision of a State or any Federal agency or by any private charitable agency or organization (as determined by the Secretary);

"(6) allowances under section 432(a);

"(7) any portion of a 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 a member of the family utilized by the household for its own consumptiton; and

"(9) one-half of all unearned income (not excluded by the preceding clauses of this subsection) of all members of the family

The preceding provisions of this subsection shall not apply to veterans' pensions or to payments to farmers for price support, diversion, or conservation. For special provisions applicable to Puerto Rico, the Virgin Islands, or Guam, see section 464.

"MEANING OF EARNED AND UNEARNED INCOME

"(b) For purposes of this part—

"(1) earned income shall include only—

"(A) remuneration for employment, other than remuneration to which section 209 (b), (c), (d), (f), or (k) applies;

"(B) net earnings from self-employment, as defined in section 211 other than the second and third sentences following clause (C) of subsection (a) (9) and other than clauses (A), (C), and (E) of paragraph (2) and paragraphs (4), (5), and (6), of subsection (c);

"(2) unearned income shall include among other things—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"RESOURCES

"EXCLUSIONS FROM RESOURCES

"SEC. 444. (a) In determining the resources of a family there shall be excluded:

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"DISPOSITION OF RESOURCES

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining the family's eligibility for family assistance benefits. Any portion of the family's benefits paid for such period or periods shall be conditioned on such disposal.

"MEANING OF FAMILY AND CHILD

"COMPOSITION OF FAMILY

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or her own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who is not married to another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E.

"DEFINITION OF CHILD

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"MEMBERS OF THE ARMED FORCES

"(c) If an individual is in the Armed Forces of the United States, then, for purposes of determining eligibility for and the amount of family assistance benefits under this part, (1) he shall not be regarded as a member of a family, and (2) the spouse and children of such individual, and such other individuals living in the same place of residence as such spouse and children as may be specified in accordance

with regulations of the Secretary, shall not be considered members of a family.

"DETERMINATION OF FAMILY RELATIONSHIPS

"(d) In determining whether an individual is related by blood, marriage, or adoption, appropriate State law, as determined in accordance with regulations of the Secretary, shall be applied.

"INCOME AND RESOURCES OF NONCONTRIBUTING ADULT

"(e) For purposes of determining eligibility for and the amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a child or a parent of a child (or a spouse of a child or parent), which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes, any such individual shall not be considered a member of such family.

"RECIPIENTS OF AID TO THE AGED, BLIND, AND DISABLED INELIGIBLE

"(f) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"PAYMENTS OF BENEFITS

"SEC. 446. (a) (1) Family assistance benefits shall be paid at such time or times and in such installments as the Secretary determines will best effectuate the purposes of this title.

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"OVERPAYMENTS AND UNDERPAYMENTS

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments of the family or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or

recovery on account of such overpayment in such case would defeat the purposes of this part, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"HEARINGS AND REVIEW

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is dissatisfied with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits.

"(2) Final determination of the Secretary after such hearings shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205.

"PROCEDURES; PROHIBITION OF ASSIGNMENTS

"(d) The provisions of sections 206 and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"APPLICATIONS AND FURNISHING OF INFORMATION BY FAMILIES

"(e) (1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, the furnishing of other data and mate-

rial, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of families for purposes of such eligibility and amount of benefits, the Secretary may prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"FURNISHING OF INFORMATION BY OTHER AGENCIES

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto. The Secretary may from time to time pay to the head of such agency, in advance or by way of reimbursement, as may be agreed upon, the cost of providing such information.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds clause (1), (2), (3), (4), (5), or (6) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by the Secretary of Health, Education, and Welfare to have failed (after a reasonable period of time), without good cause as determined by the Secretary of Labor, to so register, he shall not be regarded as a member of a family but his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for pay-

ment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is:

"(1) ill, incapacitated, or of an advanced age;

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

"(3) 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 clauses (1), (2), (4), or (5) of this subsection;

"(4) a child;

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

"(6) working full time, as determined in accordance with criteria prescribed by the Secretary of Labor.

An individual who would, but for the preceding sentence, be required to register pursuant to part A, may, if he wishes, register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of individuals registered

pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's disability or handicap, the Secretary shall make provision for referral of such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447 (a) shall not be regarded as a member of a family, but his income which would otherwise be counted as income of the family under this part shall be so counted, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing, to have refused without good cause to participate in suitable manpower services, training, or employment, or to have refused without good cause to accept suitable employment in which he is able to engage which is offered through the public employment offi-

ces of the State, or is otherwise offered by an employer if the offer of such employer is determined by the Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which he estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer compensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training.

Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX or, part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will make supplementary payments, as provided in this part, to any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of, and rules and regulations under, sections 442 (a) (2) and (d), 443, 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in

effect for July 1969 and complying with the requirements for approval under part A as in effect on such date (but subject to such maximums and percentage reductions as were imposed under such plan on the amount of aid paid and, then, with the resulting amount of the supplementary payment to any individual further reduced by the family assistance benefit payable under part D with respect to him).

"(b) In applying the provisions of section 443 for purposes of supplementary payments pursuant to an agreement under this part—

"(1) in the case of earned income to which clause (4) of subsection (a) of such section 443 applies, the amount to be disregarded shall be $720 per year (or proportionately smaller amounts for shorter periods), plus—

"(A) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income (thereby resulting in reduction of the supplementary payment by one-sixth of that portion of such remainder of the earnings), plus

"(B) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings (thereby resulting in further reduction of the

supplementary payment by four-fifths, or proportionately less if the Secretary has prescribed such a regulation, of that balance of the earnings) ; and

"(2) in the case of income to which clause (9) of subsection (a) of such section 443 applies, the amount to be disregarded shall be—

"(A) one-third of such income which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income (thereby resulting in reduction of the supplementary payment by one-sixth of that portion of such income), plus

"(B) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of such income (thereby resulting in further reduction of the supplementary payment by four-fifths, or proportionately less if the Secretary has prescribed such a regulation, of that balance of the income) ; and

(3) the family assistance benefit of a family payable under part D shall not be counted to any extent. For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of

supplementary payments and in assisting any advisory committees established by the State agency;

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

"(6) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title; and

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals.

"PAYMENTS TO STATES

"SEC. 453. (a) (1) The Secretary shall pay to any State which has in effect an agreement under this part for any fiscal year in the period ending with the close of the fifth full fiscal year for which this part is effective with respect to such State the excess of—

"(A) (i) the total of its payments for such year

pursuant to its agreement under this part which are required under section 452, plus (ii) the difference between (I) the total of the expenditures for such fiscal year under its plan approved under title XVI as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved thereunder and in effect for July 1969, plus so much of the rest of such expenditures as are required (as determined by the Secretary) by reason of the amendments to such title made by the Family Assistance Act of 1969 and (II) the total of the amounts determined under section 1604 for such State with respect to such expenditures for such year, over

"(B) 90 per centum of the difference between (i) the total of the expenditures which would have been made as aid or assistance (excluding emergency assistance specified in section 406(e)(1)(A), foster care under section 408, expenditures for institutional services in intermediate care facilities referred to in section 1121, expenditures for repairs to homes referred to in section 1119, and aid or assistance in the form of medical care or any other type of remedial care) for such year under the plans of such State approved under titles I, IV (part A), X, XIV, and XVI and in effect in the month prior to the enactment of this part if they had continued in

effect during such year and if they had included (if they did not already do so) payments to dependent children of unemployed fathers authorized by section 407 (as in effect on July 1, 1969), and (ii) the total of the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of such State with respect to such expenditures for such year.

The Secretary may prescribe methods for determining the amounts referred to in clause (B) on the basis of estimates and trends in expenditures and other experience of the State for prior years.

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c) In the case of any State with respect to which the amount determined under clause (A) of subsection (a) (1) for any year is less than 50 per centum of the difference referred to in clause (B) of such subsection for such year,

such State shall pay to the Secretary, at such time or times and in such installments as he may prescribe, the sum by which such amount determined under clause (A) of subsection (a) (1) is less than such 50 per centum. If such State does not pay any part of such amount at the time or times prescribed, the Secretary shall withhold such part from sums to which the State is entitled under part A or B of this title or under title V, VXI, or XIX; but the amounts so withheld shall be deemed to have been paid to the State under such part or title. The withholding of amounts pursuant to the preceding sentence shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under part A or B of this title or under title V, XVI, or XIX; but the amounts so withheld shall be deemed to have been paid to the State under such part or title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for pursuant to part E or will perform such other functions of the State in connection with such payments as may be agreed upon. In any such case, the agreement shall also provide for payment by the State to the Secretary of an amount equal to the supplementary payments the State would otherwise make under part E, less any payments which would be made to the State under section 453 (a), together with one-half of the additional cost of the Secretary involved in carrying out such agreement, other than the cost of making the payments.

"(b) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon. The cost of carrying out any such agreement shall be paid to the State in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family assistance benefits for such family, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such technical assistance to States, and to provide, directly or

through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of one-half of 1 per centum thereof, shall be available to him to carry out this section.

"SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

"Sec. 464. (a) In applying the provisions of sections 442 (a) and (b), 443 (a) (4), 452 (b) (1), 1603 (a) (1) and (b) (1), and 1604 (1) and (2) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used shall (instead of the $500, $300, and $1,500 in such section 442 (a) and (b) and section 1603 (a) (1), the $720 in section 443 (a) (4) and section 452 (b) (1), the $90 in section 1603 (b) (1), the $65 in section 1604 (2), and the $50 in section 1604 (1)) bear the same ratio to such $500, $300, $1,500, $720, $90, $65, and $50 as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the fifty States which has the lowest per capita income; except that in no

case may the amounts so used exceed such $500, $300, $1,500, $720, $90, $65, and $50.

"(b) (1) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for fiscal year beginning July 1 next succeeding such promulgation: *Provided,* That the Secretary shall promulgate such amounts as soon as possible after the enactment of this part, which promulgation shall be conclusive for 6 calendar quarters in the period beginning with the January 1 following the fiscal year in which this part is enacted, and ending with the close of the second June 30 thereafter.

"(2) The term 'United States', for purposes of paragraph (1) only, means the fifty States and the District of Columbia.

"(c) If the amounts which would otherwise be promulgated for any year for any of the three States referred to in subsection (a) would be lower than the amounts promul-

gated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND CHILD CARE PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND DAY CARE PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE OR SUPPLEMENTARY BENEFITS

"PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving benefits under part D or supplementary payments pursuant to part E, of manpower services, training, employment, and child care and related services necessary to train such individuals, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor (hereinafter in this part referred to as the 'Secretary') shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E. The Secretary shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including such services and opportunities which the Secretary is authorized to provide under any other Act, and including counseling, testing, institutional and on-the-job training, work experience, upgrading, program

orientation, relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual to relocate in an area where he may obtain suitable employment), incentives to public or private employers to hire and train these persons (including reimbursement for a limited period when an employee may not be fully productive), special work projects, job development, coaching, job placement and follow up services required to assist in securing and retaining employment and opportunities for advancement.

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a) (1) The Secretary shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If such member or members of a family would (but for the receipt of payments pursuant to this title) be eligible in such month, under any other statute providing for manpower training, for allowances which in total would be in excess of the sum of the family assistance benefit and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to such excess, or to $30 for each such member, whichever is greater.

"(2) The Secretary shall, in accordance with regula-

tions, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him directly related to his participation in training.

"(3) The Secretary shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.

"(b) Such allowances shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of a family who is participating in a program of the Secretary providing public or private employer compensated on-the-job training.

"DENIAL OF ALLOWANCES FOR REFUSAL TO UNDERGO TRAINING

"SEC. 433. (a) If and for so long as the Secretary determines that an individual who is a member of a family and has been required to register under part D for manpower training or employment has, without good cause, ceased to participate in manpower training under this part, no allowance under this part shall be payable to such individual.

"(b) The Secretary shall provide reasonable notice and

opportunity for hearing to any individual with respect to whom such a determination has been made.

"(c) Final determinations of the Secretary after such hearings shall be subject to judicial review as provided by section 205(g) for final determinations under title II, and the provisions of sections 205 (a), (d), (e), and (f), 206, and 207 shall apply with respect to this part to the same extent as they apply to title II.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 434. In providing the manpower training and employment services and opportunities required by this part the Secretary, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary may use the funds appropriated to him under this part to provide the programs required by this part through such other Act, to the same extent and under the same conditions 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 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.

"RULES AND REGULATIONS

"SEC. 435. The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: *Provided,* That in developing policies and programs for manpower services, training, and employment, the Secretary shall first obtain the concurrence of the Secretary of Health, Education, and Welfare with regard to such policies and programs which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare (including basic education, institutional training, health, child care and other supportive services, new careers and job restructuring in the health, education, and welfare professions, and work-study programs), and shall consult with the Secretary of Health, Education, and Welfare with regard to all such other policies and programs.

"APPROPRIATIONS

"SEC. 436. There is authorized to be appropriated to the Secretary for each fiscal year a sum sufficient for carrying out the purposes of this part (other than section 437), including payment of not to exceed (except in such cases as the Secretary may determine) 90 per centum of the cost of

manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary shall consider the number of registrations under section 447 and other relevant factors.

"CHILD CARE AND SUPPORTIVE SERVICES

"SEC. 437. (a) There are authorized to be appropriated for each fiscal year such sums as may be necessary to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for not to exceed (except in such cases as the Secretary of Health, Education, and Welfare may determine) 90 per centum of the cost of projects for the provision of child care and related services, including necessary alteration, remodeling, and renovation of facilities, which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training or employment under this part or to enable a member of a family, which is or has been (within such period of time as the Secretary may

prescribe) eligible for benefits under such part D or payments pursuant to such part E, to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual receiving aid to families with dependent children, or whose needs are taken into account in determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(b) Such sums shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization for evaluation, training of personnel, technical assistance or research or demonstration projects to determine more effective methods or providing any such care and other services.

"(c) To the extent permitted by the Secretary of Health, Education, and Welfare, the non-Federal share of the cost of any such project may be provided in the form of services or facilities.

"(d) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of day care or other services pro-

vided under a project assisted under this section, for payment by the family of such fees for the care or services as may be reasonable in the light of such ability.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered pursuant to section 447 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, the amendment made by subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"EVALUATION AND RESEARCH; REPORT TO CONGRESS

"SEC. 439. (a) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct research

regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

"(b) The Secretary shall report to the Congress on or before the end of each fiscal year (with the first such report being made on or before the July 1 following the first full year after the date on which part D becomes effective with respect to any States) on the manpower training and employment programs provided under this part."

ELIMINATION OF PRESENT PROVISIONS ON CASH ASSISTANCE FOR FAMILIES WITH DEPENDENT CHILDREN

SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended by striking out "financial assistance and" in the first sentence.

(b) Section 402(a) of such Act (42 U.S.C. 602) is amended by—

(1) striking out "aid and" in so much thereof as precedes clause (1);

(2) inserting, at the beginning of clause (1), "except to the extent permitted by the Secretary,";

(3) striking out clause (4);

(4) in clause (5) (B), striking out "recipients and other persons" and inserting in lieu thereof "persons" and striking out "providing services to applicants and recipients" and inserting in lieu thereof "providing services under the plan";

(5) striking out clauses (7) and (8);

(6) in clause (9), striking out "aid to families with dependent children" and inserting in lieu thereof "the plan";

(7) striking out clauses (10), (11), and (12);

(8) in clause (14), striking out "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))" and inserting in lieu thereof "for each member of a family receiving assistance to needy families with children, each appropriate individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enact-

ment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan" and striking out "such child, relative, and individual" and inserting in lieu thereof "such member or individual";

(9) striking out clause (15) and inserting in lieu thereof:

"(15) (A) provide for the development of a program, for appropriate members of such families and such other individuals, 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 family planning services are offered to them, 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;"

(10) striking out "aid" in clause (16) and "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children" and striking out "aid" in clause (17) (A) (ii) and inserting in lieu thereof "assistance";

(11) striking out clause (19);

(12) striking out "aid to families with dependent children in the form of foster care" in clause (20) and inserting in lieu thereof "payments for foster care"; striking out "dependent child or children with respect to whom aid is being provided under the State plan" in clause (21) (A) and inserting in lieu thereof "child or children with respect to whom assistance to needy families with children or foster care is being provided";

(13) striking out "aid is being provided under the plan of such other State" in clause (A) and clause (B) of clause (22) and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State";

(14) striking out clause (23) and striking out "; and" at the end of clause (22) and inserting in lieu thereof a period.

(c) Section 402 (b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which ful-

fills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, a residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Such section 402 is further amended by striking out subsection (c) thereof.

(e) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended by—

(1) striking out "aid and services" and inserting in lieu thereof "services" in so much thereof as precedes paragraph (1);

(2) amending paragraph (1) to read:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 408—

"(A) five-sixths of such expenditures, not counting so much of any expenditures as exceeds the product of $18 multiplied by the number of children receiving such foster care in such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceeds the maximum

which may be counted under subparagraph (A), not counting so much of any expenditures with respect to such month as exceeds the product of $100 multiplied by the number of children receiving such foster care for such month."

(3) striking out paragraph (2);

(4) in paragraph (3), striking out "in the case of any State," in so much thereof as precedes subparagraph (A), striking out in clause (i) of such subparagraph "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" and inserting in lieu thereof "receiving foster care or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D, striking out in clause (ii) of such subparagraph "child or relative who is applying for aid to families with dependent children or" and inserting in lieu thereof "member of a family" and striking out in such clause (ii) "likely to become an applicant for or recipient of such

aid" and inserting in lieu thereof "likely to become eligible to receive such assistance";

(5) striking out the sentences of such subsection (a) which follow paragraph (5);

(f) Subsection (b) of such section 403 is amended by striking out "records showing the number of dependent children in the State and (C)" in paragraph (1) thereof and by striking out, in paragraph (2) thereof, "(A)" and everything beginning with ", and (B)" and all that follows down to but not including the period.

(g) Section 404 of such Act (42 U.S.C. 604) is amended by striking out "(a) In the case of any State plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services" and by striking out subsection (b) thereof.

(h) Section 405 of such Act (42 U.S.C. 605) is repealed.

(i) Section 406 of such Act (42 U.S.C. 606) is amended by—

(1) striking out subsections (a) and (b) and inserting in lieu thereof:

"(a) The term 'child' means a child as defined in section 445 (b).

"(b) The term 'needy families with children' means

families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families."

(2) striking out subsection (c);

(3) in subsection (e) (1), striking out "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" and inserting in lieu thereof "a member of a family (as defined in section 445 (a))" and striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is amended by—

(1) amending so much (including the heading)

thereof as precedes subparagraph (1) of paragraph (b) to read as follows:

"FOSTER CARE

"SEC. 408. For purposes of this part—

"(a) foster care shall include only such care which is provided in behalf of a child (1) who would, except for his removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children, (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 assistance to needy families with children in or for the month in which court

proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 445(a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance in or for such month if in such month he had been a member of (and removed from the home of) such a family and application had been made therefor;

"(b) but only if such care is provided—";

(2) in paragraph (b)(2), striking out "'aid to families with dependent children'" and inserting in lieu thereof "foster care" and striking out "such foster care" and inserting in lieu thereof "foster care".

(3) striking out subsection (c);

(4) striking out "aid" and inserting in lieu thereof "services" in subsection (e);

(5) in subsection (f)(1), striking out "relative specified in section 406(a)" and inserting in lieu thereof "family (as defined in section 445(a))"; and

(6) in subsection (f)(2), striking out "522" and inserting in lieu thereof "422" and striking out "part 3 of title V" and inserting in lieu thereof "part B of this title".

CHANGE IN HEADING

SEC. 104. (a) The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTAL PAYMENTS, WORK INCENTIVE PROGRAMS, AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of such title IV is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are sixty-five years of age or over, blind, or disabled and for the purpose of encouraging each State to furnish rehabilitation

and other services to help such individuals attain or retain capability for self-support or self-care, there are authorized to be appropriated for each fiscal year sums sufficient to carry out these purposes, The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICE TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods);

"(3) provide for the training and effective use of social service personnel in the administration of the plan, for the furnishing of technical assistance to units of State government and of political subdivisions which are fur-

nishing financial assistance or services to the aged, blind, and disabled, and for the development through research or demonstration projects of new or improved methods of furnishing assistance or services to the aged, blind, and disabled;

"(4) provide 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 non-paid 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) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that, except to the extent permitted by the Secretary with respect to services, the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

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

"(10) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan (consistent with section 618 of the Revenue Act of 1951);

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

"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related;

"(16) provide for periodic evaluation of the operation of the plan by persons interested in or expert in matters related to assistance and services to the aged, blind, and disabled, including persons who are recipients of aid to the aged, blind, and disabled; and

"(17) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.

Notwithstanding paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) 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 was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for aid to the aged, blind, and disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

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

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizen requirement which excludes any citizen of the United States;

"(4) any disability or age requirement which excludes any persons under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older; or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary.

In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not

meet the requirements of section 1603 (a) if it meets all other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442 (e) and regulations thereunder;

"(2) the State agency shall not consider the financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of twenty-one or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

"(4) if the individual is not blind but is severely disabled, the State agency may disregard (A) not more than the first $20 of the first $80 per month of earned income plus one-half of the remainder thereof and (B) such additional amounts of other income and resources, for a period not in excess of thirty-six months, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but only with

respect to the part or parts of such period during substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency may disregard not more than the first $20 of the first $80 per month of earned income plus one-half of the remainder thereof.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional service in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is not disregarded pursuant to subsection (a), will provide a minimum of $90 per month.

"(2) the standard of need applied for determining eligibility for and amount of aid for the aged, blind, and disabled shall not be lower than (A) the standard applied for this purpose under the State plan (approved under this title) as in effect on the date of enactment of part D of title IV of this Act, or (B) if there was no such plan in effect for such State on such date, the standard of need which was applicable under—

"(i) the State plan which was in effect on such

date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the applicable plans, and except that if none of such clauses is applicable to individuals, the standard of need applied with respect to such individual may not be lower than higher of the standards under the State plans approved under title I, X, or XIV, which was in effect on such date, and

"(3) no aid will be furnished to any individual under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or training allowances under part C thereof for purposes of determining the amount of such benefits or allowances (but this paragraph shall not prevent payments with

respect to other members of his family pursuant to title IV of this Act).

"(4) no lien will be imposed against the property of any individual or his estate on account of aid paid to him under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid to such individual), and that there will be no adjustment or any recovery of aid correctly paid to him under the plan.

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 100 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $50 multiplied by the total number of recipients of such aid for such month; plus

"(2) 50 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any

expenditures with respect to such month as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(3) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (2), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (3) may be lower than in the case of individuals in the other States. See also, section 464 for other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam.

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title

and perform such other functions of the State in connection with such payments as may be agreed upon. In such case payments shall not be made as provided in section 1604 and the agreement shall also provide for payment to the Secretary by the State of its share of such aid, together with one-half of the additional cost to the Secretary involved in carrying out the agreement, other than the cost of making the payments.

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration.

"OPERATION OF STATE PLANS

"SEC. 1607. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged,

blind, and disabled under the 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, such State shall qualify for payments for services under subsection (b) of this section.

"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary 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 prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to the applicants or recipients of aid, or

"(C) any of the services prescribed pursuant to subsection (a), and any of the services specified in subparagraph (B) of this paragraph, which the

Secretary may specify as appropriate for individauls who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid under the plan, if such services are requested by the individuals and are provided to them in accordance with subsection (c), 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 so much of such expenditures (not included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipients of aid 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; plus

"(3) one-half of the remainder of such expenditures.

"(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State

agency, or the local agency administering the State plan in the political subdivision (but no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff), and

"(2) subject to limitations 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 that 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).

Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(e) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in subsections (b) and (c) and provided in accordance with the provisions of those subsections.

"(f) In the case of any State whose State plan included a provision meeting the requirements of subsection

(a), 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 the plan, that—

"(1) the provision no longer complies with the requirements of subsection (a), or

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

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, subject to the other provisions of this title, under subsection (e) instead of subsection (b).

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections 1604 and 1608 for that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount

appropriated or made available by the State and its political subdivisions for such expenditures in that quarter, and, if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

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

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under subsection (a) (2).

"(c) Upon the making of any estimate by the Secre-

tary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

"(2) any such payments to any individual who has not attained sixty-five years of age and who is a patient in an institution for tuberculosis or mental diseases.

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making

payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, his capacity of self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; 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.'

Whether an individual is blind or severely disabled, shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301, et seq., 1201, et seq., 1351, et seq.) are hereby repealed.

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 203. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609 (a) of such Act as herein amended be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 204. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

SEC. 301. Section 228 (d) (1) of the Social Security Act is amended by striking out "I, X, XIV, or" and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

SEC. 302. Title XI of the Social Security Act is amended as follows:

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

(2) in section 1106(c)(1)(A) by striking out "I, X, XIV,";

(3) in section 1108 by striking out "I, X, XIV, and XVI" and inserting in lieu thereof "XVI" in subsection (a) and by striking out "section 402(a)(19)" and inserting in lieu thereof "part A of title IV" in subsection (b);

(4) by amending section 1109 to read as follows:

"SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility for and amount of aid or assistance for any individual under a State plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5) in section 1111 by striking out "I, X, XIV, and" and by striking out "part A" and inserting in lieu thereof "parts D and E";

(6) in section 1115 by striking out "I, X, XIV,"

and by striking out "part A" and inserting in lieu thereof "parts A and E" in so much thereof as precedes clause (a), by striking out "of section 2, 402, 1002, 1402," and inserting in lieu thereof "of or pursuant to section 402, 452," in clause (a) thereof, and by striking out "3, 403, 1003, 1403, 1603," and inserting in lieu thereof "403, 453, 1604, 1608," in clause (b) thereof;

(7) in section 1116 by striking out "I, X, XIV," in subsections (a) (1), (b), and (d), and by striking out "4, 404, 1004, 1404, 1604," in subsection (a) (3) and inserting in lieu thereof "404, 1607, 1608,";

(8) by repealing section 1118;

(9) in section 1119 by striking out "I, X, XIV," and by striking out "part A" and inserting in lieu thereof "services under a State plan approved under part A", and by striking out "3 (a), 403 (a), 1003 (a), 1403 (a), or 1603 (a)" and inserting in lieu thereof "403 (a) or 1604"; and

(10) in section 1121 (a) by striking out "a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" and inserting in lieu thereof "a plan for aid to the aged, blind, and disabled", and by inserting " (other than

a public nonmedical facility)" after "intermediate care facilities" the first time it appears therein.

SEC. 303. Title XVIII of the Social Security Act is amended as follows:

(1) in section 1843 (b) by striking out "title I or" in paragraph (1), by striking out "all of the plans" in paragraph (2) and substituting in lieu thereof "the plan", and by striking out "titles I, X, XIV, and XVI, and part A" in paragraph (2) and inserting in lieu thereof "title XVI and under part E";

(2) in section 1843 (f) by striking out "title I, X, XIV, or XVI or part A" both times it appears and inserting in lieu thereof "title XVI and under part E", and by striking out "title I, XVI, or XIX" and inserting in lieu thereof "title XVI or XIX"; and

(3) in section 1863 by striking out "I, XVI", and inserting in lieu thereof "XVI".

SEC. 304. Title XIX of the Social Security Act is amended as follows:

(1) in clause (1) of the first sentence of section 1901 by striking out "families with dependent children" and "permanently and totally" and inserting in lieu thereof, respectively, "needy families with children" and "severely";

(2) in section 1902 (a) (5) by striking out "I or";

(3) in section 1902 (a) (10) by amending so much thereof as precedes clause (A) to read:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section 406 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—"

and by amending clauses (A) and (B) by inserting "or payments under such part E" after "such plan" each time it appears therein;

(4) by amending section 1902 (a) (13) (B) to read:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section 406 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905 (a), and";

(5) in section 1902 (a) (14) (A) by striking out aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV," and inserting

in lieu thereof "assistance to needy families with children as defined in section 406(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan aproved under title XVI,";

(6) in section 1902(a)(17) by striking out in so much thereof as precedes clause (A) "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," and inserting in lieu thereof "assistance to needy families with children as defined in section 406(b), payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI," by striking out in clause (B) thereof "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" and inserting in lieu thereof "assistance to needy families with children as defined in section 406(b), payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI", and by striking out in such clause (B) "and or assistance under such plan" and inserting in lieu thereof "assistance, and, or payments";

(7) in section 1902(a)(20)(C) by striking out "section 3(a)(4)(A)(i) and (ii) or section 1603

(a) (4) (A) (i) and (ii)" and inserting in lieu thereof "section 1608 (b) (1) (A) and (B)";

(8) in the last sentence of section 1902 (a) by striking out "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)" and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the administration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

(9) in section 1902 (b) (2) by striking out "section 406 (a) (2)" and inserting in lieu thereof "section 406 (b)";

(10) in section 1902 (c) by striking out "I, X, XIV, or XVI, or part A" and inserting in lieu thereof "XVI or under an agreement under part E";

(11) in section 1903 (a) (1) by striking out "I, X, XIV, or XVI, or part A" and inserting in lieu thereof "XVI or under an agreement under part E";

(12) by repealing subsection (c) of section 1903;

(13) in section 1903 (f) (1) (B) (i) by striking out "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" and inserting in lieu thereof, "highest total amount which would ordinarily be paid under parts D and E of title IV to a family of the same size without income or resources, eligible in that State for money payments under part E of title IV of this Act";

(14) in section 1903 (f) (3) by striking out "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" and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family";

(15) in section 1903 (f) (4) (A) by striking out "I, X, XIV, or XVI, of part A" and inserting in lieu thereof "XVI or under an agreement under part E"; and

(16) by amending section 1905 (a)—

(A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title VI who are—" insomuch

thereof as precedes clause (i) and inserting in lieu thereof "payments under part E of title IV or aid under a State plan approved under title XVI, who are—",

(B) by amending clause (ii) to read: "(ii) receiving assistance to needy families with children as defined in section 406(b), or payments pursuant to an agreement under part E of title IV,",

(C) by amending clause (v) to read: "(v) severely disabled as defined by the Secretary in accordance with section 1602(b)(4)," and

(D) by striking out "or assistance" and "I, X, XIV, or" in clause (vi) and in the second sentence of such section 1905(a).

TITLE IV—GENERAL

EFFECTIVE DATE

SEC. 401. The amendments and repeals made by the preceding provisions shall become effective, and section 9 of the Act of April 19, 1950 (25 U.S.C. 639) is repealed effective, on the first January 1 following the fiscal year in which this Act is enacted; except that—

(1) in the case of any State a statute of which prevents it from making the supplementary payments provided for in part E of title IV of the Social Security Act, as amended by this Act, the amendments made by

this Act and such repeal shall not apply with respect to individuals in such State until (if later than the date referred to above) the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act or until (if earlier than July 1) the first calendar quarter following the date on which the State certifies it is no longer so prevented from making such payments; and

(2) in the case of any State a statute of which prevents it from complying with the requirements of section 1602 of the Social Security Act, as amended by this Act, the amendments made by title II of this Act shall not apply until (if later than the January 1 referred to above) the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act or on the earlier date on which such State submits a plan meeting such requirements of section 1602;

and except that section 437 of the Social Security Act, as amended by this Act, shall be effective upon enactment of this Act.

MEANING OF SECRETARY AND FISCAL YEAR

SEC. 402. As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the

context otherwise requires and except in part C of title IV of the Social Security Act, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

91ST CONGRESS
1ST SESSION

S. 2986

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

By Mr. SCOTT, Mr. BROOKE, Mr. DOMINICK, Mr. GRIFFIN, Mr. HANSEN, Mr. JAVITS, Mr. PROUTY, Mr. SCHWEIKER, and Mr. STEVENS

OCTOBER 2, 1969
Read twice and referred to the Committee on Finance

S. 2986—INTRODUCTION OF THE FAMILY ASSISTANCE ACT OF 1969

Mr. SCOTT. Mr. President, I introduce on behalf of myself, and other Senators, "The Family Assistance Act of 1969," comprehensive legislation addressed to one of our most serious domestic problems. This bill constitutes one of the most important domestic initiatives which the Nixon administration will undertake. It embodies the administration's proposals for a complete overhaul of our present, highly unsatisfactory welfare system. President Nixon did not overstate the case when he termed the welfare system a colossal failure and a huge monster. No one is happy with welfare as it now exists—neither the taxpaying American, administrators at the Federal, State, and local levels of government, nor the recipients themselves.

Most of the problems in the existing system center around the program known as AFDC—aid to families with dependent children. In a period of increasing prosperity, and decreasing unemployment, this program has grown steadily. Since 1960, its cost has tripled, and the number of recipients has more than doubled. This program is now responsible for payments to 6,500,000 persons. Yet this program is basically unfair. It is unfair to men who work hard for low wages. It is unfair to families that stay together, instead of breaking up. It is unfair to people who live in different States, some of whom receive a payment of $39 a month, and others of whom receive as much as $163 a month.

After a great deal of study, the administration has concluded that the best way to remedy these problems is to establish a uniform Federal payment—a family assistance payment—to families with children and with comparable amounts of income. This is not a guaranteed income program. Persons who do not accept work or training opportunities will not be eligible for payments. It is a program that guarantees that help will be available for any family, with children, where the breadwinner uses his best efforts. It is designed as a program to encourage people to help themselves. The incentives to have earnings, and to increase earnings, are large.

Under this plan, the basic benefit for a family with no income would be $500 for each of the first two persons in the family, and $300 for each additional one. Thus, in the case of a family of four without income, payments of $1,600 annually would be available. The first $720—based on $60 a month—of annual earnings, would not result in any reduction in the basic family assistance benefit. This would ordinarily cover the expenses of employment so that an individual would not be disadvantaged by going to work. Above this level, a dollar of earnings would result in only a 50-cent reduction in benefits. For each dollar of unearned income, there would be only a 50-cent reduction, thus providing a monetary incentive for child support, and for more stable work effort by individuals so that higher unemployment compensation benefits would be available.

The food stamp program which was proposed by the President, and for which legislation has now been passed by this body, will enhance the benefits available. The comprehensive manpower and training bill will make more available training opportunities in relation to local labor markets, and the opportunity for placement of welfare recipients in the type of training program most likely to fit them for available jobs. This bill will complement both programs. With regard to the latter, this bill provides funds to help defray training costs, and it vastly expands—compared with present programs—the authority for day care. Any unemployed person who is able to work or take training will be required to register with the State employment services. An exception is made in the case of mothers of children under 6 whose acceptance of training or employment is voluntary.

Under the existing system there is, as I pointed out, a very wide variation in payments. It would be unfair to significantly reduce the amount of assistance being received by individual families today. This bill, accordingly, contains provisions for State supplementation so that persons will not lose under the new arrangement. Obviously, the intact working families who are eligible for nothing today will gain, and greater equity will result.

In the program for the aged, blind, and disabled, Federal matching is materially improved. The Federal Government would provide 100 percent of the first $50 of payment per individual, 50 percent for the next $15, and 25 percent of the amount above $65. Of vital importance is the principle of a minimum income floor that would be established for the first time. As a condition for receiving Federal grants, the States would have to assure that each aged, blind or disabled individual would have at least $90 from his assistance payment and other income each month.

The bill has been designed to assure some fiscal relief under the welfare programs as compared with existing law. It includes provisions that the Federal Government will reimburse the States for any required non-Federal expenditures that exceed 90 percent of what their expenditures would be under existing law. At the same time, other provisions assure that States will expend at least one-half as much as they are spending at present. These provisions, coupled with the revenue-sharing proposals of this administration, will aid hard-pressed State treasuries.

Out of new expenditures of approximately $5 billion—$4 billion under the bill that I have introduced and $1 billion of direct revenue sharing—the savings to State treasuries is estimated at $1.7 billion, one-third of the total. The remaining expenditures will go primarily to the recipients of family assistance payments, for training costs and day care and for administration and other items.

The bill makes minimal changes in the existing provisions for social services to families. This, I understand, will be the subject of later proposals. Similarly, the

bill makes only minimal changes in the medicaid program which is now under intensive review by the Department of Health, Education, and Welfare.

Mr. President, the welfare proposals contained in this bill are designed to correct four basic evils in the present system—evils which provide strong incentives for abuse. It corrects the evil inequities between male and female-headed families which today provide an incentive for them to leave home. It corrects the inequities today between the idle and the working poor which presently provide an incentive for idleness. It requires recipients to accept available work or training and provides expanded training in day care services to make this possible.

Mr. President, this bill is long; it is complex. Not all may agree with the details of every provision. Certain refinements may be suggested in committee, and on the floor. Yet, overall, I believe these proposals constitute a major improvement in the way in which we deal with one of our most troublesome problems. They warrant fully the most careful consideration by all of us, leading to enactment.

For the first time since the 1930's the emphasis in Federal programs has shifted from the merely custodial to the remedial. President Nixon recognizes that the Federal dole is demeaning to human dignity, and only encourages a cycle of dependence from one generation to the next. This bill is vitally essential to the successful implementation of his stated goal to "assist millions of Americans out of poverty and into productivity."

I am pleased to have joining me as cosponsors in this effort the following distinguished Senators: Mr. GRIFFIN of Michigan, Mr. BROOKE of Massachusetts, Mr. DOMINICK of Colorado, Mr. HANSEN of Wyoming, Mr. PROUTY of Vermont, Mr. SCHWEIKER of Pennsylvania, Mr. STEVENS of Alaska, Mr. JAVITS of New York, and Mr. PERCY of Illinois.

Mr. President, I ask that an explanatory statement by Health, Education, and Welfare Secretary Robert H. Finch, and a section-by-section analysis of the Family Assistance Act of 1969 be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the explanatory statement and section-by-section analysis will be printed in the RECORD.

The bill (S. 2986), to authorize a family assistance plan providing basic benefits to low-income families with children to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes, introduced by Mr. SCOTT (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

The material furnished by Mr. SCOTT follows:

STATEMENT OF SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ROBERT H. FINCH, IN EXPLANATION OF THE FAMILY ASSISTANCE ACT OF 1969

The Family Assistance Plan is a revolutionary effort to reform a welfare system in crisis. With this program and the Administration's proposed Food Stamp plan, the Federal Government launches a new strategy—*an income strategy*—to deal with our most critical domestic problems. For those among the poor who can become self-supporting, this strategy offers an avenue to greater income through expanded work incentives, training, and employment opportunities. For those who cannot work, there is a more adequate level of Federal support.

If the Family Assistance and Food Stamp proposals are enacted, we will have reduced the poverty gap in this country by some 59 percent. In other words, these two programs taken together will cut by almost 60 percent the difference between the total income of all poor Americans and the total amount they would have to earn in order to rise out of poverty. In one particular category of the poor, that of couples over 65 years of age, the Family Assistance Plan will in fact raise recipients' incomes above the poverty line altogether. This income strategy includes an Administration proposal for a 10 percent increase in Social Security benefits, coupled with an automatic cost of living escalator. This is a real war on poverty and not just a skirmish.

I. THE FAILURE OF WELFARE

On August 8 the President addressed the nation and called the present welfare system a failure. He said:

"Whether measured by the anguish of the poor themselves, or by the drastically mounting burden on the taxpayer, the present welfare system has to be judged a colossal failure. . . .

"What began on a small scale in the depression 30's has become a huge monster in the prosperous 60's. And the tragedy is not only that it is bringing States and cities to the brink of financial disaster, but also that it is failing to meet the elementary human, social and financial needs of the poor."

The failure of the system is most evident in the recent increases in welfare costs and caseloads. In this decade alone, total costs for the four federally-aided welfare programs have more than doubled, to a level now of about $6 billion.

In the Aid for Families with Dependent Children program (AFDC), costs have more than tripled since 1960 (to about $4 billion at the present time) and the number of recipients has more than doubled (to some 6.2 million persons). Even more disturbing is the fact that the *proportion* of persons on AFDC is growing. In the 15 years since 1955, the proportion of children receiving assistance has doubled—from 30 children per 1,000 to about 60 per 1,000 at present.

Prospects for the future show no likelihood for relief from the present upward spiral. By conservative estimates, AFDC costs will double again by Fiscal Year 1975, and caseloads will increase by 50 to 60 percent. Yet, the great irony is that despite these crushing costs, benefits remain below adequate levels in most States.

Moreover, the present AFDC program is built to fail. It embodies a set of inequities which help to cause its own destruction. First, it is characterized by unjustifiable discrepancies as between regions of the country. With no national standards for benefit levels and eligibility practices, AFDC payments now vary from an average of $39 per month for a family of four in Mississippi to $263 for such a family in New Jersey.

Second, it is inequitable in its treatment of male-headed families as opposed to those headed by a female. In no State is a male-headed family, where the mother is also in the home and the father is working full time for poverty wages, eligible for AFDC. In half the States, even families headed by unemployed males are still not eligible under the AFDC–UF program. On the other hand, families in poverty headed by women working full or part-time are almost universally covered. The result of this unfortunate discrimination is the creation of a powerful economic incentive for the father to leave home so that the State may better support his family than he can. For example, if a father employed full time in a low wage job is able to earn only $2000 per year, and welfare in the State would pay a fatherless family $3000 per year, his wife and children are financially 50 percent better off if he leaves home. And this financial incentive has taken its toll. In 1940, only 30 percent of the families on AFDC had absent fathers, but today the figure stands at over 70 percent.

Third, AFDC imposes inequities between those who work and those who do not. Because families in poverty headed by working men are not covered, it is easily possible for such a working family to be less well off than the welfare family. And what could be more debilitating to the motivation to work to see the opportunity for one's family to be better off on welfare? Moreover, the present system further undercuts the incentive to work by reducing welfare payments too rapidly and by too much as the head of the household begins to work.

II. THE FAMILY ASSISTANCE PLAN

This Administration began its formal inquiries into welfare reform even before the inauguration. From the report of the Transition Task Force on Welfare to the present time, a number of reform proposals have been considered. The final result reflects the best efforts of many different people in and out of government and in different Federal agencies.

This analysis led us to the conclusion that revolutionary *structural reform* in the system is required. The first priority of the Family Assistance Plan has been to remove, or at least minimize the inequities of present welfare policies. It is designed to strengthen family life and incentives for employment. This strategy may not pay off immediately, but unless this investment is made now, fundamental reform will be even more expensive in the future.

The Family Assistance Plan provides fiscal relief for hard pressed States and at the same time raises benefit levels for recipients in those areas where they are lowest. Of the $2.9 billion made available in new funds under the plan for benefits to families and to aged, blind and disabled adults, an estimated $700 million will have the effect of providing fiscal relief for the States and about $300 million will be for benefit increases for present recipients. But these goals, it must be said, cannot be our first priority at the present time. There are others who would invest more of our available resources in benefit increases or in a federalization of the program designed to provide maximum fiscal relief to the States. These are not easy priorities to weigh and balance, but we have concluded that—while those other approaches might be politically more popular in many respects—they only pour more Federal money into a system doomed to failure. The *system* must be changed, not just its payment levels or the division of labor between the Federal and State governments within it.

The technical operation of the Family Assistance Plan is described in the attached summary. This memorandum will review its major purposes.

First, it combines powerful work requirements and work incentives for employable recipients. By including the working poor—families in poverty headed by men working full time—the new plan much reduces and

in many cases eliminates the inequity of treatment between those who work and those who do not. Second, by making it possible for a family to earn $60 per month without any reduction of benefits, a recipient will have a strong financial incentive to enter employment and will be able to recoup his expenses of going to work without a drop in total income. Third, the program includes a strong work requirement: those able bodied persons who refuse a training or suitable job opportunity lose their benefits. For this reason, the program is not a guaranteed annual income. It does not guarantee benefits to persons regardless of their attitudes; its support is reserved to those who are willing to support themselves. The work requirement is made effective by a new obligation of work registration. In order to be eligible for benefits, applicants must first register with their employment service office so that training and job opportunities can be efficiently communicated to them. Mothers with children under six, are however, exempted from this requirement of work and work registration and may elect to stay at home with their children without any loss in benefits.

Second, the Family Assistance Plan treats male and female-headed families equally. All families with children, whether headed by a male or female, will receive benefits if family income and resources are below the national eligibility levels. From this structural change in coverage flows one of the key advantages of the program in terms of family stability. No longer would an unemployed father have to leave the home for his family to qualify for benefits. In fact, the family is better off with him at home since its benefits are increased by his presence. And for employed men, the system greatly reduces and in some cases reverses the financial incentive to desert. In the example cited above of the father earning $2000 in a State where his family would receive $3000 on welfare, the Family Assistance Plan would supplement his wages by $960, giving the family $2960 in income and eliminating the financial incentive for the father to leave home.

Third, the program establishes a national minimum payment and national eligibility standards and methods of administration. For a dependent family of four, the Federal benefit floor will be $1600 per year. *When benefits under the President's Food Stamp proposal are also taken into account, the assistance package for such a family is about $2350 per year, or more than two-thirds of the poverty line as it has been most recently redefined.* This is not, of course, a sufficient amount to sustain an adequate level of life for those who have no other income; it is, nevertheless, a substantial improvement and can be made more adequate as budget conditions permit. As a result of the establishment of the Federal benefit floor of $1600, payment levels will be raised in 10 States and for about 20 percent of present recipients.

For the aged, blind, and disabled, a nationwide income floor would be set at $90 per month per person of benefits plus other income. This comes on a yearly basis to $2160 for two eprsons, an amount which is actually above the poverty line for an aged couple. This represents an important change which we have made in the program since the President announced it on August 8; when the minimum for the adult categories was set at $65.

Perhaps at least as important as the establishment of national minimum benefit levels, however, is the provision of national eligibility standards and administrative procedures to govern the Family Assistance and State supplementary payment programs. For the first time, a single set of rules will apply throughout the nation, although the States will remain free to administer their supplementary payment programs under these uniform rules if they so desire. (The pre-existing State standards of need and payment levels will still continue to control in the supplementary payment programs with regard to eligibility anad amount of benefits.)

States will be given the option, for both the supplementary payment and the adult category programs, to contract with the Social Security Administration for Federal assumption of some or all of the administrative burdens under these programs. In this way, we should be able to move toward a single administrative mechanism for transfer payments, taking advantage of all the economies of scale which such an automated and national administered system can have. The eventual transfer of Food Stamp Program to the Department of Health, Education, and Welfare—as previously proposed by the Administration—should further enhance this administrative simplification.

Fourth, the plan includes over $600 million for a major expansion of training and day care and opportunities. Some 150,000 new training opportunities will be funded under the legislation, which, when combined with the proposed Manpower Training Act is a simplified and centralized framework, should greatly broaden the opportunities for self support for recipients. Some 450,000 quality child care positions are also funded in a new and flexible program which further extends the Administration's commitment to the first five years of life.

Fifth, the Family Assistance Plan provides major fiscal relief for the States. An estimated $700 million of the $2.9 billion in new Federal money being made available for expanded cash assistance will go to the States in the form of saving on their existing welfare costs. For five years from the date of enactment, every State is assured fiscal relief at least equal to 10 percent of what its costs would have been under the old welfare program. When these savings are combined with the new money going to the States through the training and child care components and through the separate revenue sharing program, major relief for State governments is produced. In particular, by including the working poor within the Family Assistance Plan, we are establishing a wholly Federal responsibility for a category of potential recipients which an increasing number of States are beginning to assist at their own initiative. Some 7 States now have Statewide programs of relief for the working poor and another 8 States have local or experimental programs directed to these people—all entirely at State expense. By establishing a Federal program to cover the working poor, we are relieving the States of what seems to be the next likely increase in costs and coverage.

III. IMPACT ON OTHER PROGRAMS

The Family Assistance Plan has a major impact on several other Federal programs bearing on the poor.

First, we have changed the treatment of unearned income compared to the present welfare system so that the recipient of Family Assistance benefits loses only 50 cents from his benefit for each dollar of unearned income received. This results in the elimination of an important inequity which, for example, would make a female-headed family of four ineligible for Family Assistance benefits if it received $1700 per year in alimony or support payments, but would pay that family a benefit if the husband were at home and earning $1700 per year. It also has an important impact on other Federal programs such as Old Age, Survivors and Disability Insurance, and Unemployment Insurance by eliminating the dollar-for-dollar loss in benefits under welfare as income from these other programs is received.

Second, this legislation amends Title XIX (Medicaid) to extend mandatory coverage under that program to the AFDC-UF category. It is not possible at this time to include the working poor adults in Medicaid even though they are added to public assistance coverage under Family Assistance.

Third, Family Assistance has been carefully harmonized with the Food Stamp Program. As has already been stated, the benefits under these two programs are additive, so that a family of four receives a package of Family Assistance and Food Stamp subsidies totaling about $2350. Moreover, the eligibility ceilings have been set at virtually the same point—$4000 for a family of four—and both programs would now extend coverage to the working poor.

Finally, certain changes in the programs of services for AFDC recipients under Title IV of the Social Security Act are necessitated as a result of the Family Assistance Plan. The Department of Health, Education, and Welfare will be submitting more comprehensive amendments on the service program shortly These amendments will include an expanded program of assistance to the States for foster care. In the meantime, however, we are leaving the present AFDC services provisions intact and retaining the 75-percent Federal matching for the financing of these programs.

SUMMARY OF FAMILY ASSISTANCE ACT OF 1969

TITLE I—FAMILY ASSISTANCE PLAN

Establishment of plan

Section 101 of the bill adds new parts D, E, and F to title IV of the Social Security Act, establishing a new Family Assistance Plan providing for payment of family assistance benefits by the Secretary of Health, Education, and Welfare and supplementary payments by the States.

Eligibility and amount

The new part D of title IV of the Social Security Act authorizes benefits to families with children payable at the rate of $500 per year for each of the first two members of a family plus $300 for each additional member.

The family assistance benefit would be reduced by non-excluded income, so that families with more non-excludable income than these benefits ($1600 for a family of four) would not be eligible for any benefits.

A family with more than $1500 in resources, other than the home, household goods, personal effects, and other property essential to the family's capacity for self-support, would also not be eligible.

Countable income would include both earned income (remuneration for employment and net earnings from self-employment) and unearned income.

In determining income the following would be excluded (subject, in some cases, to limitations by the Secretary):

(1) All income of a student;

(2) Inconsequential or infrequent or irregular income;

(3) Income needed to offset necessary child care costs while in training or working;

(4) Earned income of the family at the rate of $720 per year plus ½ the remainder;

(5) Food stamps and other public assistance or private charity;

(6) Special training incentives and allowances;

(7) The tuition portion of scholarships and fellowships;

(8) Home produced and consumed produce;

(9) ½ of other unearned income.

Veterans pensions, farm price supports, and soil bank payments would not be excludable income to any extent and would, therefore, result in reduction of benefits on a dollar for dollar basis.

Eligibility for and amount of benefits would be determined quarterly on the basis of estimates of income for the quarter, made in the light of the preceding period's income as modified in the light of changes in circumstances and conditions.

Definition of family and child

To qualify for Family Assistance Plan benefits a family must consist of two or more related individuals living in their own home and residing in the United States and one must be an unmarried child (i.e., under the age of 18, or under the age of 21 and regularly attending school).

Payment of benefits

Payment may be made to any one or more members of the qualified family. The Secretary would prescribe regulations regarding the filing of applications and supplying of data to determine eligibility of a family and the amounts for which the family is eligible. Beneficiaries would be required to report events or changes of circumstances affecting eligibility or the amount of benefits.

When reports by beneficiaries are delayed too long or are too inaccurate, part or all of the resulting benefit payments could be treated as recoverable overpayments.

Registration for work and referral for training

Eligible adult family members would be required to register with public employment offices for manpower services and training or employment unless they belong to specified excepted groups. However, a person in an excepted group may register if he wishes.

The exceptions are: (1) ill, incapacitated, or aged persons; (2) the caretaker relative (usually the mother) of a child under 6; (3) the mother or other female caretaker of the child if an adult male (usually the father) who would have to register is there; (4) the caretaker for an ill household member; and (5) full-time workers.

Where the individual is disabled, referral for rehabilitation services would be made. Provision is also made for child care services to the extent the Secretary finds necessary in case of participation in manpower services, training, or employment.

Denial of benefits

Family Assistance benefits would be denied with respect to any member of a family who refuses without good cause to register or to participate in suitable manpower services, training, or employment. If the member is the only adult, he would be included as a family member but only for purposes of determining eligibility of the family. Also, in appropriate cases, the remaining portion of the Family Assistance benefit would be paid to an interested person outside the family.

On-the-job training

The Secretary would transfer to the Department of Labor funds which would otherwise be paid to families participating in employer-compensated on-the-job training if they were not participating. These funds would be available to pay the training costs involved.

STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

Required supplementation

The individual States would have to agree to supplement the family assistance benefits under a new part E of title IV of the Social Security Act wherever the family assistance benefit level is below the previously existing Aid to Families with Dependent Children (AFDC) payment level. This supplementation is a condition which the State must meet in order to continue to receive Federal payments with respect to maternal and child health and crippled children's services (title V) and with respect to their State plans for aid to the aged, blind, and disabled (title XVI), medical assistance (title XIX), and services to needy families with children (part A of title IV). Such "supplementation" would be required to families eligible for family assistance benefits other than families where both parents are present, neither is incapacitated, or the father is not unemployed. The States would thus be required to supplement in the case of individuals eligible under the old AFDC and AFDC-UF provisions; they would not have to supplement in case of the working poor.

Amount of supplementation

Except as indicated below and, except for use of the State standard of need and payment maximums, eligibility for and amount of supplementary payments would be determined by use of the rules applicable for Family Assistance benefits.

In applying the family assistance rules to the disregarding of income under the supplementary payment program—

(1) In the case of earned income of the family, the State would first disregard income at the rate of $720 per year, and would then be permitted to reduce its supplementary payment by 16⅔ cents for every dollar of earnings over the range of earnings between $720 per year and the cutoff point for family assistance (i.e., $3,920 for a family of four), and could further reduce its supplementary payments by an amount equal to not more than 80 cents for every dollar of earnings beyond that family assistance cutoff point.

(2) In the case of unearned income, these same percentage reductions would apply, although the initial $720 exclusion would not apply.

Requirements for agreements

Some of the State plan requirements now applicable in the case of Aid and Services to Needy Families with Children would be made applicable to the agreement. These include the requirements relating to:

(1) Statewideness;

(2) Administration by a single State agency;

(3) Fair hearing to dissatisfied claimants;

(4) Methods of administration needed for proper and efficient operation, including personnel standards, training, and effective use of subprofessional staff;

(5) Reporting to Secretary as required;

(6) Confidentiality of information relating to applicants and recipients;

(7) Opportunity to apply for and prompt furnishing of supplementary payments.

Payments to States

A State agreeing to make the supplementary payments would be guaranteed that its expenditures for the first 5 full fiscal years after enactment would be no more than 90 per cent of the amount they would have been if the Family Assistance Plan amendments not been enacted. This would be accomplished by Federal payment to each State, for each year, of the excess of—

(1) The total of its supplementary payments for the year plus the State share of its expenditures called for under its existing State plan approved under title XVI plus the additional expenditures required by the new title XVI, over

(2) 90% of the State share of what its expenditures would have been in the form of maintenance payments for such year if the State's approved plans under title I, IV(A), X, XIV, and XVI had continued in effect (assuming in the case of the part A of title IV plan, payments for dependent children of unemployed fathers),

On the other hand, any State spending less than 50 per cent of the State share, referred to in clause (2) above, for supplementary payments and its title XVI plan would be required to pay the amount of the deficiency to the Federal treasury.

A State would also receive ½ of its cost of administration under its agreement.

ADMINISTRATION

Agreements with States

Sufficient latitude is provided to deal with the individual administrative characteristics of the States. Provision is made under which the Secretary can agree to administer and disburse the supplementary payments on behalf of the States. Similarly the States can agree to administer portions of the family assistance plan on behalf of the Secretary, with respect to all or specified families in the States.

Evaluation, research, training

The Secretary would make an annual report to Congress on the new Family Assistance Plan, including an evaluation of its operation. He would also have authority to make periodic evaluations of its operation and to use part of the program funds for this purpose.

Research into and demonstrations of better ways of carrying out the purposes of the new Plan, as well as technical assistance to the States and training of their personnel who are involved in making supplementary payments, would also be authorized.

Special provisions for Puerto Rico, the Virgin Islands, and Guam

There are special provisions for these areas under which the amount of family assistance benefits, the $720 of earned income to be disregarded, and several other amounts under the Family Assistance Plan and the new title XVI of the Social Security Act (aid to the aged, blind, and disabled) would be reduced to the extent that the per capita income of these areas is below that of that one of the 50 States which had the lowest per capita income.

TRAINING, EMPLOYMENT, AND DAY CARE PROGRAMS

Section 102 of the Administration bill would replace part C of title IV of the Social Security Act in its entirety.

Purpose

The purpose of the revised part C is to provide manpower services, training, and employment, and child care and related services for individuals eligible for the new Family Assistance Plan benefits (new part D) or State supplementary payments (new part E) to help them secure or retain employment or advancement in employment. The intent is to do this in a manner which will restore families with dependent children to self-supporting, independent, and useful roles in the community.

Operation

The Secretary of Labor is required to develop an employability plan for each individual required to register under the new part D or receiving supplementary payments pursuant to the new part E. The plan would describe the manpower services, training, and employment to be provided and needed to enable the individual to become self-supporting or attain advancement in employment.

Allowances

The Secretary of Labor would pay an incentive training allowance of $30 per month to each member of a family participating in manpower training. Where training allowances for a family under another program would be larger than their benefits under the Family Assistance Plan and supplementary State payments, the incentive allowances for the family would be equal to the difference, or $30 per member, whichever is larger.

Allowances for transportation and other expenses would also be authorized.

These incentive and other allowances would be in lieu of allowances under other manpower training programs.

Allowances would not be payable to individuals participating in employer compensated on-the-job training.

Denial of allowances

Allowances would not be payable to an individual who refuses to accept manpower taining without good cause. The individual would receive reasonable notice and have an opportunity for a hearing if dissatisfied with the denial.

Utilization of other programs

In order to avoid the creation of duplicative programs, maximum use of authorities under other acts could be made by the Secretary of Labor in providing the manpower training and related services under the revised part C, but subject to all duties and responsibilities under such other programs. Part C appropriations could be used to pay the cost of services provided by other programs and to reimburse other public agencies for services they provided to persons under part C. The emphasis is on an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government to make maximum use of existing manpower and manpower related programs.

Appropriations and administration

Appropriations to the Secretary of Labor would be authorized for carrying out the revised part C, including payment of up to 90 percent of the cost of training and employment services provided individuals registered under the Family Assistance Plan. The Secretary would seek to achieve equitable geographical distribution of these funds.

In developing policies and programs for manpower services, training and employment for individuals registered under the Family Assistance Plan, the Secretary of Labor would have to first obtain the concurrence of the Secretary of Health, Education, and Welfare with regard to all programs under the usual and traditional authority of the Department of Health, Education, and Welfare.

Child care and support services

Appropriations to the Secretary of Health, Education, and Welfare would be authorized for grants and contracts for up to 90 per cent of the cost of projects for child care and related services for persons registered under the Family Assistance Plan and in manpower training or employment. The grants would go to any public or non-profit private agency or organization, and the contracts could be with any public or private agency or organization. The cost of these services could include alteration, remodeling, and renovation of facilities, but no provision is made for wholly new construction. The Secretary of Health, Education, and Welfare could allow the nonfederal share of the cost to be provided in the form of services or facilities.

These provisions (unlike other provisions of the bill) would become effective on enactment of the bill.

Advance funding

To afford adequate notice of available funds, appropriations for one year to pay the cost of the program during the next year would be authorized.

Evaluation and research

A continuing evaluation of the program under part C and research for improving it are authorized.

Annual report and advisory council

The Secretary of Labor is required to report annually to Congress on the manpower training and related services.

ELIMINATION OF PRESENT PROVISIONS ON CASH ASSISTANCE FOR FAMILIES WITH DEPENDENT CHILDREN

Section 103 of the bill revises part A of title IV of the Social Security Act which relates to cash assistance and services for needy families with children. The new part A is called Services to Needy Families with Children, reflecting the elimination of the provisions on cash assistance. The cash assistance part is no longer necessary because of the Family Assistance Plan in the new part D of title IV.

The revised part A provides for continuation of the present program of services for these families. Foster care for children and emergency assistance, as included under existing law, are also continued.

Requirements for State plans

Section 402 of the Social Security Act which sets forth the requirements to be met by State plans before they are approved and qualify the State for federal financial participation in expenditures, would be revised as appropriate in the light of the elimination of the cash assistance provisions.

Payments to States

The provisions on payments to States for expenditures under approved State plans remain the same as existing law with respect to services, emergency assistance, and foster care. The matching formulas continue to vary, as in existing law, according to the kinds of services involved.

Definitions

The definitions of "family services" and "emergency assistance to needy families with children" have not been substantially changed.

The definitions of "dependent child", "aid to families with dependent children", and "relative with whom any dependent child is living" have been replaced (as no longer applicable) by definitions of

(1) "Child"—which refers to the definition in the new part D, establishing the Family Assistance Plan; this in effect substitutes a requirement that the child be a member of a "family" (as defined in the new part D) instead of having to live with particularly designated relatives;

(2) "Needy families with children" (and "assistance to such families")—this being defined as families receiving family assistance benefits under the new part D, if they are also receiving supplementary State payments pursuant to the new part E or would have been eligible for aid under the existing State plan for aid to needy families with children if it had continued in effect.

Foster care and emergency assistance

The provisions on payments for foster care of children and emergency assistance remain virtually the same as under existing law.

Assistance by Internal Revenue Service in locating parents

The provision on this subject remains the same and allows use of the master files of the Internal Revenue Service to locate missing parents in certain cases.

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

This title revises the current title XVI of the Social Security Act and sets forth the revised title XVI in its entirety. One of the major changes is the removal of the provisions relating to medical assistance for the aged which, under existing law, would terminate at the end of calendar 1969. All medical assistance for which the Federal government shares costs will now be provided under approved title XIX State plans.

Requirements for State plans

Few changes are made in this section (sec. 1602), aside from deleting the provisions relating to medical assistance for the aged. The section retains, without substantial change, the requirements relating to:

(1) Administration by a single State agency (except where a separate agency is permitted for the blind as under existing law);

(2) Financial participation by the State;

(3) Statewideness;

(4) Opportunity for fair hearing;

(5) Methods of administration, including personnel standards, training, and effective use of subprofessional staff;

(6) Reporting to the Secretary as required;

(7) Confidentiality of information relating to recipients;

(8) Opportunity for application and furnishing of assistance with reasonable promptness;

(9) Establishment and maintenance by the State of standards for institutions in which there are individuals receiving aid;

(10) Description of services provided for self-support or self-care; and

(11) Determination of blindness by an ophtalmologist or an optometrist.

The present prohibition against payment to persons in receipt of assistance under title I, IV, X, or XIV would be applicable instead to cases of receipt of family security benefits under the new part D of title IV.

The provision on inclusion of reasonable standards for determining eligibility and amount of aid would be replaced by one requiring a minimum benefit of $90 per month, less any other income, and by another requiring that the standard of need not be lower than the standard applied under the State plan approved under the existing title XVI or (in case the State had not had such a plan) the appropriate one of the standards of need applied under the plans approved under titles I, X, and XIV.

While the requirement relating to the determination of need and disregarding of certain income in connection therewith has been continued (although without the authorization to disregard $7.50 per month of any income, in addition to other income which may or must be disregarded), it has been expanded in a manner parallel to family assistance benefits to include disregarding as resources the home, household goods, personal effects, other property which might help to increase the family's ability for self-support, and, finally, any other personal or real property the total value of which does not exceed $1500. There would also be a new requirement for not considering the financial responsibility of any other individual for the applicant or recipient unless the applicant is the individual's spouse or child under the age of 21 or blind or severely disabled, and a prohibition against imposition of liens on account of benefits correctly paid to recipients.

Other new requirements relate to provision for the training and effective use of social service personnel, provision of technical assistance to State agencies and local subdivisions furnishing assistance or services, and provision for the development, through research or demonstrations, of new or improved methods of furnishing assistance or services. Also added is a requirement for use of a simplified statement for establising eligibility and for adequate and effective methods of verification thereof. Finally, there are new requirements for periodic evaluation of the State plan at least annually, with reports thereof being submitted to the Secretary together with any necessary modifications of the State plan; for establishment of advisory committees, including recipients as members; and for observing priorities and performance standards set by the Secretary in the administration of the State plan and in providing services thereunder.

The present prohibitions against any age requirement of more than 65 years and against any citizenship requirement excluding U.S. citizens would be continued.

In place of the present provisions on residency, there is a new one which prohibits any residency requirement excluding any resident of the State. Also there would be new prohibitions against any disability or age requirement which excludes a severely disabled individual aged 18 or older, and any blindness or age requirement which excludes any person who is blind (determined under criteria by the Secretary).

Payments

In place of the present provision on the Federal share of expenditures under the approved State plan there is a new formula which provides for payment as follows with respect to expenditures under State plans for aid to the aged, blind, and disabled approved under the new title XVI:

With respect to cash assistance, the Federal Government will pay (1) 100 per cent of the first $50 per recipient, plus (2) 50 per cent of the next $15 per recipient, plus (3) 25 per cent of the balance of the payment per recipient which does not exceed the maximum permissible level of assistance per person set by the Secretary (which may be lower in the case of Puerto Rico, the Virgin Islands, and Guam than for other jurisdictions).

With respect to services for which expenditures are made under the approved State plan, the Federal Government would pay the same percentages as are provided under existing law, that is, 75 per cent in the case of certain specified services and training of personnel and 50 per cent in the case of the remainder of the cost of administration of the State plan.

Payment by Federal Government to individuals

The revised title XVI includes authority for the Secretary to enter into agreements with any State under which the Secretary will make the payments of aid to the aged, blind, and disabled directly to individuals in the State who are eligible therefor. In that case, the State would reimburse the Federal Government for the State's share of those payments and for ½ the additional cost to the Secretary of carrying out the agreement, other than the cost of making the payments themselves.

Definition

The new title XVI defines aid to the aged, blind, and disabled as money payments to needy individuals who are 65 or older or are blind or are severely disabled.

Transitional and related provisions

Titles I, X, and XIV of the Social Security Act would be repealed.

Provision is made for making adjustments under the new title XVI on account of overpayments and underpayments under the existing public assistance titles.

Provision is also made for according States a grace period during which they can be eligible to participate in the new title XVI without changing their tests of disability or blindness. The grace period would end for any State with the June 30 following the close of the first regular session of its State legislature beginning after enactment of the bill.

Conforming amendments

The bill also contains a number of conforming amendments in other provisions of the Social Security Act in order to take account of the substantive changes made by the bill. Thus, the changes in the medicaid program (title XIX of the Social Security Act) would require the States to cover individuals eligible for supplementary State payments pursuant to the new part E of title IV or who would be eligible for cash assistance under an existing State plan for aid to families with dependent children if it continued in effect and included dependent children of unemployed fathers.

Effective date

The amendments made by the bill would become effective on the first January 1 following the fiscal year in which the bill is enacted. However, if a State is prevented by statute from making supplementary payments provided for under the new part E of title IV of the Social Security Act, the amendments would not apply to individuals in that State until the first July 1 which follows the end of the State's first regular session of its legislature beginning after the enactment of the bill—unless the State certified before this date that it is no longer prevented by State statute from making the payments. In the latter case the amendments would become effective at the beginning of the first calendar quarter following the certification.

Also, in the case of a State which is prevented by statute from meeting the requirements in the revised section 1602 of the Social Security Act, the amendments made in that title would not apply until the first July 1 following the close of the State's first regular session of its legislature beginning after the enactment of the bill—unless the State submitted before this date a State plan meeting these requirements. In the latter case the amendments would become effective on the date of submission of the plan.

Another exception to this effective date provision is made in the case of the new authorization, in the revised part C of title IV of the Social Security Act, for provision of child care services for persons undergoing training or employment—which would be effective on enactment of the bill.

Mr. JAVITS. I have joined as a cosponsor, Mr. President, because I wish to encourage the administration in this initiative.

I advise the Senator from Pennsylvania (Mr. SCOTT) that I reserve the right to put in another bill or move amendments, but the fundamental principle is so important and I think the initiative of the administration so sound and desirable that I felt it my duty to join as cosponsor.

Mr. SCOTT. I thank the Senator from New York.

91ST CONGRESS
1ST SESSION

H. R. 14173

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 1969

Mr. BYRNES of Wisconsin (for himself, Mr. GERALD R. FORD, Mr. ARENDS, Mr. ANDERSON of Illinois, Mr. CRAMER, Mr. POFF, Mr. RHODES, Mr. TAFT, Mr. BOB WILSON, Mr. SMITH of California, Mr. UTT, Mr. SCHNEEBELI, Mr. BROYHILL of Virginia, Mr. BUSH, Mr. MORTON, and Mr. CHAMBERLAIN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Family Assistance Act of 1969".

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FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby finds and declares that—

(1) the present federally assisted welfare program provides benefits which vary widely throughout the country and which are unconscionably low in many States;

(2) the program for needy families with children is often administered in ways which are costly, inefficient, and degrading to personal dignity, and is characterized by intolerable incentives for family breakup, by inadequate encouragements to and opportunities for those on the welfare rolls to enter job training and employment so that they may become self-supporting, and by the inequitable exclusion from assistance of working families in poverty, especially families headed by a male;

(3) the growth of the welfare rolls threatens the fiscal stability of the States and the Federal-State partnership; and

(4) in the light of the harm to individual and family development and well-being caused by lack of income adequate to sustain a decent level of life, and the consequent damage to the human resources of the entire Nation, the Federal Government has a positive interest and responsibility in assuring the correction of these problems.

(b) It is therefore the purpose of this Act to fulfill the responsibility of the Federal Government to expand the training and employment incentives and opportunities, including necessary child care services, for those public assistance recipients who are members of needy families with children and who can become self-supporting; to provide a more adequate level and quality of living through income support and services for dependent persons and families who, through no fault of their own, require public assistance; to provide this financial assistance in a manner designed to strengthen family life and to establish more nearly uniform national standards of eligibility and aid; and to move to greater assumption by the Federal Government of the financial burden of these activities.

TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purposes of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"ELIGIBILITY

"SEC. 442. (a) Each family, as defined in section 445—

"(1) whose income, other than income which is excluded pursuant to section 443, is less than $500 per year for each of the first two members of the family plus $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500, shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"AMOUNT

"(b) The family assistance benefit for a family shall be payable at the rate of $500 per year for each of the first two members of the family plus $300 per year for each additional member thereof, reduced by the amount of income, not excluded pursuant to section 443, of the members of the family.

"PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"PERIOD FOR DETERMINATION OF BENEFITS

"(d) (1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a

family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefit for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"SPECIAL LIMITS ON GROSS INCOME

"(e) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming), will be considered sufficiently large to make such family ineligible for such benefits.

"INCOME

"EXCLUSIONS FROM INCOME

"SEC. 443. (a) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2) (A) the total unearned income of all members of a family which is, as determined in accordance with criteria prescribed by the Secretary, too inconsequential, or received too infrequently or irregularly, to be included, and (B) subject to limitations prescribed by the Secretary any earned income which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of

earned income (not excluded by the preceding clauses of this section) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance which is based on need and furnished by any State or political subdivision of a State or any Federal agency or by any private charitable agency or organization (as determined by the Secretary);

"(6) allowances under section 432(a);

"(7) any portion of a 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 a member of the family utilized by the household for its own consumptiton; and

"(9) one-half of all unearned income (not excluded by the preceding clauses of this subsection) of all members of the family

The preceding provisions of this subsection shall not apply to veterans' pensions or to payments to farmers for price support, diversion, or conservation. For special provisions applicable to Puerto Rico, the Virgin Islands, or Guam, see section 464.

"MEANING OF EARNED AND UNEARNED INCOME

"(b) For purposes of this part—

"(1) earned income shall include only—

"(A) remuneration for employment, other than remuneration to which section 209 (b), (c), (d), (f), or (k) applies;

"(B) net earnings from self-employment, as defined in section 211 other than the second and third sentences following clause (C) of subsection (a) (9) and other than clauses (A), (C), and (E) of paragraph (2) and paragraphs (4), (5), and (6), of subsection (c);

"(2) unearned income shall include among other things—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"RESOURCES

"EXCLUSIONS FROM RESOURCES

"SEC. 444. (a) In determining the resources of a family there shall be excluded:

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"DISPOSITION OF RESOURCES

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining the family's eligibility for family assistance benefits. Any portion of the family's benefits paid for such period or periods shall be conditioned on such disposal.

"MEANING OF FAMILY AND CHILD

"COMPOSITION OF FAMILY

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or her own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who is not married to another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E.

"DEFINITION OF CHILD

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"MEMBERS OF THE ARMED FORCES

"(c) If an individual is in the Armed Forces of the United States, then, for purposes of determining eligibility for and the amount of family assistance benefits under this part, (1) he shall not be regarded as a member of a family, and (2) the spouse and children of such individual, and such other individuals living in the same place of residence as such spouse and children as may be specified in accordance

with regulations of the Secretary, shall not be considered members of a family.

"DETERMINATION OF FAMILY RELATIONSHIPS

"(d) In determining whether an individual is related by blood, marriage, or adoption, appropriate State law, as determined in accordance with regulations of the Secretary, shall be applied.

"INCOME AND RESOURCES OF NONCONTRIBUTING ADULT

"(e) For purposes of determining eligibility for and the amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a child or a parent of a child (or a spouse of a child or parent), which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes, any such individual shall not be considered a member of such family.

"RECIPIENTS OF AID TO THE AGED, BLIND, AND DISABLED INELIGIBLE

"(f) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"PAYMENTS OF BENEFITS

"SEC. 446. (a) (1) Family assistance benefits shall be paid at such time or times and in such installments as the Secretary determines will best effectuate the purposes of this title.

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"OVERPAYMENTS AND UNDERPAYMENTS

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments of the family or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or

recovery on account of such overpayment in such case would defeat the purposes of this part, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"HEARINGS AND REVIEW

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is dissatisfied with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits.

"(2) Final determination of the Secretary after such hearings shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205.

"PROCEDURES; PROHIBITION OF ASSIGNMENTS

"(d) The provisions of sections 206 and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"APPLICATIONS AND FURNISHING OF INFORMATION BY FAMILIES

"(e) (1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, the furnishing of other data and mate-

rial, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of families for purposes of such eligibility and amount of benefits, the Secretary may prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"FURNISHING OF INFORMATION BY OTHER AGENCIES

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto. The Secretary may from time to time pay to the head of such agency, in advance or by way of reimbursement, as may be agreed upon, the cost of providing such information.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds clause (1), (2), (3), (4), (5), or (6) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by the Secretary of Health, Education, and Welfare to have failed (after a reasonable period of time), without good cause as determined by the Secretary of Labor, to so register, he shall not be regarded as a member of a family but his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for pay-

ment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is:

"(1) ill, incapacitated, or of an advanced age;

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

"(3) 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 clauses (1), (2), (4), or (5) of this subsection;

"(4) a child;

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household;

"(6) working full time, as determined in accordance with criteria prescribed by the Secretary of Labor.

An individual who would, but for the preceding sentence, be required to register pursuant to part A, may, if he wishes, register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of individuals registered

pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's disability or handicap, the Secretary shall make provision for referral of such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447 (a) shall not be regarded as a member of a family, but his income which would otherwise be counted as income of the family under this part shall be so counted, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing, to have refused without good cause to participate in suitable manpower services, training, or employment, or to have refused without good cause to accept suitable employment in which he is able to engage which is offered through the public employment offi-

ces of the State, or is otherwise offered by an employer if the offer of such employer is determined by the Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which he estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer compensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training.

Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX or, part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will make supplementary payments, as provided in this part, to any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of, and rules and regulations under, sections 442 (a) (2) and (d), 443, 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in

effect for July 1969 and complying with the requirements for approval under part A as in effect on such date (but subject to such maximums and percentage reductions as were imposed under such plan on the amount of aid paid and, then, with the resulting amount of the supplementary payment to any individual further reduced by the family assistance benefit payable under part D with respect to him).

"(b) In applying the provisions of section 443 for purposes of supplementary payments pursuant to an agreement under this part—

"(1) in the case of earned income to which clause (4) of subsection (a) of such section 443 applies, the amount to be disregarded shall be $720 per year (or proportionately smaller amounts for shorter periods), plus—

"(A) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income (thereby resulting in reduction of the supplementary payment by one-sixth of that portion of such remainder of the earnings), plus

"(B) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings (thereby resulting in further reduction of the

supplementary payment by four-fifths, or proportionately less if the Secretary has prescribed such a regulation, of that balance of the earnings); and

"(2) in the case of income to which clause (9) of subsection (a) of such section 443 applies, the amount to be disregarded shall be—

"(A) one-third of such income which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income (thereby resulting in reduction of the supplementary payment by one-sixth of that portion of such income), plus

"(B) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of such income (thereby resulting in further reduction of the supplementary payment by four-fifths, or proportionately less if the Secretary has prescribed such a regulation, of that balance of the income); and

(3) the family assistance benefit of a family payable under part D shall not be counted to any extent. For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of

supplementary payments and in assisting any advisory committees established by the State agency;

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

"(6) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title; and

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals.

"PAYMENTS TO STATES

"SEC. 453. (a) (1) The Secretary shall pay to any State which has in effect an agreement under this part for any fiscal year in the period ending with the close of the fifth full fiscal year for which this part is effective with respect to such State the excess of—

"(A) (i) the total of its payments for such year

pursuant to its agreement under this part which are required under section 452, plus (ii) the difference between (I) the total of the expenditures for such fiscal year under its plan approved under title XVI as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved thereunder and in effect for July 1969, plus so much of the rest of such expenditures as are required (as determined by the Secretary) by reason of the amendments to such title made by the Family Assistance Act of 1969 and (II) the total of the amounts determined under section 1604 for such State with respect to such expenditures for such year, over

"(B) 90 per centum of the difference between (i) the total of the expenditures which would have been made as aid or assistance (excluding emergency assistance specified in section 406(e) (1) (A), foster care under section 408, expenditures for institutional services in intermediate care facilities referred to in section 1121, expenditures for repairs to homes referred to in section 1119, and aid or assistance in the form of medical care or any other type of remedial care) for such year under the plans of such State approved under titles I, IV (part A), X, XIV, and XVI and in effect in the month prior to the enactment of this part if they had continued in

effect during such year and if they had included (if they did not already do so) payments to dependent children of unemployed fathers authorized by section 407 (as in effect on July 1, 1969), and (ii) the total of the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of such State with respect to such expenditures for such year.

The Secretary may prescribe methods for determining the amounts referred to in clause (B) on the basis of estimates and trends in expenditures and other experience of the State for prior years.

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c) In the case of any State with respect to which the amount determined under clause (A) of subsection (a) (1) for any year is less than 50 per centum of the difference referred to in clause (B) of such subsection for such year,

such State shall pay to the Secretary, at such time or times and in such installments as he may prescribe, the sum by which such amount determined under clause (A) of subsection (a) (1) is less than such 50 per centum. If such State does not pay any part of such amount at the time or times prescribed, the Secretary shall withhold such part from sums to which the State is entitled under part A or B of this title or under title V, VXI, or XIX; but the amounts so withheld shall be deemed to have been paid to the State under such part or title. The withholding of amounts pursuant to the preceding sentence shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under part A or B of this title or under title V, XVI, or XIX; but the amounts so withheld shall be deemed to have been paid to the State under such part or title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for pursuant to part E or will perform such other functions of the State in connection with such payments as may be agreed upon. In any such case, the agreement shall also provide for payment by the State to the Secretary of an amount equal to the supplementary payments the State would otherwise make under part E, less any payments which would be made to the State under section 453 (a), together with one-half of the additional cost of the Secretary involved in carrying out such agreement, other than the cost of making the payments.

"(b) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon. The cost of carrying out any such agreement shall be paid to the State in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family assistance benefits for such family, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such technical assistance to States, and to provide, directly or

through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of one-half of 1 per centum thereof, shall be available to him to carry out this section.

"SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

"Sec. 464. (a) In applying the provisions of sections 442 (a) and (b), 443 (a) (4), 452 (b) (1), 1603 (a) (1) and (b) (1), and 1604 (1) and (2) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used shall (instead of the $500, $300, and $1,500 in such section 442 (a) and (b) and section 1603 (a) (1), the $720 in section 443 (a) (4) and section 452 (b) (1), the $90 in section 1603 (b) (1), the $65 in section 1604 (2), and the $50 in section 1604 (1)) bear the same ratio to such $500, $300, $1,500, $720, $90, $65, and $50 as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the fifty States which has the lowest per capita income; except that in no

case may the amounts so used exceed such $500, $300, $1,500, $720, $90, $65, and $50.

"(b) (1) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for fiscal year beginning July 1 next succeeding such promulgation: *Provided,* That the Secretary shall promulgate such amounts as soon as possible after the enactment of this part, which promulgation shall be conclusive for 6 calendar quarters in the period beginning with the January 1 following the fiscal year in which this part is enacted, and ending with the close of the second June 30 thereafter.

"(2) The term 'United States', for purposes of paragraph (1) only, means the fifty States and the District of Columbia.

"(c) If the amounts which would otherwise be promulgated for any year for any of the three States referred to in subsection (a) would be lower than the amounts promul-

gated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND CHILD CARE PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND DAY CARE PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE OR SUPPLEMENTARY BENEFITS

"PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving benefits under part D or supplementary payments pursuant to part E, of manpower services, training, employment, and child care and related services necessary to train such individuals, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor (hereinafter in this part referred to as the 'Secretary') shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E. The Secretary shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including such services and opportunities which the Secretary is authorized to provide under any other Act, and including counseling, testing, institutional and on-the-job training, work experience, upgrading, program

orientation, relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual to relocate in an area where he may obtain suitable employment), incentives to public or private employers to hire and train these persons (including reimbursement for a limited period when an employee may not be fully productive), special work projects, job development, coaching, job placement and follow up services required to assist in securing and retaining employment and opportunities for advancement.

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a) (1) The Secretary shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If such member or members of a family would (but for the receipt of payments pursuant to this title) be eligible in such month, under any other statute providing for manpower training, for allowances which in total would be in excess of the sum of the family assistance benefit and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to such excess, or to $30 for each such member, whichever is greater.

"(2) The Secretary shall, in accordance with regula-

tions, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him directly related to his participation in training.

"(3) The Secretary shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.

"(b) Such allowances shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of a family who is participating in a program of the Secretary providing public or private employer compensated on-the-job training.

"DENIAL OF ALLOWANCES FOR REFUSAL TO UNDERGO TRAINING

"SEC. 433. (a) If and for so long as the Secretary determines that an individual who is a member of a family and has been required to register under part D for manpower training or employment has, without good cause, ceased to participate in manpower training under this part, no allowance under this part shall be payable to such individual.

"(b) The Secretary shall provide reasonable notice and

opportunity for hearing to any individual with respect to whom such a determination has been made.

"(c) Final determinations of the Secretary after such hearings shall be subject to judicial review as provided by section 205(g) for final determinations under title II, and the provisions of sections 205 (a), (d), (e), and (f), 206, and 207 shall apply with respect to this part to the same extent as they apply to title II.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 434. In providing the manpower training and employment services and opportunities required by this part the Secretary, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary may use the funds appropriated to him under this part to provide the programs required by this part through such other Act, to the same extent and under the same conditions 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 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.

"RULES AND REGULATIONS

"SEC. 435. The Secretary may issue such rules and regulations as he finds necessary to carry out the purposes of this part: *Provided,* That in developing policies and programs for manpower services, training, and employment, the Secretary shall first obtain the concurrence of the Secretary of Health, Education, and Welfare with regard to such policies and programs which are under the usual and traditional authority of the Secretary of Health, Education, and Welfare (including basic education, institutional training, health, child care and other supportive services, new careers and job restructuring in the health, education, and welfare professions, and work-study programs), and shall consult with the Secretary of Health, Education, and Welfare with regard to all such other policies and programs.

"APPROPRIATIONS

"SEC. 436. There is authorized to be appropriated to the Secretary for each fiscal year a sum sufficient for carrying out the purposes of this part (other than section 437), including payment of not to exceed (except in such cases as the Secretary may determine) 90 per centum of the cost of

manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary shall consider the number of registrations under section 447 and other relevant factors.

"CHILD CARE AND SUPPORTIVE SERVICES

"SEC. 437. (a) There are authorized to be appropriated for each fiscal year such sums as may be necessary to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for not to exceed (except in such cases as the Secretary of Health, Education, and Welfare may determine) 90 per centum of the cost of projects for the provision of child care and related services, including necessary alteration, remodeling, and renovation of facilities, which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training or employment under this part or to enable a member of a family, which is or has been (within such period of time as the Secretary may

prescribe) eligible for benefits under such part D or payments pursuant to such part E, to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual receiving aid to families with dependent children, or whose needs are taken into account in determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(b) Such sums shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization for evaluation, training of personnel, technical assistance or research or demonstration projects to determine more effective methods or providing any such care and other services.

"(c) To the extent permitted by the Secretary of Health, Education, and Welfare, the non-Federal share of the cost of any such project may be provided in the form of services or facilities.

"(d) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of day care or other services pro-

vided under a project assisted under this section, for payment by the family of such fees for the care or services as may be reasonable in the light of such ability.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered pursuant to section 447 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, the amendment made by subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"EVALUATION AND RESEARCH; REPORT TO CONGRESS

"SEC. 439. (a) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct research

regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

"(b) The Secretary shall report to the Congress on or before the end of each fiscal year (with the first such report being made on or before the July 1 following the first full year after the date on which part D becomes effective with respect to any States) on the manpower training and employment programs provided under this part."

ELIMINATION OF PRESENT PROVISIONS ON CASH ASSISTANCE FOR FAMILIES WITH DEPENDENT CHILDREN

SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended by striking out "financial assistance and" in the first sentence.

(b) Section 402(a) of such Act (42 U.S.C. 602) is amended by—

(1) striking out "aid and" in so much thereof as precedes clause (1);

(2) inserting, at the beginning of clause (1), "except to the extent permitted by the Secretary,";

(3) striking out clause (4);

(4) in clause (5) (B), striking out "recipients and other persons" and inserting in lieu thereof "persons" and striking out "providing services to applicants and recipients" and inserting in lieu thereof "providing services under the plan";

(5) striking out clauses (7) and (8);

(6) in clause (9), striking out "aid to families with dependent children" and inserting in lieu thereof "the plan";

(7) striking out clauses (10), (11), and (12);

(8) in clause (14), striking out "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))" and inserting in lieu thereof "for each member of a family receiving assistance to needy families with children, each appropriate individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enact-

ment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan" and striking out "such child, relative, and individual" and inserting in lieu thereof "such member or individual";

(9) striking out clause (15) and inserting in lieu thereof:

"(15) (A) provide for the development of a program, for appropriate members of such families and such other individuals, 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 family planning services are offered to them, 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;"

(10) striking out "aid" in clause (16) and "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children" and striking out "aid" in clause (17) (A) (ii) and inserting in lieu thereof "assistance";

(11) striking out clause (19);

(12) striking out "aid to families with dependent children in the form of foster care" in clause (20) and inserting in lieu thereof "payments for foster care"; striking out "dependent child or children with respect to whom aid is being provided under the State plan" in clause (21) (A) and inserting in lieu thereof "child or children with respect to whom assistance to needy families with children or foster care is being provided";

(13) striking out "aid is being provided under the plan of such other State" in clause (A) and clause (B) of clause (22) and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State";

(14) striking out clause (23) and striking out "; and" at the end of clause (22) and inserting in lieu thereof a period.

(c) Section 402 (b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which ful-

fills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, a residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Such section 402 is further amended by striking out subsection (c) thereof.

(e) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended by—

(1) striking out "aid and services" and inserting in lieu thereof "services" in so much thereof as precedes paragraph (1);

(2) amending paragraph (1) to read:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 408—

"(A) five-sixths of such expenditures, not counting so much of any expenditures as exceeds the product of $18 multiplied by the number of children receiving such foster care in such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceeds the maximum

which may be counted under subparagraph (A), not counting so much of any expenditures with respect to such month as exceeds the product of $100 multiplied by the number of children receiving such foster care for such month."

(3) striking out paragraph (2);

(4) in paragraph (3), striking out "in the case of any State," in so much thereof as preceeds subparagraph (A), striking out in clause (i) of such subparagraph "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" and inserting in lieu thereof "receiving foster care or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D, striking out in clause (ii) of such subparagraph "child or relative who is applying for aid to families with dependent children or" and inserting in lieu thereof "member of a family" and striking out in such clause (ii) "likely to become an applicant for or recipient of such

aid" and inserting in lieu thereof "likely to become eligible to receive such assistance".

(5) striking out the sentences of such subsection (a) which follow paragraph (5);

(f) Subsection (b) of such section 403 is amended by striking out "records showing the number of dependent children in the State and (C)" in paragraph (1) thereof and by striking out, in paragraph (2) thereof, "(A)" and everything beginning with ", and (B)" and all that follows down to but not including the period.

(g) Section 404 of such Act (42 U.S.C. 604) is amended by striking out "(a) In the case of any State plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services" and by striking out subsection (b) thereof.

(h) Section 405 of such Act (42 U.S.C. 605) is repealed.

(i) Section 406 of such Act (42 U.S.C. 606) is amended by—

(1) striking out subsections (a) and (b) and inserting in lieu thereof:

"(a) The term 'child' means a child as defined in section 445(b).

"(b) The term 'needy families with children' means

families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families."

(2) striking out subsection (c);

(3) in subsection (e) (1), striking out "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" and inserting in lieu thereof "a member of a family (as defined in section 445 (a))" and striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is amended by—

(1) amending so much (including the heading)

thereof as precedes subparagraph (1) of paragraph (b) to read as follows:

"FOSTER CARE

"SEC. 408. For purposes of this part—

"(a) foster care shall include only such care which is provided in behalf of a child (1) who would, except for his removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children, (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 assistance to needy families with children in or for the month in which court

proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 445(a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance in or for such month if in such month he had been a member of (and removed from the home of) such a family and application had been made therefor;

"(b) but only if such care is provided—";

(2) in paragraph (b)(2), striking out "'aid to families with dependent children'" and inserting in lieu thereof "foster care" and striking out "such foster care" and inserting in lieu thereof "foster care".

(3) striking out subsection (c);

(4) striking out "aid" and inserting in lieu thereof "services" in subsection (e);

(5) in subsection (f)(1), striking out "relative specified in section 406(a)" and inserting in lieu thereof "family (as defined in section 445(a))"; and

(6) in subsection (f)(2), striking out "522" and inserting in lieu thereof "422" and striking out "part 3 of title V" and inserting in lieu thereof "part B of this title".

CHANGE IN HEADING

SEC. 104. (a) The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTAL PAYMENTS, WORK INCENTIVE PROGRAMS, AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of such title IV is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are sixty-five years of age or over, blind, or disabled and for the purpose of encouraging each State to furnish rehabilitation

and other services to help such individuals attain or retain capability for self-support or self-care, there are authorized to be appropriated for each fiscal year sums sufficient to carry out these purposes, The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICE TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods);

"(3) provide for the training and effective use of social service personnel in the administration of the plan, for the furnishing of technical assistance to units of State government and of political subdivisions which are fur-

nishing financial assistance or services to the aged, blind, and disabled, and for the development through research or demonstration projects of new or improved methods of furnishing assistance or services to the aged, blind, and disabled;

"(4) provide 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 non-paid 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) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that, except to the extent permitted by the Secretary with respect to services, the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

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

"(10) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan (consistent with section 618 of the Revenue Act of 1951);

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

"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related;

"(16) provide for periodic evaluation of the operation of the plan by persons interested in or expert in matters related to assistance and services to the aged, blind, and disabled, including persons who are recipients of aid to the aged, blind, and disabled; and

"(17) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.

Notwithstanding paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) 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 was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for aid to the aged, blind, and disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

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

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizen requirement which excludes any citizen of the United States;

"(4) any disability or age requirement which excludes any persons under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older; or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary.

In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not

meet the requirements of section 1603(a) if it meets all other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442(e) and regulations thereunder;

"(2) the State agency shall not consider the financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of twenty-one or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

"(4) if the individual is not blind but is severely disabled, the State agency may disregard (A) not more than the first $20 of the first $80 per month of earned income plus one-half of the remainder thereof and (B) such additional amounts of other income and resources, for a period not in excess of thirty-six months, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but only with

respect to the part or parts of such period during substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency may disregard not more than the first $20 of the first $80 per month of earned income plus one-half of the remainder thereof.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional service in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is not disregarded pursuant to subsection (a), will provide a minimum of $90 per month.

"(2) the standard of need applied for determining eligibility for and amount of aid for the aged, blind, and disabled shall not be lower than (A) the standard applied for this purpose under the State plan (approved under this title) as in effect on the date of enactment of part D of title IV of this Act, or (B) if there was no such plan in effect for such State on such date, the standard of need which was applicable under—

"(i) the State plan which was in effect on such

date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the applicable plans, and except that if none of such clauses is applicable to individuals, the standard of need applied with respect to such individual may not be lower than higher of the standards under the State plans approved under title I, X, or XIV, which was in effect on such date, and

"(3) no aid will be furnished to any individual under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or training allowances under part C thereof for purposes of determining the amount of such benefits or allowances (but this paragraph shall not prevent payments with

respect to other members of his family pursuant to title IV of this Act).

"(4) no lien will be imposed against the property of any individual or his estate on account of aid paid to him under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid to such individual), and that there will be no adjustment or any recovery of aid correctly paid to him under the plan.

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 464.

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 100 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $50 multiplied by the total number of recipients of such aid for such month; plus

"(2) 50 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any

expenditures with respect to such month as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(3) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (2), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (3) may be lower than in the case of individuals in the other States. See also, section 464 for other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam.

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title

and perform such other functions of the State in connection with such payments as may be agreed upon. In such case payments shall not be made as provided in section 1604 and the agreement shall also provide for payment to the Secretary by the State of its share of such aid, together with one-half of the additional cost to the Secretary involved in carrying out the agreement, other than the cost of making the payments.

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration.

"OPERATION OF STATE PLANS

"SEC. 1607. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged,

blind, and disabled under the 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, such State shall qualify for payments for services under subsection (b) of this section.

"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary 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 prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to the applicants or recipients of aid, or

"(C) any of the services prescribed pursuant to subsection (a), and any of the services specified in subparagraph (B) of this paragraph, which the

Secretary may specify as appropriate for individauls who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid under the plan, if such services are requested by the individuals and are provided to them in accordance with subsection (c), 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 so much of such expenditures (not included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipients of aid 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; plus

"(3) one-half of the remainder of such expenditures.

'(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State

agency, or the local agency administering the State plan in the political subdivision (but no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff), and

"(2) subject to limitations 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 that 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).

Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(e) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in subsections (b) and (c) and provided in accordance with the provisions of those subsections.

"(f) In the case of any State whose State plan included a provision meeting the requirements of subsection

(a), 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 the plan, that—

"(1) the provision no longer complies with the requirements of subsection (a), or

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

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, subject to the other provisions of this title, under subsection (e) instead of subsection (b).

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsections 1604 and 1608 for that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount

appropriated or made available by the State and its political subdivisions for such expenditures in that quarter, and, if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

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

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under subsection (a) (2).

"(c) Upon the making of any estimate by the Secre-

tary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

"(2) any such payments to any individual who has not attained sixty-five years of age and who is a patient in an institution for tuberculosis or mental diseases.

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making

payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, his capacity of self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; 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.

Whether an individual is blind or severely disabled, shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301, et seq., 1201, et seq., 1351, et seq.) are hereby repealed.

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 203. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609 (a) of such Act as herein amended be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 204. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

SEC. 301. Section 228 (d) (1) of the Social Security Act is amended by striking out "I, X, XIV, or" and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

SEC. 302. Title XI of the Social Security Act is amended as follows:

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

(2) in section 1106 (c) (1) (A) by striking out "I, X, XIV,";

(3) in section 1108 by striking out "I, X, XIV, and XVI" and inserting in lieu thereof "XVI" in subsection (a) and by striking out "section 402 (a) (19)" and inserting in lieu thereof "part A of title IV" in subsection (b);

(4) by amending section 1109 to read as follows:

"SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility for and amount of aid or assistance for any individual under a State plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5) in section 1111 by striking out "I, X, XIV, and" and by striking out "part A" and inserting in lieu thereof "parts D and E";

(6) in section 1115 by striking out "I, X, XIV,"

and by striking out "part A" and inserting in lieu thereof "parts A and E" in so much thereof as precedes clause (a), by striking out "of section 2, 402, 1002, 1402," and inserting in lieu thereof "of or pursuant to section 402, 452," in clause (a) thereof, and by striking out "3, 403, 1003, 1403, 1603," and inserting in lieu thereof "403, 453, 1604, 1608," in clause (b) thereof;

(7) in section 1116 by striking out "I, X, XIV," in subsections (a) (1), (b), and (d), and by striking out "4, 404, 1004, 1404, 1604," in subsection (a) (3) and inserting in lieu thereof "404, 1607, 1608,";

(8) by repealing section 1118;

(9) in section 1119 by striking out "I, X, XIV," and by striking out "part A" and inserting in lieu thereof "services under a State plan approved under part A", and by striking out "3 (a), 403 (a), 1003 (a), 1403 (a), or 1603 (a)" and inserting in lieu thereof "403 (a) or 1604"; and

(10) in section 1121 (a) by striking out "a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" and inserting in lieu thereof "a plan for aid to the aged, blind, and disabled", and by inserting " (other than

a public nonmedical facility)" after "intermediate care facilities" the first time it appears therein.

SEC. 303. Title XVIII of the Social Security Act is amended as follows:

(1) in section 1843 (b) by striking out "title I or" in paragraph (1), by striking out "all of the plans" in paragraph (2) and substituting in lieu thereof "the plan", and by striking out "titles I, X, XIV, and XVI, and part A" in paragraph (2) and inserting in lieu thereof "title XVI and under part E";

(2) in section 1843 (f) by striking out "title I, X, XIV, or XVI or part A" both times it appears and inserting in lieu thereof "title XVI and under part E", and by striking out "title I, XVI, or XIX" and inserting in lieu thereof "title XVI or XIX"; and

(3) in section 1863 by striking out "I, XVI", and inserting in lieu thereof "XVI".

SEC. 304. Title XIX of the Social Security Act is amended as follows:

(1) in clause (1) of the first sentence of section 1901 by striking out "families with dependent children" and "permanently and totally" and inserting in lieu thereof, respectively, "needy families with children" and "severely";

(2) in section 1902 (a) (5) by striking out "I or";

(3) in section 1902 (a) (10) by amending so much thereof as precedes clause (A) to read:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section 406 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—"

and by amending clauses (A) and (B) by inserting "or payments under such part E" after "such plan" each time it appears therein;

(4) by amending section 1902 (a) (13) (B) to read:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section 406 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905 (a), and";

(5) in section 1902 (a) (14) (A) by striking out aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV," and inserting

in lieu thereof "assistance to needy families with children as defined in section 406(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan aproved under title XVI,";

(6) in section 1902(a)(17) by striking out in so much thereof as precedes clause (A) "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," and inserting in lieu thereof "assistance to needy families with children as defined in section 406(b), payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI," by striking out in clause (B) thereof "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" and inserting in lieu thereof "assistance to needy families with children as defined in section 406(b), payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI", and by striking out in such clause (B) "and or assistance under such plan" and inserting in lieu thereof "assistance, and, or payments";

(7) in section 1902(a)(20)(C) by striking out "section 3(a)(4)(A)(i) and (ii) or section 1603

(a) (4) (A) (i) and (ii)" and inserting in lieu thereof "section 1608 (b) (1) (A) and (B)";

(8) in the last sentence of section 1902 (a) by striking out "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)" and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the administration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

(9) in section 1902 (b) (2) by striking out "section 406 (a) (2)" and inserting in lieu thereof "section 406 (b)";

(10) in section 1902 (c) by striking out "I, X, XIV, or XVI, or part A" and inserting in lieu thereof "XVI or under an agreement under part E";

(11) in section 1903 (a) (1) by striking out "I, X, XIV, or XVI, or part A" and inserting in lieu thereof "XVI or under an agreement under part E";

(12) by repealing subsection (c) of section 1903;

(13) in section 1903 (f) (1) (B) (i) by striking out "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" and inserting in lieu thereof, "highest total amount which would ordinarily be paid under parts D and E of title IV to a family of the same size without income or resources, eligible in that State for money payments under part E of title IV of this Act";

(14) in section 1903 (f) (3) by striking out "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" and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family";

(15) in section 1903 (f) (4) (A) by striking out "I, X, XIV, or XVI, of part A" and inserting in lieu thereof "XVI or under an agreement under part E"; and

(16) by amending section 1905 (a) —

(A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title VI who are—" insomuch

thereof as precedes clause (i) and inserting in lieu thereof "payments under part E of title IV or aid under a State plan approved under title XVI, who are—",

(B) by amending clause (ii) to read: "(ii) receiving assistance to needy families with children as defined in section 406(b), or payments pursuant to an agreement under part E of title IV,",

(C) by amending clause (v) to read: "(v) severely disabled as defined by the Secretary in accordance with section 1602(b)(4)," and

(D) by striking out "or assistance" and "I, X, XIV, or" in clause (vi) and in the second sentence of such section 1905(a).

TITLE IV—GENERAL

EFFECTIVE DATE

SEC. 401. The amendments and repeals made by the preceding provisions shall become effective, and section 9 of the Act of April 19, 1950 (25 U.S.C. 639) is repealed effective, on the first January 1 following the fiscal year in which this Act is enacted; except that—

(1) in the case of any State a statute of which prevents it from making the supplementary payments provided for in part E of title IV of the Social Security Act, as amended by this Act, the amendments made by

this Act and such repeal shall not apply with respect to individuals in such State until (if later than the date referred to above) the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act or until (if earlier than July 1) the first calendar quarter following the date on which the State certifies it is no longer so prevented from making such payments; and

(2) in the case of any State a statute of which prevents it from complying with the requirements of section 1602 of the Social Security Act, as amended by this Act, the amendments made by title II of this Act shall not apply until (if later than the January 1 referred to above) the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act or on the earlier date on which such State submits a plan meeting such requirements of section 1602;

and except that section 437 of the Social Security Act, as amended by this Act, shall be effective upon enactment of this Act.

MEANING OF SECRETARY AND FISCAL YEAR

SEC. 402. As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the

context otherwise requires and except in part C of title IV of the Social Security Act, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

91st CONGRESS
1st SESSION

H. R. 14173

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

By Mr. BYRNES of Wisconsin, Mr. GERALD R. FORD, Mr. ARENDS, Mr. ANDERSON of Illinois, Mr. CRAMER, Mr. POFF, Mr. RHODES, Mr. TAFT, Mr. BOB WILSON, Mr. SMITH of California, Mr. UTT, Mr. SCHNEEBELI, Mr. BROYHILL of Virginia, Mr. BUSH, Mr. MORTON, and Mr. CHAMBERLAIN

OCTOBER 3, 1969
Referred to the Committee on Ways and Means

FAMILY ASSISTANCE ACT OF 1969

(Mr. BYRNES of Wisconsin asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BYRNES of Wisconsin. Mr. Speaker, I have today introduced H.R. 14173—the Family Assistance Act of 1969—which incorporates the administration's recommendations for comprehensive reform of our welfare laws. I will include at the end of my remarks an analysis of the bill.

Our present welfare system is a failure—marked by inequities and abuses, encouraging family breakups, and perpetuating dependence on welfare payments. The President's proposal constitutes the first major attempt to overhaul our Federal-State welfare system during the 30-year history of the program. The need to find workable solutions to the problems we face in this field must be given a high priority.

The growing costs of this welfare system to our society—both human and financial—require that new initiatives be developed to insure that all citizens have both the opportunity and responsibility to participate in our economy. The President's proposal provides new initiatives that are intended to break the cyclical heritage of poverty and dependency that has become an all too prevalent characteristic of our Federal-State-local welfare system.

The new approach incorporated in this bill is deserving of the most careful consideration by the Ways and Means Committee in connection with the hearings on welfare that will begin in the latter part of October.

The analysis of the bill follows:

SUMMARY OF FAMILY ASSISTANCE ACT OF 1969; TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF PLAN

Section 101 of the bill adds new parts D, E, and F to title IV of the Social Security Act, establishing a new Family Assistance Plan providing for payment of family assistance benefits by the Secretary of Health, Education, and Welfare and supplementary payments by the States.

Eligibility and amount

The new part D of title IV of the Social Security Act authorizes benefits to families with children payable at the rate of $500 per year for each of the first two members of a family plus $300 for each additional member.

The family assistance benefit would be reduced by non-excluded income, so that families with more non-excludable income than these benefits ($1600 for a family of four) would not be eligible for any benefits.

A family with more than $1500 in resources, other than the home, household goods, personal effects, and other property essential to the family's capacity for self-support, would also not be eligible.

Countable income would include both earned income (remuneration for employment and net earnings from self-employment) and unearned income.

In determining income the following would be excluded (subject, in some cases, to limitations by the Secretary):

(1) All income of a student;

(2) Inconsequential or infrequent or irregular income;

(3) Income needed to offset necessary child care costs while in training or working;

(4) Earned income of the family at the rate of $720 per year plus ½ the remainder;

(5) Food stamps and other public assistance or private charity;

(6) Special training incentives and allowances;

(7) The tuition portion of scholarships and fellowships;

(8) Home produced and consumed produce;

(9) One half of other unearned income.

Veterans pensions, farm price supports, and soil bank payments would not be excludable income to any extent and would, therefore, result in reduction of benefits on a dollar for dollar basis.

Eligibility for and amount of benefits would be determined quarterly on the basis of estimates of income for the quarter, made in the light of the preceding period's income as modified in the light of changes in circumstances and conditions.

Definition of family and child

To qualify for Family Assistance Plan benefits a family must consist of two or more related individuals living in their own home and residing in the United States and one must be an unmarried child (i.e., under the age of 18, or under the age of 21 and regularly attending school).

Payment of benefits

Payment may be made to any one or more members of the qualified family. The Secretary would prescribe regulations regarding the filing of applications and supplying of data to determine eligibility of a family and the amounts for which the family is eligible. Beneficiaries would be required to report events or changes of circumstances affecting eligibility or the amount of benefits.

When reports by beneficiaries are delayed too long or are too inaccurate, part or all of the resulting benefit payments could be treated as recoverable overpayments.

Registration for work and referral for training

Eligible adult family members would be required to register with public employment officers for manpower services and training or employment unless they belong to specified excepted groups. However, a person in an excepted group may register if he wishes.

The exceptions are: (1) ill, incapacitated, or aged persons; (2) the caretaker relative (usually the mother) of a child under 6; (3) the mother or other female caretaker of the child if an adult male (usually the father) who have to register is there; (4) the caretaker for an ill household member; and (5) full-time workers.

Where the individual is disabled, referral for rehabilitation services would be made. Provision is also made for child care services to the extent the Secretary finds necessary in case of participation in manpower services, training, or employment.

Denial of benefits

Family Assistance benefits would be denied with respect to any member of a family who refuses without good cause to register or to participate in suitable manpower services, training, or employment. If the member is the only adult, he would be included as a family member but only for purposes of determining eligibility of the family. Also, in appropriate cases, the remaining portion of the Family Assistance benefit would be paid to an interested person outside the family.

On-the-job training

The Secretary would transfer to the Department of Labor funds which would otherwise be paid to families participating in employer-compensated on-the-job training if they were not participating. These funds would be available to pay the training costs involved.

STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

Required supplementation

The individual States would have to agree to supplement the family assistance benefits under a new part E of title IV of the Social Security Act wherever the family assistance benefit level is below the previously existing Aid to Families With Dependent Children (AFDC) payment level. This supplementation is a condition which the State must meet in order to continue to receive Federal payments with respect to maternal and child health and crippled children's services (title V) and with respect to their State plans for aid to the aged, blind, and disabled (title XVI), medical assistance (title XIX), and services to needy families with children (part A of title IV). Such "supplementation" would be required to families eligible for family assistance benefits other than families where parents are present, neither is incapacitated, or the father is not unemployed. The States would thus be required to supplement in the case of individuals eligible under the old AFDC and AFDC–UF provisions; they would not have to supplement in case of the working poor.

Amount of supplementation

Except as indicated below and, except for use of the State standard of need and payment maximums, eligibility for and amount of supplementary payments would be determined by use of the rules applicable for Family Assistance Benefits.

In applying the family assistance rules to the disregarding of income under the supplementary payment program—

(1) In the case of earned income of the family, the State would first disregard income at the rate of $720 per year, and would then be permitted to reduce its supplementary payment by 16⅔ cents for every dollar of earnings over the range of earnings between $720 per year and the cutoff point for family assistance (i.e., $3920 for a family of four), and could further reduce its supplementary payments by an amount equal to not more than 80 cents for every dollar of earnings beyond that family assistance cutoff point.

(2) In the case of unearned income, these same percentage reductions would apply, although the initial $720 exclusion would not apply.

Requirements for agreements

Some of the State plan requirements now applicable in the case of Aid and Services to Needy Families with Children would be made applicable to the agreement. These include the requirements relating to:

(1) Statewideness;

(2) Administration by a single State agency;

(3) Fair hearing to dissatisfied claimants;

(4) Methods of administration needed for proper and efficient operation, including personnel standards, training, and effective use of subprofessional staff;

(5) Reporting to Secretary as required;

(6) Confidentiality of information relating to applicants and recipients;

(7) Opportunity to apply for and prompt furnishing of supplementary payments.

Payments to States

A State agreeing to make the supplementary payments would be guaranteed that its expenditures for the first five full fiscal years after enactment would be no more than 90 per cent of the amount they would have been if the Family Assistance Plan amendments not been enacted. This would be accompanied by Federal payment to each State, for each year, of the excess of—

(1) The total of its supplementary payments for the year plus the State share of its expenditures called for under its existing State plan approved under title XVI plus the additional expenditures required by the new title XVI, over

(2) Ninety percent of the State share of what its expenditures would have been in the form of maintenance payments for such year if the State's approved plans under titles I, IV(A), X, XIV, and XVI had continued in effect (assuming in the case of the part A of title IV plan, payments for dependent children of unemployed fathers).

On the other hand, any State spending less than 50 per cent of the State share, referred to in clause (2) above, for supplementary payments and its title XVI plan would be required to pay the amount of the deficiency to the Federal treasury.

A State would also receive ½ of its cost of administration under its agreement.

ADMINISTRATION

Agreements with States

Sufficient latitude is provided to deal with the individual administrative characteristics of the States. Provision is made under which the Secretary can agree to administer and disburse the supplementary payments on behalf of the States. Similarly the States can agree to administer portions of the family assistance plan on behalf of the Secretary, with respect to all or specified families in the States.

Evaluation, research, training

The Secretary would make an annual report to Congress on the new Family Assistance Plan, including an evaluation of its operation. He would also have authority to make periodic evaluations of its operation and to use part of the program funds for this purpose.

Research into and demonstrations of better ways of carrying out the purposes of the new Plan, as well as technical assistance to the States and training of their personnel who are involved in making supplementary payments, would also be authorized.

Special provisions for Puerto Rico, the Virgin Islands, and Guam

There are special provisions for these areas under which the amount of family assistance benefits, the $720 of earned income to be disregarded, and several other amounts under the Family Assistance Plan and the new title XVI of the Social Security Act (aid to the aged, blind, and disabled) would be reduced to the extent that the per capita income of these areas is below that of that one of the 50 States which had the lowest per capita income.

TRAINING, EMPLOYMENT, AND DAY CARE PROGRAMS

Section 102 of the Administration bill would replace part C of title IV of the Social Security Act in its entirety.

Purpose

The purpose of the revised part C is to provide manpower services, training, and employment, and child care and related services for individuals eligible for the new Family Assistance Plan benefits (new part D) or State supplementary payments (new part E) to help them secure or retain employment or advancement in employment. The intent is to do this in a manner which will restore families with dependent children to self-supporting, independent, and useful roles in the community.

Operation

The Secretary of Labor is required to develop an employability plan for each individual required to register under the new part D or receiving supplementary payments pursuant to the new part E. The plan would describe the manpower services, training, and employment to be provided and needed to enable the individual to become self-supporting or attain advancement in employment.

Allowances

The Secretary of Labor would pay an incentive training allowance of $30 per month to each member of a family participating in manpower training. Where training allowances for a family under another program would be larger than their benefits under the Family Assistance Plan and supplementary State payments, the incentive allowances for the family would be equal to the difference, or $30 per member, whichever is larger.

Allowances for transportation and other expenses would also be authorized.

These incentive and other allowances would be in lieu of allowances under other manpower training programs.

Allowances would not be payable to individuals praticipating in employer compensated on-the-job training.

Denial of allowances

Allowances would not be payable to an individual who refuses to accept manpower training without good cause. The individual would receive reasonable notice and have an opportunity for a hearing if dissatisfied with the denial.

Utilization of other programs

In order to avoid the creation of duplicative programs, maximum use of authorities under other acts would be made by the Secretary of Labor in providing the manpower training and related services under the revised part C, but subject to all duties and responsibilities under such other programs. Part C appropriations could be used to pay the cost of services provided by other programs and to reimburse other public agencies for services they provided to persons under part C. The emphasis is on an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government to make maximum use of existing manpower and manpower related programs.

Appropriations and administration

Appropriations to the Secretary of Labor would be authorized for carrying out the revised part C, including payment of up to 90 percent of the cost of training and employment services provided individuals registered under the Family Assistance Plan. The Secretary would seek to achieve equitable geographical distribution of these funds.

In developing policies and programs for manpower services, training and employment for individuals registered under the Family Assistance Plan, the Secretary of Labor would have to first obtain the concurrence of the Secretary of Health, Education, and Welfare with regard to all programs under the usual and traditional authority of the Department of Health, Education, and Welfare.

Child care and support services

Appropriations to the Secretary of Health, Education, and Welfare would be authorized for grants and contracts for up to 90 per cent of the cost of projects for child care and related services for persons registered under the Family Assistance Plan and in manpower training or employment. The grants would go to any public or non-profit private agency or organization, and the contracts could be with any public or private agency or organization. The cost of these services could include alteration, remodeling, and renovation of facilities, but no provision is made for wholly new construction. The Secretary of Health, Education, and Welfare could allow the non-federal share of the cost to be provided in the form of services or facilities.

These provisions (unlike other provisions of the bill) would become effective on enactment of the bill.

Advance funding

To afford adequate notice of available funds, appropriations for one year to pay the cost of the program during the next year would be authorized.

Evaluation and research

A continuing evaluation of the program under part C and research for improving it are authorized.

Annual report and advisory council

The Secretary of Labor is required to report annually to Congress on the manpower training and related services.

ELIMINATION OF PRESENT PROVISIONS ON CASH ASSISTANCE FOR FAMILIES WITH DEPENDENT CHILDREN

Section 103 of the bill revises part A of title IV of the Social Security Act which relates to cash assistance and services for needy families with children. The new part A is called Services to Needy Families with Children, reflecting the elimination of the provisions on cash assistance. The cash assistance part is no longer necessary because of the Family Assistance Plan in the new part D of title IV

The revised part A provides for continuation of the present program of services for these families. Foster care for children and emergency assistance, as included under existing law, are also continued.

Requirements for State plans

Section 402 of the Social Security Act which sets forth the requirements to be met by State plans before they are approved and qualify the State for federal financial participation in expenditures, would be revised as appropriate in the light of the elimination of the cash assistance provisions.

Payments to States

The provisions on payments to States for expenditures under approved State plans remain the same as existing law with respect to services, emergency assistance, and foster care. The matching formulas continue to vary, as in existing law, according to the kinds of services involved.

Definitions

The definitions of "family services" and "emergency assistance to needy families with children" have not been substantially changed.

The definitions of "dependent child," "aid to families with dependent children," and "relative with whom any dependent child is living" have been replaced (as no longer applicable) by definitions of

(1) "child"—which refers to the definition in the new part D, establishing the Family Assistance Plan; this in effect substitutes a requirement that the child be a member of a "family" (as defined in the new part D) instead of having to live with particularly designated relatives;

(2) "needy families with children" (and "assistance to such families")—this being defined as families receiving family assistance benefits under the new part D, if they are also receiving supplementary State payments pursuant to the new part E or would have been eligible for aid under the existing State plan for aid to needy families with children if it had continued in effect.

Foster care and emergency assistance

The provisions on payments for foster care of children and emergency assistance remain virtually the same as under existing law.

Assistance by Internal Revenue Service in locating parents

The provision on this subject remains the same and allows use of the master files of the Internal Revenue Service to locate missing parents in certain cases.

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

This title revises the current title XVI of the Social Security Act and sets forth the revised title XVI in its entirety. One of the major changes is the removal of the provisions relating to medical assistance for the aged which, under existing law, would terminate at the end of calendar 1969. All medical assistance for which the Federal government shares costs will now be provided under approved title XIX State plans.

Requirements for State plans

Few changes are made in this section (sec. 1602), aside from deleting the provisions relating to medical assistance for the aged. The section retains, without substantial change, the requirements relating to:

(1) Administration by a single State agency (except where a separate agency is permitted for the blind as under existing law);

(2) Financial participation by the State;

(3) Statewideness;

(4) Opportunity for fair hearing;

(5) Methods of administration, including personnel standards, training, and effective use of subprofessional staff;

(6) Reporting to the Secretary as required;

(7) Confidentiality of information relating to recipients;

(8) Opportunity for application and furnishing of assistance with reasonable promptness;

(9) Establishment and maintenance by the State of standards for institutions in which there are individuals receiving aid;

(10) Description of services provided for self-support or self-care; and

(11) Determination of blindness by an ophtalmologist or an optometrist.

The present prohibition against payment to persons in receipt of assistance under title I, IV, X, or XIV would be applicable instead to cases of receipt of family security benefits under the new part D of title IV.

The provision on inclusion of reasonable standards for determining eligibility and amount of aid would be replaced by one requiring a minimum benefit of $90 per month, less any other income, and by another requiring that the standard of need not be lower than the standard applied under the State plan approved under the existing title XVI or (in case the State had not had such a plan) the appropriate one of the standards of need applied under the plans approved under titles I, X, and XIV.

While the requirement relating to the determination of need and disregarding of certain income in connection therewith has been continued (although without the authorization to disregard $7.50 per month of any income, in addition to other income which may or must be disregarded), it has been expanded in a manner parallel to family assistance benefits to include disregarding as resources the home, household goods, personal effects, other property which might help to increase the family's ability for self-support, and, finally, any other personal or real property the total value of which does not exceed $1500. There would also be a new requirement for not considering the financial responsibility of any other individual for the applicant or recipient unless the applicant is the individual's spouse or child under the age of 21 or blind or severely disabled, and a prohibition against imposition of liens on account of benefits correctly paid to recipients.

Other new requirements relate to provision for the training and effective use of social service personnel, provision of technical assistance to State agencies and local subdivisions furnishing assistance or services, and provision for the development, through research or demonstrations, of new or improved methods of furnishing assistance or services. Also added is a requirement for use of a simplified statement for establishing eligibility and for adequate and effective methods of verification thereof. Finally, there are new requirements for periodic evaluation of the State plan at least annually, with reports thereof being submitted to the Secretary together with any necessary modifications of the State plan; for establishment of advisory committees, including recipients as members; and for observing priorities and performance standards set by the Secretary in the administration of the State plan and in providing services thereunder.

The present prohibitions against any age requirement of more than 65 years and against any citizenship requirement excluding U.S. citizens would be continued.

In place of the present provision on residency, there is a new one which prohibits any residency requirement excluding any resident of the State. Also there would be new prohibitions against any disability or age requirement which excludes a severely disabled individual aged 18 or older, and any blindness or age requirement which excludes any person who is blind (determined under criteria by the Secretary).

PAYMENTS

In place of the present provision on the Federal share of expenditures under the approved State plan there is a new formula which provides for payment as follows with respect to expenditures under State plans for aid to the aged, blind, and disabled approved under the net title XVI:

With respect to cash assistance, the Federal Government will pay (1) 100 per cent of the first $50 per recipient, plus (2) 50 per cent of the next $15 per recipient, plus (3) 25 per cent of the balance of the payment per recipient which does not exceed the maximum permissible level of assistance per person by the Secretary (which may be lower in the case of Puerto Rico, the Virgin Islands, and Guam than for other jurisdictions).

With respect to services for which expenditures are made under the approved State plan, the Federal Government would pay the same percentages as are provided under existing law, that is, 75 per cent in the case of certain specified services and training of personnel and 50 per cent in the case of the remainder of the cost of administration of the State plan.

Payment by Federal Government to individuals

The revised title XVI includes authority for the Secretary to enter into agreements with any State under which the Secretary will make the payments of aid to the aged, blind, and disabled directly to individuals in the State who are eligible therefor. In that case, the State would reimburse the Federal Government for the State's share of those payments and for ½ the additional cost to the Secretary of carrying out the agreement, other than the cost of making the payments themselves.

Definition

The new title XVI defines aid to the aged, blind, and disabled as money payments to needy individuals who are 65 or older or are blind or are severely disabled.

Transitional and related proviisons

Titles I, X, and XIV of the Social Security Act would be repealed.

Provision is made for making adjustments under the new title XVI on account of overpayments and underpayments under the existing public assistance titles.

Provision is also made for according States a grace period during which they can be eligible to participate in the new title XVI without changing their tests of disability or blindness. The grace period would end for any State with the June 30 following the close of the first regular session of its State legislature beginning after enactment of the bill.

Conforming amendments

The bill also contains a number of conforming amendments in other provisions of the Social Security Act in order to take account of the substantive changes made by the bill. Thus, the changes in the medicaid program (title XIX of the Social Security Act) would require the States to cover individuals eligible for supplementary State payments pursuant to the new part E of title IV or who would be eligible for cash assistance under an existing State plan for aid to families with dependent children if it continued in effect and included dependent children of unemployed fathers.

Effective date

The amendments made by the bill would become effective on the first January 1 following the fiscal year in which the bill is enacted. However, if a State is prevented by statute from making the supplementary payments provided for under the new part E of title IV of the Social Security Act, the amendments would not apply to individuals in that State until the first July 1 which follows the end of the State's first regular session of its legislature beginning after the enactment of the bill—unless the State certified before this date that it is no longer prevented by State statute from making the payments. In the latter case the amendments would become effective at the beginning of the first calendar quarter following the certification.

Also, in the case of a State which is prevented by statute from meeting the requirements in the revised section 1602 of the Social Security Act, the amendments made in that title would not apply until the first July 1 following the close of the State's first regular session of its legislature beginning after the enactment of the bill—unless the State submitted before this date a State plan meeting these requirements. In the latter case the amendments would become effective on the date of submission of the plan.

Another exception to this effective date provision is made in the case of the new authorization, in the revised part C of title IV of the Social Security Act, for provision of child care services for persons undergoing training or employment—which would be effective on enactment of the bill.

91st Congress
2d Session

HOUSE OF REPRESENTATIVES

REPORT
No. 91-904

FAMILY ASSISTANCE ACT OF 1970

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS

ON

H.R. 16311

TO AMEND THE SOCIAL SECURITY ACT TO PROVIDE A BASIC LEVEL OF FINANCIAL ASSISTANCE THROUGHOUT THE NATION TO NEEDY FAMILIES WITH CHILDREN, TO PROVIDE INCENTIVES FOR EMPLOYMENT AND TRAINING OF MEMBERS OF SUCH FAMILIES, TO IMPROVE THE ADULT ASSISTANCE PROGRAMS, TO MAKE OTHER CHANGES TO IMPROVE THE PUBLIC ASSISTANCE PROGRAMS, AND FOR OTHER PURPOSES

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2d Session } { No. 91-904

FAMILY ASSISTANCE ACT OF 1970

MARCH 11, 1970.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 16311]

The Committee on Ways and Means, to whom was referred the bill (H.R. 16311) to amend the Social Security Act to provide a basic level of financial assistance throughout the Nation to needy families with children, to provide incentives for employment and training of members of such families, to improve the adult assistance programs, and to make other changes to improve the public assistance programs, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. PRINCIPAL PURPOSES AND SCOPE OF THE BILL

President Nixon, in transmitting his recommendations on welfare reform to the Congress in October of 1969, declared—

> The present welfare system has failed us—it has fostered family breakup, has provided very little help in many States and has even deepened dependency by all too often making it more attractive to go on welfare than to go to work.
>
> I propose a new approach that will make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children.

The President listed the following effects of his proposal:

> For the first time, all dependent families with children in America, regardless of where they live, would be assured of minimum standard payments based upon uniform and single eligibility standards.

For the first time, the more than 2 million families who make up the "working poor" would be helped toward self-sufficiency and away from future welfare dependency.

For the first time, training and work opportunity with effective incentives would be given millions of families who would otherwise be locked into a welfare system for generations.

For the first time, the Federal Government would make a strong contribution toward relieving the financial burden of welfare payments from State governments.

For the first time, every dependent family in America would be encouraged to stay together, free from economic pressure to split apart.

The provisions of H.R. 16311, as reported by your committee are, with certain exceptions described in this report, essentially patterned after the proposals of the President.

The bill is intended to convert the existing program from one which results in people remaining in dependency to one which will encourage people to become independent and self-supporting through incentives to take training and enter employment.

Your committee's bill would make major improvements and reforms in the provisions of the Social Security Act relating to the programs which aid needy families with children, including coverage of the working poor; the programs which aid the aged, blind, and disabled; and the programs which provide manpower services, training, employment, and child care to welfare recipients.

FAMILY ASSISTANCE

First, the bill would make basic reforms in the program which furnishes assistance to needy families with children, remove inequities in treatment of the working poor and the nonworking poor, emphasize work incentives and work requirements, and improve and simplify administration of such public assistance, by providing—

(1) A new basic Federal family assistance plan, with federally assisted State supplementation, for poor families with children in place of the present program of aid to families with dependent children, but including for the first time coverage of poor families regardless of the work status of the father (the States woult not be required to supplement payments to the working poor);

(2) Requirements that, as a prerequisite to receipt of benefits, every adult in the assisted families (including the adult already working) register at the employment office for work or training (except mothers with preschool children and persons who are ill or of advanced age), or sign up for vocational rehabilitation if handicapped.

(3) Uniform, nation-wide, eligibility requirements and payment procedures, both for the basic Federal family assistance plan and the State supplementary payments;

(4) Incentives for the States to make agreements with the Federal Government to administer supplementary payments programs; and

(5) New provisions holding deserting parents responsible for Federal payments made to their families under the family assistance or State supplementary plans.

WORK AND TRAINING

Second, the bill improves the program of employment and training services and of other services (including child care) needed by recipients who are registered at employment offices by providing—

(1) A new program of manpower, training, and employment services to be administered by the Secretary of Labor through the State employment offices;

(2) A Federal program of full-cost grants and contracts for child care services to enable mothers who are required to register for training and employment (as well as those who register on a voluntary basis) to participate in work or training;

(3) A new system of providing services to support training or employment through agreements between the Federal Government and the States; and

(4) A more equitable, uniform, and effective system of incentive allowances and reimbursement of work expenses.

ADULT ASSISTANCE

Third, the bill would substantially improve the effectiveness of the adult assistance programs under the Social Security Act by providing—

(1) For combining the present categories for assistance to the aged, blind and disabled into one combined adult assistance program and for uniform requirements for such eligibility factors as the level and type of resources allowed and degree of disability or blindness;

(2) That the States assure that each aged, blind, or disabled adult will receive assistance sufficient to bring his total income up to $110 a month;

(3) Incentives for the States to enter into agreements for Federal administration of the combined program; and

(4) A simplified Federal matching formula which will result in generally more favorable Federal participation in the cost of the payments.

II. SUMMARY OF PRINCIPAL PROVISIONS

Family Assistance Plan

ELIGIBILITY FOR AND AMOUNT OF PAYMENTS

Each family with children whose nonexcludable income (for definition of excluded income see below) is less than the family benefit level—computed as $500 each for the first two members of the family and $300 for each additional member—would be eligible for a payment under the family assistance plan after meeting the registration for work or training and other requirements. The amount of the benefit would be the difference between these amounts and the non-excluded income. For example, a family of four with no income would be eligible for a family assistance payment of $1,600. Every needy family, both those now eligible under aid for families with dependent children (including those in families with unemployed fathers who are not

covered because they are in a State which has not exercised the option to cover this group) and those not eligible because the father is working (the working poor) would be eligible.

In determining income for the purpose of establishing eligibility for and the amount of the family assistance payment, the following types and amounts of income would be excluded:

(1) All earnings of a child if regularly attending school;

(2) Infrequently or irregularly received amounts of earned or unearned income, but not more than $30 a quarter for each type;

(3) Earnings needed to pay for necessary child care;

(4) All earned income of adult members of the family at the rate of $720 per year plus one-half of the remainder;

(5) Food stamps and other public or private charity (not including veterans' pensions);

(6) The training allowance for those in training;

(7) The tuition part of scholarships and fellowships; and

(8) Homegrown and used produce.

A family with more than $1,500 in resources, other than the home, household goods, personal effects and property essential to the family's means of self-support would not be eligible for family assistance payments.

Eligibility would be computed on a quarterly basis; payments would generally be made on a monthly basis.

Parents who desert or abandon their families would be liable to the Federal Government for any Federal payments to their families under the family assistance plan and the Federal portion of the State supplementary payments (described later) or for the amount of a court support order if less. Such sums are to be collected directly or by withholding them from payments due the parents under any Federal program.

DEFINITIONS OF FAMILY AND CHILD

An eligible family must consist of two or more persons (related by blood, marriage, or adoption), living together in the United States, at least one of whom is a child who is not married to another family member and who is in the care of or dependent upon another member of the family. Appropriate State law would be applied in determining relationships. A parent or spouse of a parent who is temporarily absent from the place of residence, seeking or engaging in employment (including military service), would be considered as living in the place of residence. A "child" is an individual who is under age 18, or a full-time student under age 21.

REGISTRATION WITH PUBLIC EMPLOYMENT SERVICE

Each member of a family would be required to register for employment or training with a public employment office unless he or she is—

(1) unable to engage in work or training because of illness, disability, or age;

(2) a mother caring for a child under 6;

(3) the mother in cases in which the father registers;

(4) caring for an ill member of the household; or

(5) a child under 16 or under 21 if in school.

Any person who falls into one of these exempt categories could voluntarily register at the employment office.

Those who are unable to participate in work or training because of disability would be referred for vocational rehabilitation services.

The Secretary of Health, Education, and Welfare is required to provide (for as long as he deems appropriate) child care services where an individual is registered and participating in training and employment.

If an individual required to register refuses to do so without good cause, or refuses vocational rehabilitation services without good cause, he would not be taken into account (but his income would be counted) in determining the family benefit. In such a case, the family benefit may be paid to a person outside the family under a protective payment arrangement.

State Supplementation of Family Assistance Payment

REQUIREMENTS FOR STATE SUPPLEMENTATION

Each State whose AFDC payment level in January 1970 is higher than the family assistance level must agree to supplement the family assistance payment (under the conditions specified in the bill) up to that level (except where otherwise provided by the bill) or up to the poverty level if that is lower, in order to be eligible for Federal funds under Medicaid and other welfare programs. Federal matching would be available, except for the working poor, at a rate of 30 percent. The matching maximum would be the poverty level now in effect, but brought up to date annually by the Secretary of Health, Education, and Welfare to reflect increased living costs.

The States would not have to supplement payments to the working poor. However, in addition to being required to supplement cases which would be eligible under their present programs as in effect in January 1970 the States would have to supplement those cases which would be eligible if the program had the same resources limitations as the family assistance plan ($1,500 except for home, household goods, and personal effects), the same definition of family and child, and the same excludable income provisions (other than those which disregard proportions of earned income). The States also would be required to supplement the incomes of families where the father is unemployed (which is now on an optional basis), or where the child is between age 18 and 21 and regularly attending school (now also on an optional basis).

AMOUNT OF SUPPLEMENTARY PAYMENTS

The States would be required to follow the rules that apply under the family assistance plan in computing payments except that special rules would apply in disregarding earned income for purposes of the supplementary payments.

The States would have to exclude the first $720 a year ($60 a month) of earned income, plus (1) one-third of the earnings between $720 and twice the amount of the family assistance payment which would be payable if the family had no income, plus (2) one-fifth of any earnings above that amount. The effect of the combined earnings exemptions under the State supplementation and under the family assistance plan is roughly the equivalent of present law which provides for

excluding work expenses and disregarding the first $30 of monthly earnings plus one-third of earnings over that amount. For example, if the adults in a family of four had $1,200 in annual earned income the basic $1,600 family assistance payment would be reduced by one-half of the $480 remaining after $720 is deducted from $1,200. Thus, the family assistance payment would be reduced to $1,360 ($1,600—$240). If the family lived in a State where the State payment (to a family of four with no income) in January 1970 was $2,400, the required States supplement payment would be figured as follows:

The family assistance payment—$1,360—plus the earned income not disregarded—two-thirds of the $480, or $320—is subtracted from the $2,400 figure. This results in a supplementary payment of $720. The total income of such a family would consist of $1,320 in family assistance payment, $720 in the State supplementary payment and $1,200 in earnings, for a total annual income of $3,280.

ADMINISTRATION

ADMINISTRATIVE ARRANGEMENTS

The bill provides for three alternative administrative arrangements. First, the Secretary of Health, Education, and Welfare could make an arrangement with a State for the Federal Government to administer both the family assistance plan and the State supplementary program. Under this arrangement the Federal Government would pay all administrative costs. Second, the Secretary could make an agreement with a State under which the State would administer the family assistance payments and State supplementary payments. Third, if the Secretary makes no agreement with a State the State will administer the supplementary payments and the Federal Government will administer the family assistance payments. Under the second and third arrangements, the Federal Government would pay all the cost of administering the family assistance plan and the Federal Government and the States would share equally in the administrative costs of making the State supplementary payments.

APPEALS PROCEDURE

Persons who disagree with determinations relating to eligibility for or amounts of family assistance plan payments may obtain a hearing. For persons on the rolls payments would continue until there is a decision based on the hearing, which must be rendered within 90 days of a request for hearing. If the decision based on the hearing is adverse, the money paid out in the interim by the Federal Government would have to be returned. Final determinations are to be subject to judicial review in Federal district courts but the Secretary's decisions as to any fact would be conclusive and not subject to review by the court.

SPECIAL PROVISIONS FOR PUERTO RICO, GUAM, AND THE VIRGIN ISLANDS

The family assistance plan applies to Puerto Rico, Guam, and the Virgin Islands, but all of the dollar figures in both the family assistance plan and the revised program of aid to the aged, blind, and disabled (except for the $720 of earnings disregarded under the family assistance

plan) program are to be modified (but only downward) by the same proportion that the per capita income of each bears to the per capita income of the lowest per capita-income State.

Work and Training Programs

EXISTING PROGRAM REPEALED

The existing work incentive program (which went into effect in all the States on July 1, 1969) would be repealed and a new program would be established to take its place.

OPERATION OF PROGRAM

The Secretary of Labor would, under his own priorities for the selection of participants, assure the development of an employability plan for each individual registered with the employment office under the program. The training and employment potentials of the working poor who are registered will be closely examined toward the end of lessening, or completely eliminating, their dependency on cash benefits under the program. Mothers with pre-school children who volunteer would be given the same consideration for participation as those who are referred on a mandatory basis.

The individuals would then receive the services and training called for under the plan (including grants to relocate a family to find employment). The training and services would be similar to those currently provided under the WIN program, including special work projects for the performance of work in the public interest through contracts with governmental agencies and nonprofit organizations. The Secretary of Labor would be required to use other manpower programs to the maximum extent feasible. The State welfare departments would be required to provide health and other supportive services to facilitate the participation of individuals in the training program.

Appropriations are authorized to meet up to 90 percent of the cost of the training program. The non-Federal contribution could be made in cash or in kind. If the required non-Federal matching of 10 percent was not met in any State, a portion of its Federal share of medicaid and other welfare program expenditures would be withheld until the deficit was made up. Authorization is also made for advance funding. The Secretary of Health, Education, and Welfare may transfer to the Secretary of Labor the amount of money that family assistance recipients would have received if they were not being paid wages under a Labor Department on-the-job training program. These funds are to be available to support such programs.

TRAINING ALLOWANCES

Each person participating in the training program would receive an allowance of $30 a month. Larger incentive payments may be available for participants in institutional programs where MDTA allowances are payable. The Secretary of Labor would also provide allowances to cover the transportation and other costs directly associated with the training.

REFUSAL TO ACCEPT TRAINING OR EMPLOYMENT

An individual who, without good cause, refuses to accept suitable training or employment would receive the same treatment as a person who refuses to register.

CHILD CARE

The Secretary of Health, Education, and Welfare both directly (by contract or grant to public or private agencies) and through a system of prime grantees is required to provide necessary child care services for individuals participating in training or employment under the manpower program. The Secretary is authorized to make grants for up to 100 percent of the costs of child care projects to public or nonprofit private agencies which, in a particular geographic area, will assure that day care is provided to manpower training participants. Such prime grantees would be designated by the appropriate elected or appointed official or officials in such area and would have to demonstrate a capacity to work effectively with the manpower agency. Where appropriate, group or institutional care for children attending school would be provided through arrangements with a local educational agency. Child care would be provided in the light of the different circumstances and needs of the children involved, and where a family is able to pay for care the Secretary could charge a fee reasonably related to that ability. Appropriations (no dollar amount specified) and advance funding are authorized.

EVALUATION AND ANNUAL REPORT

The Secretaries of Labor and Health, Education, and Welfare would be required to provide continual evaluation of the manpower and employment program. The Secretary of Labor may contract for independent evaluation, and he may establish a data collection, processing, and retrieval system. The Secretary of Labor would file an annual report with the Congress on the operation of the training program, and the Secretary of Health, Education, and Welfare would report similarly on the child care and supportive services provided under the bill. The first of such reports would be due on or before September 1, 1972. An authorization of $15 million a year is provided for research and evaluation activities relating to work and training.

Social Services for Families With Dependent Children

The present program of aid to families with dependent children would be changed by removing all cash assistance provisions. The provisions of present law under which the costs of social services, certain foster care, and emergency assistance are subject to 50–75 percent Federal matching would be retained.

Aid to the Aged, Blind, and Disabled

FEDERAL STANDARDS AND REQUIREMENTS

The present provisions for programs for aid to the needy aged, blind, and disabled are repealed and a new combined Federal-State program is established to cover essentially the same people.

Under the new program, the States could not have (1) any duration of residence requirement, (2) any citizenship requirement which includes any U.S. citizen, or (3) a requirement which would exclude aliens lawfully admitted for permanent residence who have resided in the United States continuously for 5 years immediately prior to application, or (4) relative responsibility provisions other than for spouses or parents of recipients.

The States would be required to (1) provide a payment sufficient to bring an individual's total income up to at least $110 a month, or, if higher, the standard in effect on the date of enactment, (2) follow the Secretary's definitions of blindness and disability, (3) make applicable to the disabled the mandatory disregard of the first $85 a month of earned income plus one-half of the remainder, now applicable to the blind, (4) make applicable to the aged on an optional basis the same earnings exemption ($60 a month plus one-half of additional earnings) applicable to the family assistance plan, and (5) use the Federal definition of allowable resources applicable to the family assistance plan ($1,500 plus home, personal effects, and income-producing property essential to the person's support). The provision in the Social Security Amendments of 1969 requiring the States to pass along to adult assistance recipients $4 of the social security benefit increase, which as enacted applies only to the months of April, May, and June 1970, would be continued indefinitely.

FEDERAL MATCHING PROVISIONS

The Federal Government would pay 90 percent of the first $65 of average payments made to eligible adult assistance recipients, and 25 percent of the remainder up to a limit to be set by the Secretary. The Federal Government would also pay 50 percent of the administrative costs of the adult programs.

ADMINISTRATION

The States could continue to administer the adult programs, or the Secretary could enter into an agreement with a State under which the Federal Government would perform all or some of the functions involved in making payments under the program. In the latter case, the Federal Government would pay all administrative costs.

EFFECTIVE DATE

The provisions of the bill (except for authorization for money to support child care projects which would be effective upon enactment) would be effective on July 1, 1971, with special provisions for States with statutes that would prevent them from complying with the bill at that time.

III. GENERAL DISCUSSION OF THE BILL

A. ESTABLISHMENT OF A PLAN FOR ASSISTANCE TO FAMILIES WITH CHILDREN

Your committee is very concerned about the rapid growth in the number, as well as the increase in the proportion, of children receiving aid under AFDC programs. Since 1960, the number of recipients has

increased from 2.4 million to about 6.7 million. Moreover, the proportion of children receiving assistance has been rapidly increasing—from 30 children per 1,000 in 1955 to about 60 children per 1,000 in 1970. In addition the costs of these programs have more than tripled during the last 10 years (to about $4 billion at present) and, according to estimates by the Department of Health, Education, and Welfare, could more than double again during the next 5 years unless action is taken now to deal with the underlying causes of this crushing increase in both costs and numbers of recipients.

The major part of the increase has resulted from the added number of families who receive aid because the father is absent from the home. These cases, including those in which the father has abandoned his family and cases in which the mother is not married to the father, now make up over three-fourths of the families on the AFDC rolls.

Your committee made a number of modifications in the family assistance provisions of the bill proposed by the administration which are designed to halt the trends that have existed in the growth of the number of families on the AFDC rolls.

During its deliberations, the principal efforts of your committee were in the direction of strengthening the provisions of the legislation to assure the establishment of an effective work and training program, building upon the groundwork that has been laid in putting the existing work incentive program into operation. It is the clear intention of your committee, based upon assurances given by the Secretary of Health, Education, and Welfare and the Secretary of Labor, that the work and training program will provide a method of guaranteeing that all adult members of families receiving assistance under the family assistance plan will receive all available training and employment services and other supportive services, including child care, necessary to assist them in obtaining employment and ultimately attaining self-support.

Your committee wishes to emphasize its clear understanding that all adult family assistance recipients, except for those specifically exempted by the bill, must register for training or employment. Contrary to the administration's proposal, under the committee bill this requirement applies to the working poor as well as to those who are unemployed or working part time. The committee believes this is an essential difference and a material improvement in the bill. Under this modification the employment status of many of the working poor parents will be improved and upgraded.

Your committee also added to the bill provisions holding parents who abandon their families responsible for Federal assistance received by their families. This new approach plus greater emphasis by the Federal Government and the States in implementing the determination of paternity, the location of absent parents and the enforcement of support provisions of the 1967 Social Security Amendments should have some effect in reducing the growth of the assistance rolls.

Several times in the past your committee has attempted, within the framework of the existing AFDC programs, to provide measures through which families could be assisted in maintaining stability and achieving economic independence. In the course of the last decade, major legislation providing for a wide range of services to AFDC families and for strong emphasis on work and training for assistance recipients has been enacted. The legislation enacted in 1962 and 1967

attempted to reverse the increasing dependence of families on assistance. It has become obvious, however, that basic structural and administrative changes in the AFDC programs are necessary if the present trends of family instability and dependence on welfare are to be halted and reversed.

The major thrust of the bill is toward:

1. Equitable treatment of working poor families;
2. The reduction of variations in payment levels among the States through the introduction of a Federal floor for family assistance payments;
3. Assisting families in achieving economic independence through a national uniform requirement to register for employment and training and the establishment of a strengthened manpower training program.

The overall plan represents a new direction for family assistance and was designed to carry out the intent of your committee to reduce dependence on assistance and restore more families to employment and self-reliance, and thereby eventually reverse the present trend of spiraling cost and increasing dependence upon welfare.

1. THE FAMILY ASSISTANCE PLAN

a. Eligibility for and amount of family assistance payments

(1) *Eligibility.*—Each family with children under 18 (or under 21 if attending school) whose income (other than that excluded) is less than $500 per year for each of the first two family members and $300 per year for each additional family member, and whose resources (other than those excluded—the home, the household goods, personal effects, etc.) are less than $1,500 would be eligible to receive a family assistance benefit.

Your committee believes that one inequity in the present AFDC program that should be remedied at this time is the exclusion of needy families where the father is in the home and fully employed. Your committee believes it is bad social policy to have families in like situations treated differently because of the employment status of the family head. The exclusion of families in which the father is working has acted as an incentive to fathers to become unemployed or leave home in order to qualify their families for assistance. The bill would, therefore, include working poor families under the program and provide a uniform earnings exemption which is equally applicable to families with male and female heads as well as those who are fully and partially employed. For purposes of Federal benefits under the family assistance plan, the first $60 a month in earnings would be disregarded plus one-half of the remainder, so that it would be possible, for example, to have a family of four receiving some benefits under the program up until its income exceeds $3,920.

Your committee's bill would eliminate two other situations of lack of equal treatment. At present, AFDC benefits are available to families with unemployed fathers in some States, but not in others. Second, unemployment has been defined by the Department of Health, Education, and Welfare as working for less than 30 hours a week, which may be an incentive for many families to restrict their work

activities. These two distinctions would be eliminated as to Federal benefits under the new program.

The committee agrees with the administration that it is essential that we do not perpetuate the situation where working people see little or no economic advantage in continuing in employment and drop out of the work force to become totally dependent on the welfare system.

(2) *Amount.*—The family assistance benefit would consist of $500 per year for each of the first two family members, plus $300 per year for each additional family member, and would be reduced by nonexcluded income. In any family there are certain common expenses in housing, utilities, fuel, etc., which must be met. Since the smallest family that will be covered is one consisting of two persons, your committee believes that it is logical that the amount provided for each of the first two members of the family be larger than the amounts provided for each additional member of the family.

These payment rates establish a Federal income maintenance floor which in most States will be increased by required State supplementation for all families except the working poor. In the eight States whose AFDC payments are now lower than the basic Federal floor, the bill provides an increase in the level of aid to needy families with children. The amount of payments may be lower in the case of individuals in Puerto Rico, the Virgin Islands, and Guam than in the States, but would be substantially higher than at present.

(3) *Period for determination of benefits.*—Your committee's bill provides that a family's eligibility for benefits, and the amount of its benefits would be determined for each calendar quarter on the basis of estimates of income for that quarter, made in the light of income received in previous quarters. The estimates could be modified in the light of changes in circumstances and conditions, and in accordance with regulations regarding applications filed late in a quarter, or in cases in which income and expenses in one period are to some extent attributed to another period. Provision is also made for rendering a family ineligible for benefits if its gross income from a trade or business is unduly large.

The bill would provide for use of a calendar-quarter accounting period rather than a shorter period, such as a month, or a longer period, such as a year. One important advantage of the quarterly accounting period is that it would facilitate verification of earnings through use of social security records, since social security earnings are reported on a quarterly basis. Records of monthly earnings are not available from either the Social Security Administration or the Internal Revenue Service.

Your committee's bill would allow the Secretary of Health, Education, and Welfare to prescribe by regulation the circumstances under which and extent to which a family's payments will be reduced because the application for payments was filed some time after the beginning of a quarter. Many potential applicants would not know that they would lose payments by not filing when they were first eligible, and in addition, there would be many reasons why an application could not be filed as soon as the need arose—e.g. the only adult member of the family could be ill, or unaware of possible help, with the result that he would fail to file as early in the calendar quarter as he should.

Your committee has concluded that, in some cases, in order to prevent inequity it would not be appropriate to count as income for a quarter all income received in that quarter, a part of which should properly be distributed to prior or subsequent quarters. For example a self-employed farmer often receives the bulk of his income in the fall when his crops are sold, and little or no income during the rest of the year. If such a person's income were counted in the quarter in which it is received, he could get no payments for that quarter. Conversely, the amount of income received in a single quarter might be sufficient to disqualify a family for any payments during the year. Your committee's bill provides, therefore, that, in determining eligibility and payment amounts, the Secretary of Health, Education, and Welfare may allocate income received in a given quarter to prior or subsequent quarters In the case of self-employment income, your committee expects that the Secretary would ordinarily allocate the annual income evenly to each of the four quarters of the year, unless the nature and circumstances of the self-employment income were such as to make this allocation inappropriate. Payment amounts would be determined as though income were earned in the quarter to which the income is assigned.

(4) *Special limits on gross income.*—Your committee believes that the net earnings from farming and certain other businesses require special treatment. People in such businesses may have substantial gross incomes during a year but net earnings small enough to qualify themselves and their families for payments under the family assistance plan. The net earnings of a family whose income is derived from a business can fluctuate considerably from year to year. The net earnings may be high in one year and very low the next year. One reason for this is that a businessman has considerable control over the amount of his net earnings; he may choose the time to incur a number of business expenses in order to increase or decrease his net earnings in any given year.

Also the amount of net earnings depends to a large extent on business expenses, which are deductible for income tax purposes. Depreciation allowances and other income tax deductions, for example, reduce the net earnings of a businessman without actually reducing his spendable income.

In the opinion of your committee it would be inappropriate to permit people who have a large gross income to get family assistance payments when they have a substantial cash flow from which they live in moderate or better-than-moderate circumstances. For this reason, your committee's bill permits the Secretary of Health, Education, and Welfare to consider ineligible a family that has substantial gross income from a trade or business.

b. Income

(1) *Meaning of income.*—

Earned income is defined as remuneration from employment and net earnings from self-employment. Earned income from employment excludes certain items that are also excluded from covered wages under old-age, survivors, and disability insurance.

Net earnings from self-employment are defined in the bill by reference to the present definition applicable to old-age, survivors, and disability insurance, with the exception of certain provisions of the old-age, survivors, and disability insurance definition which your

committee believes inappropriate for the family assistance plan, such as the special provision under which a farmer's net income may be presumed to be a given percent of his gross income.

Under your committee's bill, certain items are specifically included in unearned income in order to avoid the necessity of deciding close questions as to whether they are to be treated as earned or unearned. Thus, annuities (which frequently result from past earnings) are counted as unearned income, as are prizes and the proceeds of life insurance.

(2) *Exclusions from income.*—

(a) *Student income.*—Your committee's bill would provide, subject to limitations prescribed by the Secretary of Health, Education, and Welfare, for exclusion of the earned income of a child who is regularly attending school. Existing law, in addition to excluding the earned income of a child who is a full-time student, also excludes the earned income of a part-time student with a less than full-time job.

Your committee continues to believe that special treatment of earnings of students is warranted so that these earnings may help to finance school attendance and offer tangible rewards that encourage work habits. The purpose of authorizing the Secretary to prescribe limitations on the earned income of a student that may be excluded is to make allowance for the fact that a few students may have exceptionally large earned incomes, at least some of which should go to reduce the family benefit.

(b) *Irregular income of $30 or less a quarter.*—In determining income under the family assistance plan, the Secretary is authorized to exclude unearned income of $30 or less a quarter and in addition earned income of $30 or less a quarter, provided that such earned and unearned income is received infrequently or irregularly. Your committee believes that the provision for exempting such income would facilitate administration since it would be possible to ignore very small amounts of income irregularly or infrequently received. A small cash gift, for example, could be excluded. Similarly, earnings within the $30 quarterly limits from occasional work, such as babysitting, performed on an irregular or infrequent basis, could be excluded.

(c) *Child care expenses.*—Your committee's bill would provide for the exclusion of an amount of earned income ofa family equal to all or part (according to a schedule prescribed by the Secretary) of the cost of child care which was necessary for securing or continuing manpower training, vocational rehabilitation, or employment. Your committee believes that, since child care is frequently costly, failure to exclude the cost of this care from income in determining the amount of the family assistance payment might well create a disincentive, if not a total barrier, to employment on the part of some mothers. Under other provisions in the bill the Secretary of Health, Education, and Welfare is required to assure that child care is available for mothers who are in training.

(d) *First $720 of earnings a year plus one-half of the remainder.*—Under present AFDC programs, a State is required to disregard student income, necessary expenses of employment, and the first $30 a month of the total of the family's earned income plus one-third of the remainder of such income. (In addition, a State may, but is not required to, disregard not more than $5 per month of additional

income.) Your committee's bill provides for removing the present provisions and provides instead for exempting the first $720 per year (or proportionately smaller amounts for shorter periods) of earned income of the family in determining the amount of the family assistance payment. This exclusion is intended to take account of work-related expenses and to avoid any disincentive to employment that such expenses—for example, the cost of transportation, lunches, and employment taxes—might otherwise create. The bill would also exclude one-half of the family's earned income above the exempt amount. (As indicated above the earned income of a student would generally be excluded entirely). Your committee believes that this treatment of earned income would set a uniform standard and provide a strong incentive both to take employment or to increase employment activity.

(e) *Other aid based on need.*—Your committee's bill would provide that food stamps and other assistance (not including veterans' pensions) provided on a basis of need by a public or private agency would have no effect on the amount of the family assistance payment. Your committee believes that any other policy would tend to have a circular effect and would render the food stamps or other assistance largely meaningless. (See p. 30 for further discussion of the correlation of family assistance payments and food stamps.) Veterans' pensions based on a test of income, though, would be included in determining a family's income under the family assistance plan. Your committee believes that it is preferable to keep the long-established veterans' pension program intact by requiring that family assistance benefits be reduced dollar for dollar by the amount of any veterans' pension received by a family member.

(f) *Training allowances.*—The bill would exclude from income the allowances provided by the Secretary of Labor to individuals undergoing training. If the family assistance benefits were reduced on account of receipt of these allowances, their purpose, which is to provide an incentive for training, would be largely nullified. Training incentive allowances for individuals undergoing vocational rehabilitation are intended to be excluded.

(g) *Scholarships and fellowships.*—The bill would exclude from consideration as income any portion of a scholarship or fellowship received for use in paying the costs of tuition and fees at any educational institution. Any portion of such payments which are used for general living expenses, however, would be included as unearned income. Your committee believes that if the portions of any scholarship or fellowship which are earmarked for costs to the educational institution were treated as family income, the objective of the scholarship or grant might well be defeated.

(h) *Home produce.*—The bill would provide for the exclusion of home produce of a family used by the household for its own consumption. This provision is necessary to avoid the administrative difficulties in evaluating the value of such home produce, and is consistent with the results of studies which indicate that there is generally very little net financial gain from home produce consumed at home.

c. Resources

(1) *Exclusions from resources.*—Under present law there is a wide variation in the manner in which resources, such as a person's home, are treated by the State public assistance programs. Many States

exclude the home as a resource while others consider the home only if its value exceeds a specified amount. Household goods, and personal effects are generally excluded under present programs. Your committee believes that a family's home, household goods, and personal property, as well as other property which is essential to a family's means of self-support, should not be considered resources and the bill so provides. Since one of the purposes of the bill is to help families take their place as productive members of society, it seems appropriate to remove disincentives to homeownership and to the accumulation of other reasonable personal effects. The exclusion of resources essential to a family's means of self-support, such as an automobile needed for purposes of employment, the tools of a tradesman, or the machinery of a farmer, is, of course, also important from the standpoint of the objective of strengthening the family's capacity for self-support.

(2) *Disposition of resources.*—Under the bill, other types of property would be subject to a $1,500 limitation. Families with resources which are readily negotiable, such as stocks or bonds, can generally dispose of such resources and should be expected to dispose of resources above the $1,500 limitation before they are considered eligible for family assistance payments. Proceeds from the disposal of such resources would, of course, be expected to be used by the family for their support and would be counted as cash income, which would be considered in determining the family eligibility for assistance and the payment amount. The disposal of certain other types of assets, such as buildings or land, would often require some time. Your committee's bill, therefore, would authorize the Secretary of Health, Education, and Welfare to prescribe time limits governing the disposition of various kinds of property and to make conditional family assistance payments during the time allotted for the disposal of the property in question. Income received from the disposition of resources would be expected to be used to support the family and would be considered to have been received during the period when the family was receiving conditional family assistance payments, and the family would be obliged to repay overpayments made to it subject to the conditions set forth in the provisions of the bill governing overpayments.

d. Meaning of family and child

(1) *Composition of family.*—Numerous witnesses who appeared before your committee expressed their deep concern over the effects of the present AFDC program and stated that it is characterized by incentives to family breakup and by the inequitable exclusion from assistance of poor families in which the father is employed.

The definition of family in the bill would eliminate the eligibility requirements in existing law under which families with children are eligible for assistance only if the child is living with designated relatives and is dependent by reason of the death, continued absence, or incapacity of a parent or, on an optional basis with the States, the unemployment of a father. Under the bill, a father could remain with his family, and even if he were employed, he and his family could be eligible for benefits under the family assistance plan if the other eligibility conditions are met.

As indicated by the term "family assistance," the new program would be based upon the existence of a family unit. The presence of a

child in the household would be the key to eligibility. When a family meets the income and resources tests, payments under the plan would be made for all members who were related by blood, marriage, or adoption, as long as they were living in the same residence and as long as at least one family member was under age 18, or under 21 if regularly attending school.

The bill would require that at least one child not be married to another family member and also that this same child be in the care of or dependent upon another family member in order to qualify the family for benefits. This would avoid making payments to a family consisting only of a husband and wife where the wife is under age 18 or a student. It would also avoid payment of benefits in situations where, for example, two brothers were living together and attending college on scholarships with neither being dependent upon nor supported by the other.

Although generally family members must be living in the same place of residence in order to qualify as a family for benefit purposes, the bill provides that a parent of a child living in the family residence, or the spouse of such a parent, who is temporarily away from home for the purpose of engaging in or seeking employment (including military service) or self-employment, would nevertheless be considered to be living in the home where such child resides. Your committee believes that it is clearly reasonable to consider such an individual as a family member and to consider any income he may have as income to the family.

If such a provision were not included, temporary absence from the home could disqualify the parent as a family member, with the result that the absent individual's income would not automatically be considered income to the family. Moreover, if the absent parent were the only parent in the family, a child who is temporarily left with a nonrelative by this parent while he is away working or seeking work would be ineligible for benefits until the parent returned.

(2) *Definition of child.*—The bill defines a child as an individual who is under age 18 or under age 21 and a full-time student. There is no substantive difference between this definition and the definition in existing law.

(3) *Determination of family relationships.*—Your committee's bill follows the most usual approach of programs that make payments based on relationship—namely, basing determinations of relationship on State law. Under public assistance, each State, of course, applies its own laws bearing on the determination of relationships. Determinations of relationships under the social security program and the veterans' programs also are based on applicable State laws (those governing marriage and adoption as well as State intestacy laws). Under your committee's bill, the Secretary of Health, Education, and Welfare would have the authority to determine which State's law would be governing in particular cases and the Secretary could decide whether the law of the State in which the child was born or the law of the State in which the parents were married was to be used in determining whether a child was the child of another family member. The Secretary would also have the authority to determine, for example, which of two laws of the same State would be most appropriate in determining the relationships in a particular family.

(4) *Income and resources of noncontributing adult.*—Your committee's bill would exclude from consideration, in determining eligibility for, and the amount of, benefits under the family assistance plan the income and resources of any individual which are not available to the rest of the family. An individual whose income and resources are not so available would not be considered a family member and the benefit amount payable to the family would be computed without counting him. However, this rule would not apply to parents (or their spouses) since their income and resources should ordinarily be available to the family and since the exclusion of their income or resources might easily lead to abuses of the system.

(5) *Recipients of aid to the aged, blind, and disabled.*—Your committee's bill continues the usual rule against payment of benefits under more than one of the Federal-State public assistance plans by excluding from benefits under the family assistance plan any individual who elects to receive aid under the title XVI plan (assistance for needy adults). (A similar prohibition in title XVI against duplication is continued from existing law.)

e. Payments and procedures

Under your committee's bill, payment would be made to one or more members of a qualified family, or to another interested person, at such times and in such installments as the Secretary determines. Appropriate adjustments in future payments, or recovery from or payment to the family, would be made to rectify overpayments and underpayments.

The Secretary would prescribe regulations regarding the filing of applications and supplying of data to determine eligibility of a family and the amounts for which the family is eligible. Beneficiaries would be required to report events or changes of circumstances affecting eligibility or the amount of benefits. When reports by beneficiaries are delayed too long or are too inaccurate, part or all of the resulting benefit payments could be treated as recoverable overpayments.

(1) *Payment of benefits.*—It is the intent of your committee that payments would ordinarily be made (after determination of eligibility and registration for manpower training, services, and employment) on a monthly basis to the head of the family. To take account of diverse family situations and to facilitate administration, however, a provision in the bill would allow the Secretary to make payments to other members of the family or to other interested persons, and also to make payments at such times and in such installments (e.g., semimonthly, quarterly, semiannually, or annually) as might be indicated by the circumstances. For example, a quarterly payment could be made to facilitate administration in situations where the family would, because of earnings, be eligible for only a small monthly payment.

To further facilitate administration, your committee's bill would permit establishment of ranges of income—that is, permit use of income brackets—within which a single benefit amount would apply.

(2) *Overpayments and underpayments.*—Your committee's bill would permit adjustments on account of overpayments or underpayments to be made by adjusting future benefits of the family or by recovery from any family member. The bill, however, would preclude recovery of overpayments where the family is without fault and re-

covery would either defeat the purpose of the family assistance plan or be against equity and good conscience or (because of the small amount involved) impede efficient or effective administration.

Your committee believes that, generally, determinations of "without, fault" would be made on an individual basis, and in determining whether an individual is without fault, the Secretary could be expected to consider an individual's age, education, and physical and mental condition. An individual would not be found to be without fault if an incorrect payment which was made to him or on his behalf resulted from his statement which he knew or should have known to be incorrect or from his failure to furnish information which he knew or should have known to be material, or from his acceptance of payment which he either knew or could have been expected to know was incorrect.

(3) *Hearings and review.*—Your committee's bill requires that there be notice and opportunity for hearings to any individual who disagrees with any determination with respect to eligibility for payments, the number of members of the family, or the amount of the payments. The individual would have to request the hearing within 30 days. Decisions would be rendered within 90 days following a properly submitted request, and although families already receiving assistance payments would continue to do so while their hearing is pending, such payments would be considered overpayments if the Secretary's initial determination were sustained. Final determination of the Secretary would be subject to judicial review in Federal district court; however, determinations as to the facts which the Secretary makes after a hearing provided by him would not be subject to review by the court.

(4) *Applications and furnishing of information by families.*—To enable the Secretary to obtain the information needed to determine eligibility or payment amount, your committee's bill would authorize the Secretary to require that individuals file applications, furnish evidence, and report events and changes that might affect eligibility or payment amounts. Since it would be necessary, to a substantial extent, to rely on information supplied by recipients, it seems important to your committee to encourage accurate and prompt reporting. Therefore, your committee's bill would authorize the Secretary to prescribe those situations where failure to report or the filing of delayed or inaccurate reports would result in the treatment of payments to the family as overpayments and subject to full recovery. It is the committee's intention that the Secretary provide for tight administration of the processing of claims under the program and that to the extent feasible methods adopted be as detailed and effective as those that have been utilized to substantiate applications under the old-age, survivors, and disability insurance program.

(5) *Furnishing of information by other agencies.*—In determining eligibility and the amount of payments under your committee's bill, the Secretary would verify the information on income and other information given by the claimant. Several Federal agencies have information that may be useful for this purpose. Information on certain benefits and payments could be obtained from the Social Security Administration and from other Federal agencies such as the Railroad Retirement Board and the Veterans' Administration. The Social Security Administration has direct access to information about earnings from employment and self-employment covered by social

security. If a recipient has income other than from earnings covered by social security, information from another source would be required in order to verify information given by the claimant. The Treasury Department would be able to furnish data from income tax returns. Your committee's bill would require the head of any Federal agency to provide information needed by the Secretary to verify information affecting eligibility or payment amount.

f. Registration and referral of family members for manpower services, training, and employment

Your committee believes that registration for work and training is a very essential part of the family assistance plan. While the present AFDC program contains a registration requirement, it has been implemented as was intended. This requirement is strengthened in the committee bill.

Present law has a general requirement that State welfare agencies refer those persons for registration whom they deem "appropriate," with several categories of persons specifically excluded. State agencies have taken varying attitudes toward who is appropriate for referral, with some taking an extremely restrictive approach and thus crippling the training effort.

Under the bill reported by your committee, the word "appropriate" is removed from the law, and only clearly specified groups are exempt from registration. This will strengthen the work requirement and at the same time provide for nationally uniform administration insuring that all persons appropriate for training and employment programs will be seen by the employment service offices.

Your committee believes that in the administration of the registration provisions, there should be enough flexibility to assure the efficient operation of the training and employment provisions of the bill. This means that short forms could be used for the initial registration. Employment service representatives should be stationed in the offices administering family assistance benefits to insure prompt registration at the time of application for payments.

It is the intention of the committee that employability plans be developed for registered recipients as promptly as possible. However, in order to assure orderly and effective administration of the manpower programs, the bill authorizes the Secretary of Labor to establish priorities for developing employability plans.

The committee recognizes that in the development of employability plans, there are factors over which the Secretary has no control, such as the condition of the labor market. In setting priorities for developing employability plans, the Secretary will need to take these factors into account, in addition to such considerations as family status and personal characteristics of the individual. Mothers who volunteer will be given the same consideration for participation as those who are referred on a mandatory basis.

Your committee specifically deleted a provision of the administration bill exempting the working poor from registering with the employment service. Requiring the working poor to register will provide assurance that every able-bodied individual in family assistance families will be registered for employment, except mothers with preschool children or persons who must care for a disabled individual in the home. In addition, registration will aid the employment service in assisting the working poor in upgrading their skills and income.

An individual required to register and who does not do so would not be counted as a member of the family for purposes of determining the amount of benefits, but any income that he has would be counted as a part of the family's income. An individual refusing to register would not be paid any part of the family assistance payment; the Secretary could, if he deemed it appropriate, pay the family's benefits to a person who is not a member of the family, but who is interested in, or concerned with, its welfare. These provisions closely follow those in present law.

Exclusions from the requirement to register would be made in the case of individuals who are so ill, incapacitated or of advanced age that they are unable to engage in gainful employment. The Secretary of Health, Education, and Welfare could by regulation prescribe when the age of a particular person, taking into account the person's health, education, and former training and any other pertiment conditions, was so advanced as to make registration unnecessary. In the case of any individual who is not required to register because of incapacity, provision is made for referral to the vocational rehabilitation agency so that rehabilitation for employment can be initiated. All existing rehabilitation services available should be applied in order to enhance the individual's capacity for self-support. The primary objective of rehabilitation services should be economic self-sufficiency through gainful employment. The vocational rehabilitation agency will make initial determinations of incapacity which precludes the individual from gainful employment, in a manner similar to that followed under present law by the Social Security Administration where the vocational rehabilitation agency makes initial disability determinations under the social security law. Subsequent review of the individual's incapacity and continuing need for vocational rehabilitation services would be made as necessary by the State agency, or, in the case of an individual who is not totally and permanently disabled, at least once each quarter.

Your committee believes that the effectiveness of the training and employment programs in the bill will be materially enhanced by the provisions requiring that persons not referred to the Department of Labor because of incapacity be referred to the vocational rehabilitation program. This program has demonstrated that large numbers of persons with vocational handicaps can, with medical care, counseling, and training around their handicaps, be made wholly or largely economically independent. The requirements for referral are the same as for persons being sent directly to manpower agencies. Undoubtedly some of the individuals initially sent to manpower agencies will be found to need vocational rehabilitation services before other training and placement can be effective. Such referrals can and should be made under the authority in the bill. Penalties equal to those for failure to participate in other manpower programs are appropriate and the bill so provides.

Your committee's bill would also exclude from mandatory registration children who are under age 16 or under age 21 and regular students. The administration's bill would only have required the registration of individuals over age 18. However, your committee believes that the training aspects of the family assistance program could be of great use in preparing youths age 16 and 17 not attending school for employment.

A mother of a child under the age of 6 who is actually caring for the child is not required to register. As a practical matter, the committee expects a large percentage of these mothers to voluntarily register for employment and take advantage of child-care provisions and training incentives and opportunities. That has been the experience under the present WIN program.

An additional exclusion is provided for the mother or other female caretaker of a child if there is an adult male related to the child in the home who is required to register and does so register. These mothers will also be entitled to voluntarily register for training and employment. If the father in this situation refuses to register, the mother would have to register.

A person whose presence in the home is required on a substantially continuous basis in order to care for an ill or incapacitated member of the household would not be required to register. This type of illness or incapacity would likely be more severe than the types discussed above, since a regular caretaker would have to be found necessary.

The Secretary is required to furnish child care services for so long as he determines appropriate when the individuals, after having been required to register, are participating in manpower services, training, or employment. No mother would be required to undertake training or employment without the assurance of adequate and necessary child care.

g. Denial of benefits in case of refusal of manpower services, training, or employment

Since the intent of your committee's bill is to insure that individuals have every opportunity to increase their capacity for self-support, provision has been made in the bill to insure that individuals who register actually participate in suitable manpower services, training, or employment. Your committee is proposing that a member of a family who, after registration and without good cause, refuses to participate or continue to participate in suitable manpower services, training, or employment would, after notice and opportunity for hearing, not be considered a family member for purposes of determining the family's benefit amount, except that his income would be counted. Good cause is determined by examining how a reasonable individual would act in the same circumstances. Thus, for example, employment or training opportunities could be refused if the individual were ill, or had an allergic reaction to materials with which he would be working in the course of employment or training. A woman might refuse such opportunities if the position offered were in a dangerous locality and at late hours. Similarly, a mother could refuse training or employment if adequate child care were not available.

In establishing standards of "suitability", your committee has relied heavily on the definition long in use under the State unemployment insurance laws, with modifications appropriate to the client group to be served.

The bill provides that in no event may employment be considered suitable if the position offered is vacant due directly to a strike, lockout, or other labor dispute (including an organizational dispute); if the wages, hours, or other terms or conditions of employment are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those

prevailing for similar work in the locality; or if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization. It is your committee's intent that registrants should not be referred to positions where any of these conditions exist. These protections for the individual are based on similar provisions in the Federal Unemployment Tax Act. The suitable work provision operates both to protect the individual from unreasonable work requirements, and to assure that employment is required.

In those cases where exclusion from the family of such an individual would make a child ineligible for payments as in a two-member family, your committee's bill requires that such an individual should be considered a member of the family for eligibility but not for payment purposes. Furthermore, the bill requires that benefits for the other family members not be paid to the individual who refuses manpower services, training, or employment, but rather to another family member or to a person outside the family who is interested in, or concerned with, the welfare of the family.

The provisions governing hearings by the Secretary of Health, Education, and Welfare are made applicable to hearings by the Secretary of Labor in cases of refusal of manpower services, training, or employment. While it is a Federal responsibility to provide these hearings, your committee contemplates that the Secretary of Labor will utilize the expertise of the State employment security agencies in meeting this responsibility. Your committee expects the Secretary of Labor to contract with these agencies to furnish the required hearings, but your committee wishes to make clear that the Secretary of Labor will bear the responsibility to insure that hearings are held within the required 90 days.

h. Transfer of funds for on-the-job training programs

Under your committee's bill, the estimated amount of family assistance benefits that would otherwise be paid to individuals participating in public or private employer-compensated on-the-job training programs of the Secretary of Labor if they were not participating would be made available to the Secretary of Labor to help pay the costs of such programs. The Secretary of Health, Education, and Welfare and the Secretary of Labor shall provide by agreement the method of estimating the family assistance benefits and making the transfer of funds.

2. STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

Your committee recognizes that the new family assistance benefits, would generally not provide a level of support for families equal to that now provided in many States for AFDC recipients. The bill requires, therefore, that the benefits would be augmented by supplementary payments under State plans. The bill provides that each State that was making AFDC payments higher than the new family assistance benefit, would be required to maintain the levels of payments in effect as of January 1, 1970, or, if lower, a level corresponding to the poverty level as defined in the bill. The bill provides also for partial Federal financing of State supplementary payments in order to support the efforts of the States in making such payments. There would not be any Federal financing of any State supplementary payments to the

working poor, nor is there any requirement that the States supplement payments to the working poor.

Your committee's bill would establish a formula for reimbursement of administrative expenses which would provide incentives for the States to contract with the Secretary of Health, Education, and Welfare for Federal administration of both the family assistance plan and the State supplementary programs. Your committee feels strongly that needy people should not be shuttled from window to window or agency to agency and that a single point of contact for recipients is highly desirable if the committee's proposals are to be effective.

a. Payments to States for other welfare programs conditioned on supplementation

Your committee's bill would require that in order for a State to be eligible to continue to receive Federal payments under part A of title IV (services to needy families with children) and part B (child-welfare services), title V (maternal, child health, and crippled children's services), title XVI (aid to the aged, blind, and disabled), and title XIX (medical assistance), the State would have to agree to supplement the family assistance benefits so that present payment levels (or, if lower, the poverty level) would be maintained. This supplement would be required for all families eligible for family assistance benefits except those where both parents are present, neither is incapacitated; and the father is not unemployed. Generally, this would mean that the States would supplement family assistance benefits for all recipients who could have been eligible under present law and—whether or not the State previously covered them—families with an unemployed parent. Since families headed by a father working full time are not assisted under present law, the States would not be required to supplement the family assistance benefits of these families.

b. Eligibility for and amount of the supplementary payments

Your committee's bill would provide that eligibility for, and the amount of, the supplementary payments would be determined generally under the rules and regulations that apply to the family assistance plan. Your committee believes that not only is this an important step toward the establishment of needed nationwide uniform standards for assistance, but a necessary one to facilitate Federal administration of the program.

As stated previously the bill would require that the amount of State supplementation be sufficient to assure payment levels at least as high as those in effect in the State in January 1970, or the poverty level, if lower. Thus in determining the State supplementary payment amounts, the State standards of need and payment limitations in effect for January 1970 would be applied (or if lower, the poverty level) unless the State wishes to apply a higher standard of need. If a State plan in effect on January 1, 1970 provided for meeting less than 100 percent of its needs standards or for considering less than 100 percent of its requirement in determining need, the Secretary would, by regulations, prescribe standards for insuring that the January 1970 payment levels would be maintained.

The amount of the supplementary benefit of a family would be reduced as under the family assistance plan, except that with respect to earned income the State would be required to disregard (1) $720 of earned income per year plus (2) one-third of the earnings between

$720 and twice the amount of the unreduced family assistant benefit (2×$1,600 or $3,200 for a family of four), plus (3) one-fifth (or more, if the Secretary so prescribes by regulation) of any remaining income.

For example, assume that a family of four has earned income of $3,500 in a State which has a need standard of $3,000.

A step-by-step computation of the State supplementary payment

State standard in January 1970	$3,000
Treatment of family income:	
Family earnings	3,500
State to disregard—	
Amount set by law	−720
Remainder	2,780
Less ⅓ of remainder (up to $3,200)	−927
Earnings chargeable	1,853
Family assistance benefit	1,600
Less ½ of $2,780 ($3,500 of earnings less $720)	−1,390
Family assistance benefit	210
Total income chargeable	−2,063
State supplementary payment	937
Total income of family:	
Earnings	3,500
Family assistance payment	210
State supplementary payment	937
Total	4,647

Your committee's bill would require that agreements with the State for making supplementary payments would generally follow the lines of those in existence under the present AFDC programs. Generally, the plan must—

(1) Be in effect statewide;

(2) Designate a single State agency to carry out or supervise the agreement in the State;

(3) Provide opportunity for a fair hearing;

(4) Provide proper and efficient methods of administration, as well as for effective use of a paid subprofessional staff;

(5) Agree to make reports as required by the Secretary;

(6) Provide safeguards that restrict the disclosure of information; and

(7) Provide that all individuals who wish to apply for payments shall have an opportunity to do so.

c. Payments to States

In order to assist the States in making supplementary payments the bill provides that the Federal Government generally would pay a State 30 percent of the amount expended by the State in making such payments each fiscal year, not including any supplementary payments made to the working poor. However, there would be no Federal payment for that part of the supplementary payment which exceeds the difference between the applicable poverty level and the sum of the family assistance payment and any income of the family not disregarded in computing the supplementary payments. An example of how

the Federal payment to a State would be figured for a family of four is as follows:

State standard	$3,000
Family income:	
Family earnings	1,000
State to disregard—	
Amount set by law	−720
Remainder	280
Less ⅓ of remainder (up to $3,200)	−93
Earnings chargeable	187
Family assistance benefit	1,600
Less: ½ of $280 ($1,000 of earnings, −$720)	−140
Family assistance chargeable	−1,460
Total income chargeable	−1,647
State supplement	1,353
Poverty level	3,720
Less total income chargeable	1,647
Difference	2,073

Since the State supplementary payment ($1,353) does not exceed the difference ($2,073) between the poverty level ($3,720) and the family assistance benefit plus the earnings not disregarded ($1,647), the Secretary would pay to the State $405.90 (30 percent of the State supplementary payment of $1,353). This complete computation would not actually be necessary in the case of any State which has a standard below the poverty level. Your committee has been informed that only one State has a standard above the poverty level at the present time.

The bill makes provision for annual redetermination of the poverty level by the Secretary. The Secretary would, between July 1 and September 30 of each year, promulgate the poverty level for various sizes and types of family groups to be effective for the purpose of setting the ceiling on Federal participation during the fiscal year beginning on the July 1 following the year of promulgation.

For purposes of the promulgation, this base for determining the level will be the 1969 poverty level for a family group as set fourth below:

Family size poverty level:	
1	$1,920
2	2,460
3	2,940
4	3,720
5	4,440
6	4,980
7 or more	6,120

Between July 1 and September 30 of each year beginning with 1970, the Secretary of Health, Education, and Welfare shall review and increase, if necessary, the poverty level amounts for each size of family group by the percentage increase in the Consumer Price Index (published each month by the Bureau of Labor Statistics) for the second calendar quarter of each such year over the Consumer Price Index for 1969; such increases shall be effective with respect to Federal matching for the year beginning July 1 of the next succeeding year.

d. Failure by State to comply with agreement

Your committee's bill permits the Secretary of Health, Education, and Welfare, after reasonable notice and opportunity for hearing, to withhold all or such portion as he deems appropriate of the payments otherwise due a State under titles IV (parts A, B, and E), V, XVI, and XIX if the Secretary finds that the State has failed to comply with its agreement.

Your committee is concerned by information that has been brought to its attention indicating that some States have not met effective dates promptly for some requirements of the Social Security Amendments of 1967 and that a few States have not met all of them even at this late date. It expects the Department of Health, Education and Welfare to take whatever steps may be necessary to assure full and prompt compliance with the requirements of Federal law.

3. ADMINISTRATION

It is the intent of your committee that a new agency would be established in the Department of Health, Education, and Welfare to administer the family assistance plan. The new agency would be responsible for establishing and managing local family assistance plan offices and would carry out other necessary functions with the exception of those which it may find appropriate to contract with other agencies to carry out. The committee would expect that other agencies within the Department, as well as other governmental agencies outside the Department, would lend their support to the extent that doing so would be consistent with the performance of the duties required to carry out their own programs, to assist the new agency in carrying out the provisions of the plan. For example, while the administration of the family assistance plan would be completely separate and distinct from the social insurance programs, the committee would expect that the computer equipment and other capabilities of the Social Security Administration would be utilized in the administration of the family assistance plan to the extent it is economical and efficient to do so, taking into account the mission of the new agency. No part of the cost of rendering such service, however, would be chargeable to the Trust Funds administered by the Social Security Administration.

Because the full development of administrative policies, procedures, and methods to carry out the program will require considerable time, and since the time permitted between enactment and effective date is limited, the committee believes it would be desirable for the Department to request an advance appropriation to cover the costs of full-scale administrative planning for implementing the program.

a. Agreements with States

Your committee's bill, as previously indicated, calls for State supplementation of Federal family assistance payments. However, your committee felt some concern lest such a dual program arrangement lead to unnecessarily complicated and expensive dual administrative systems—a Federal system for part D benefits, and state systems for part E benefits. Therefore, in addition to requiring that State supplementary plans follow Federal uniform definitions of eligibility and treatment of income, your committee has included provisions to encourage unified administration of the family assistance

plan and the State supplementary plans and it is the hope of the committee that the States will take advantage of these provisions. Under these provisions, the Secretary of Health, Education, and Welfare can enter into an agreement with any State under which the Secretary can administer and make State supplementary benefit payments on behalf of the State. Conversely, the provisions permit agreements between the Secretary of Health, Education, and Welfare and a State under which the State would administer and disburse the family assistance benefits provided for under part D as well as the State supplementary benefits.

If the Secretary entered into an agreement with a State to have the Federal Government administer the State's supplementary program, the Federal Government would then pay all administrative costs for the family assistance program and all administrative costs for the State's supplementary program, so that the State would realize substantial savings in administrative costs through such an arrangement. If a State chose to administer its own supplementary program, the Secretary of Health, Education, and Welfare would pay one-half of the State's administrative costs for its supplementary program. If the State agreed to administer the family assistance benefits provided for under part D, the Federal Government would reimburse the State for all of its administrative costs for part D and one-half the administrative costs of the State's supplementary program.

b. Penalties for fraud

Your committee strongly believes that every person attempting by unlawful means to obtain payments not due him under the plan, or otherwise violating any of the penal provisions of the Social Security Act, would represent a threat to an effective program. The threat goes beyond the potential drain on the funds appropriated for the program; a more important consideration is the impact such violations might have on public confidence in the integrity of the program. Under the Federal-State assistance programs, a State is required to make provisions for dealing with fraud committed by recipients. Federal regulations require that a State define fraud in accordance with State law, include criteria for identifying and investigating suspected fraud, and provide for the referral of appropriate cases to law enforcement officials. However, the procedures used in the States vary widely as to fraud in welfare cases. The criminal statutes of some States contain separate provisions for cases of welfare fraud; in other States, welfare fraud is prosecuted under the laws governing theft or one of any number of other crimes.

Your committee believes that for the family assistance plan the penalties for fraud should be the same as those provided under the social security program since the considerations that lead to provision of such penalties under social security would be equally relevant to the family assistance plan. These fraud provisions would apply only with respect to the basic family assistance program and not to the State supplementary programs.

c. Report, evaluation, research and demonstrations, and training and technical assistance

Your committee is very concerned about the need to improve the effectiveness of our national income maintenance programs. Accord-

ingly, the bill would require a constant process of self-examination by the administrators of the family assistance program and regular reports to the Congress and the President. Evaluation by outside consultants is also authorized.

Authorization would be given to the Secretary of Health, Education, and Welfare to conduct research and demonstration projects. Since such experimentation may well involve approaches or other ideas which have no specific sanction in existing statutes or regulations, authority would also be provided for the Secretary to operate experiments (limited in scope) without regard to the eligibility and payment-amounts provisions of the plan. As in the case of evaluations, the Secretary would be authorized to use contractors to conduct such research and demonstration projects.

The bill would also authorize the Secretary to provide technical assistance to States and to provide for such training of State personnel as the Secretary deems appropriate to assist the States in improving administration of assistance to people in need. Your committee believes that the additional funds available to carry out these provisions for evaluation activities, research and demonstrations, and technical assistance and training should be limited to no more than $20 million per fiscal year and the bill so provides.

d. Obligation of deserting parent

One of the major causes of instability among AFDC families is parental desertion. To discourage abandonment of families, your committee's bill provides that an individual who has deserted or abandoned his spouse, child, or children shall owe a monetary obligation to the United States by the deserting parent equal to the total amount of family assistance benefits, plus the Federal share of any State supplementary payments, paid to the spouse or child during the period of desertion or abandonment. The liability of a deserting parent would be reduced by the amount of any payment he made to his family during the period of desertion.

In those cases where a court has issued an order for the support and maintenance of the deserted spouse or children, the obligations of the deserting parent would be limited to the amount specified by the court order.

To the extent these amounts are not collected directly from the individual involved, the amount due the United States under these provisions could be collected from any amounts otherwise due the deserting parent by any officer or agency of the United States or under any Federal program.

The terms desertion or abandonment are much broader than their meaning under State law. Physical absence from the home and a specific intention to desert need not be demonstrated, since a liability is created to the extent that an individual's failure to use his income and resources to support his spouse, child, or children, require that family assistance payments (and supplementary payments where applicable) be made to support them.

The individual applicant for family assistance benefits must, of course, cooperate to the fullest extent possible in establishing eligibility. In this connection, an individual applicant will be expected to cooperate in every possible way in assisting the authorities to identify and locate a deserting parent.

Your committee feels very strongly about these provisions and expresses unequivocally its intent that all Federal and State enforcement machinery should cooperate to the fullest extent possible in implementing these provisions.

e. Treatment of family assistance benefits as income for food stamp purposes

The bill provides that family assistance benefits shall be taken into account in determining entitlement to, and the cost of, food stamps.

Your committee feels that there is some merit in providing assistance to the needy both in the form of cash and in the form of food stamps. Doing so helps to assure that the family will spend a certain portion of its entire benefit for food. Your committee also feels that there is merit in providing assistance entirely in cash. The latter approach provides the recipient with more flexibility and is obviously more attractive from the standpoint of administration since a cash program is simpler to administer.

Your committee spent considerable time and effort attempting to work out a modification of the family assistance plan that would substitute additional cash payments for food stamps, but was unable to devise a satisfactory amendment. One possible change in the bill, to which the committee gave a great deal of attention, was that of combining the family assistance plan and the food stamp plan into a single, integrated cash-benefit program. Your committee finds that a program which provides all of its benefits in cash is substantially more expensive than one in which a portion of benefits are provided in cash and a portion in in-kind benefits, such as food stamps because the weighted structure of the food stamp benefit is such that the rate of participation declines as family income increases. Relatively few families are willing to tie up substantial portions of their cash in food stamps merely to obtain a small amount of additional food purchasing power. These same families would, of course, elect to take the value of their food stamp benefit if it were provided in cash. Your committee also notes that the food stamp plan provides a benefit to families who would not be covered by the family assistance plan. It also recognizes that present recipients now receiving payments larger than those provided under the family assistance plan would lose the privilege of purchasing food stamps without receiving a compensating amount of cash.

Your committee notes that the Secretary of Health, Education, and Welfare and the Secretary of Agriculture have both stated that cash assistance should eventually be substituted for food stamps in a way that would leave the individual at least as well off in total benefits. Your committee urges that the executive branch continue to explore the possibility and potential implication of combining food assistance programs and cash assistance programs into a single integrated system which meets all the maintenance requirements of needy families. Your committee feels very strongly that a solution to this problem must be achieved and it is recommended that the Committee on Ways and Means and the Committee on Agriculture jointly work out legislation at the earliest opportunity that would provide for integration of the two programs under a unified administration.

4. MANPOWER SERVICES, TRAINING, EMPLOYMENT, AND CHILD CARE PROGRAMS

Since the AFDC program is being repealed, the work incentive program for AFDC recipients is replaced by a broadened, strengthened program of manpower training and child care for recipients of the new family assistance program.

a. Operation of training and employment program

Your committee over the years has believed that a mechanism has to be developed which would make it possible for welfare recipients to develop into citizens who play a significant role as workers in the economy of the Nation. It is toward this end that your committee's bill includes provisions to train, prepare for employment, and otherwise assist recipients of family assistance and State supplementary payments in securing and retaining regular employment and having the opportunity for advancement in employment. It was also to this end that your committee first reported out legislation in 1962 which initiated the community work and training programs. These programs—and the title V programs of the Economic Opportunity Act which followed—were welfare agency administered work and training programs which often emphasized work at the expense of meaningful training that would lead to the family leaving the public assistance rolls. When Congress authorized the work incentive (WIN) program in 1967, it was with the belief that the growing experience of the Department of Labor and the State employment offices in providing manpower training for the disadvantaged made it logical that they administer the program.

This decision has been justified in many respects. One illustration of this is the innovative development of the manpower "team" staffing arrangement which makes available an assortment of specialists to the enrollees (including "coaches" often of the same ethnic background) as opposed to the more traditional approaches used in earlier manpower programs.

Your committee has just completed a survey of WIN projects in some 29 jurisdictions, and has heard the testimony of numerous WIN administrators and experts in the field, including the organization—the Auerbach Corporation—which has the prime contract for evaluation of the program. The performance of the WIN program to date has been mixed. In many jurisdictions it has performed well—the welfare agencies and the employment services cooperating in such a manner that the program is running relatively smoothly and with considerable promise of fulfilling the objectives outlined by Congress. In other jurisdictions—including, unfortunately, some of our largest metropolitan areas—the program has gotten off to a slow start. Often these programs have been characterized by minimal welfare and employment service cooperation and, in a few instances, the hostility of one agency toward the other has been openly expressed.

Moreover, the problem of competing bureaucracies has not been restricted to the State level. Secretary of Labor Shultz stated in his testimony before the committee:

> Unfortunately, our two Departments [Labor and Health, Education, and Welfare] have not always worked together as smoothly as they should. The study made by the Legis-

lative Reference Service of the enactment of WIN establishes this fact. There have been gaps in communication, and a history of competition for running the work training program.

The committee strongly supports Secretary Shultz's position that Health, Education, and Welfare and Labor should work with the maximum of coordination in the administration of family assistance. This is essential to the effective operation of the proposed program.

This situation just outlined, coupled with a slowly developing program of child care for WIN mothers, which will be discussed subsequently in this section, makes necessary, however, a number of legislative changes in the training program.

(1) *Uniform referral system.*—The system of welfare agency determination of "appropriateness" of recipients for participation in the program and the resulting wide disparity in referral policy between the States are eliminated by the bill. Specific definition of the persons who are expected to register with the employment service office will eliminate the situation where, according to Department of Health, Education, and Welfare statistics, over 96 percent of the welfare recipients assessed for WIN participation in West Virginia were referred, while less than 7 percent of those assessed were referred in New York. Under the system proposed by the committee bill, welfare administrators and workers will not be able to substitute their own ideas of who should be trained for work for the national policy laid down by Congress. As a result, administrators of the manpower programs should, in all areas, have an adequate supply of candidates for their manpower training slots.

(2) *Supportive services and training expenses.*—Lack of necessary health and other supportive services has been particularly damaging to the effective operation of the WIN program in a number of States. The lack of medical examinations, the lack of ability to remedy minor health problems, and the lack of counseling services which might solve serious family problems all lead to unnecessary and wasteful terminations of participation in training or employment. Some States have established units in their welfare agencies which have worked effectively in getting welfare recipients into the program and in working with the manpower team in keeping them in training and on the job when they do enter employment. Under an amendment added by the committee, the bill would require, under threat of loss of Federal matching, that welfare agencies provide those supportive services which the Secretary of Health, Education, and Welfare determines to to be necessary to support the work and training aspects of the program. The bill emphasizes the importance of such services by providing 90-percent Federal matching as opposed to the 75-percent matching for other social services which are not connected with the training program. Under the bill a State must have an agreement with the Secretary of Health, Education, and Welfare under which it must provide health, vocational rehabilitation, counseling, social and other supporting services for persons who undertake or continue manpower training or employment.

Your committee wishes to emphasize its intention that employment service-type activities in the welfare agencies should not be financed through the existing regular social service provision, or through the supporting services provision which was added by your committee's bill.

Another related problem of existing law has been reimbursement for training expenses which must come from the welfare side of the program. This has often resulted in delayed payments, multiple checks, and general inconvenience to the trainee which have had an adverse effect on his attitude toward the program. Under your committee's bill, the employment service could reimburse the trainee for necessary expenses directly related to his participation in training, such as transportation, lunches, special clothes, and supplies needed for the training.

(3) *Comprehensive manpower services.*—The 1967 WIN legislation authorized a comprehensive array of manpower and employment services. Your committee's bill is equally comprehensive as to the services made available and gives sufficient authority to the Department of Labor and the State employment service offices so that they may develop individual employment plans to meet the needs of individuals who have serious vocational, social, and educational handicaps. The committee bill will also assure access to services and opportunities available under existing manpower programs such as MDTA, CEP, JOBS, and other training programs of nationwide applicability. Such services and opportunities would include counseling, testing, work experience, institutional and on-the-job training, upgrading, program orientation, job development, coaching, job placement, and followup services required to assist in securing and retaining employment and opportunities for advancement. It is not intended by your committee that these programs should provide assistance which would be supportive of firms or industries which have high rates of turnover of labor because of low wages, seasonality or other factors.

(*a*) *On-the-job training.*—Your committee has been disappointed in the implementation of a number of the components of the existing program. On-the-job training opportunities under the WIN program—which currently are running at about 500 slots—have not been commensurate with the importance that the Congress has placed on this type of training. Spokesmen of the Department of Labor before the committee indicated that they have the administrative authority to deal with some of those elements which have impeded the development of OJT, such as voluminous small-print contracts which frighten small employers away from the program. The committee expects the Labor Department and the State employment services to devote special attention to the goal of making OJT a meaningful part of the program.

To make certain that such training is adequately financed, your committee's bill includes a special provision to provide funds for OJT. As stated previously, the estimated amount of family assistance benefits that would otherwise be paid to individuals participating in public or private employer-compensated OJT programs of the Secretary of Labor if they were not participating, would be made available to the Secretary of Labor to pay the costs of such programs.

It is not the intention of the committee, however, that the above provision will replace the regular authorized appropriations for OJT under this program, but will add to the overall effort.

(*b*) *Special work projects.*—The committee is also distressed that the special work project provision in WIN has only been implemented in a meaningful way in one State, despite the fact that the law re-

quired their implementation in *all* States. The bill renews and emphasizes the special work projects and eliminates the complex financing arrangements which the Department of Labor declares has inhibited their growth. Your committee fully expects wide implementation of special work projects. Your committee also believes that these projects may be of critical importance to the training and placement of welfare recipients if employment rates fall below existing levels.

The bill provides authority for special work projects which meet real public needs and which are conducted through grants and contracts with public or nonprofit private agencies or organizations. The employment records of participants in these projects shall be reviewed at least every 6 months for the purpose of determining whether it would be feasible to place such individuals in regular employment or in other kinds of training. The projects themselves should be selected for as much training value as possible so that they will improve the employability of the participants. It is not the intention of the committee that such projects be used for permanently subsidized employment, and measures should be taken to move participants into regular jobs.

The bill retains certain safeguards in present law with respect to special work projects. No wage rates provided under any special work project would be lower than the applicable minimum wage for the particular work concerned. In addition, appropriate workmen's compensation protections, and standards for the health, safety, and other conditions applicable to the performance of work and training would be established and maintained. Conditions of work, training, education, and employment should be reasonable in light of such factors as the type of work, geographical region, and proficiency of the participant.

(c) *Relocation assistance.*—Authority for relocation assistance is provided under the bill in situations where an individual volunteers to move from an area where the prospects for employment are poor to one that has a shortage of workers. Such assistance would be provided only when there is assurance, by the employment service office in the area to which the individual would be moved, that an actual full-time, full-year job is available. Further, such jobs must lead to wages sufficient to remove the family being assisted in the relocation from the family assistance rolls. The committee believes that such assistance should not be provided in the case of seasonal employment.

b. Allowances for individuals undergoing training

In some instances training incentive allowances have been unfair to WIN participants in that a person enrolled in a manpower development and training (MDTA) class might be sitting beside an MDTA enrollee who was receiving a substantially higher allowance. Your committee's bill would continue the WIN allowance of $30 per month for each individual who is a member of a family and is participating in manpower training, but if his allowance under the MDTA program would be more than $30 higher than family assistance payments (plus the State supplement), the incentive allowance to the family assistance trainee would be the difference between the two allowances.

Under the Manpower Development and Training Act, the basic allowance is computed on the basis of the average weekly gross unemployment compensation payment (including allowances for de-

pendents) for a week of total unemployment in the State making such payments during the most recent four-calendar-quarter period for which such data are available. This amount may be increased by up to $10, and in addition $5 a week for each dependent over two up to a maximum of four additional dependents. There are special provisions to deal with the situation in which an individual's unemployment compensation benefits would exceed his training allowance.

Thus, in most cases the financial incentive to take training will be in excess of $30. In the case of North Dakota, for example, family assistance plus the State supplement would equal $188 a month for a family of four. However, since the Manpower Development and Training Act allowance in that State for the head of a family of four is $255, the incentive payment would be $67 per month—the difference between $188 and $255.

The bill would provide for smaller training allowances for recipients in Puerto Rico, the Virgin Islands, and Guam.

c. Utilization of other programs

Your committee's bill would provide that the Secretary of Labor, in providing manpower training and employment services, would be authorized to use other existing programs and all sectors of the economy to the maximum extent feasible so that the establishment of an integrated and comprehensive program would result. The Secretary of Labor would be authorized to reimburse other public or private agencies, where necessary, for services rendered to persons under this part.

d. Appropriation and non-Federal share

Your committee's bill would authorize appropriation of funds sufficient to carry out the manpower provisions of the bill, including payment of up to 90 percent of the cost of training and employment and related supportive services for people registered under the family assistance plan. If the non-Federal matching requirement of 10 percent (which could be made in cash or in kind) was not met in any State, a portion of its Federal share of medicaid and other welfare expenditures would be withheld until the deficit was made up. The Secretary of Labor would apportion appropriated funds equitably among the States. In developing criteria for apportionment, the Secretary of labor shall consider the number of registrations and other relevant factors.

In addition to the training slots currently contemplated under the existing WIN program, the Administration has stated that training would be expanded to a total of 225,000 slots, including 75,000 for upgrading the skills of the working poor, in the first full year of the operation of the family assistance plan.

e. Child care. Your committee has been disturbed because necessary child care has not been available in many cases when it has been needed to enable a parent to participate in training and employment under the existing work incentive program. Lack of child care has, in fact, been one of the major drawbacks in the functioning of the program, as was shown by the committee's survey of WIN projects and by the evaluation study of the Auerbach Corp.

Your committee believes that a major effort is needed to remove lack of child care as a deterrent to training and employment. It also

recognizes that the availability of necessary child care is crucial to the success of the family assistance plan. The child care provisions, therefore, are aimed at making available the appropriate kind of child care needed by families who are covered by the Family Assistance Act.

Your committee's bill requires the Secretary of Health, Education, and Welfare, both directly (by contract or grant to public or private agencies) and through a system of prime grantees, to provide child care for individuals participating in training or employment under the manpower program. The Secretary is authorized to make grants for up to 100 percent of the costs of child care projects (including transportation, and the alteration, remodeling and renovation of facilities) to public or nonprofit private agencies which, in a particular geographic area will assure that child care is provided to persons entitled to receive it under the Family Assistance Act. The organization or agency to serve as the prime grantee for a geographical area is to be designated by the appropriate elected or appointed official or officials in that area. The prime grantee will be required to demonstrate a capacity to work effectively with the manpower agency. Where appropriate, group or institutional care for children attending school would be provided through local school systems arrangements with local educational agencies. Child care programs provided under the act would be of various kinds, providing for the kind of care needed in the light of different circumstances and needs of the children to be served. The Secretary is also authorized to charge a fee for part or all of the cost of child care if a family has the ability to make a payment.

Your committee believes that the child care provisions of the Family Assistance Act will help to overcome some of the obstacles which have inhibited the development and provision of child care services in the past. By providing for Federal initiative and responsibility and full Federal funding, your committee is making it possible for the Department of Health, Education, and Welfare to move expeditiously and quickly, without being required to wait for State or local organizations and agencies to provide matching programs and funding.

The committee also expects that the Department will use its grant and contract authority to make certain that the organizations and agencies involved will provide for a greater diversity in the kinds of child care than that which is currently available. For example, school age children could, in many cases, be most appropriately cared for in the school when care is needed in out-of-school hours. Parents should have the option, too, of using babysitters of their choice, if they do not care to use, or do not have available, group child care facilities which are appropriate for their children. The committee does not expect that day care centers will be used in cases where other kinds of care are more appropriate.

By requiring that the prime grantees demonstrate a capacity to work effectively with the manpower agency, the committee believes that a greater degree of coordination of manpower and child care services can be achieved than has been the case in previous programs.

The committee bill will make it possible to use a wider variety of child care resources than has been possible in the past. The Secretary of Health, Education, and Welfare will be able to make grants and contracts according to his determination of how family assistance recip-

ients can be served most effectively. He will be able to utilize public agencies, as well as private, nonprofit and profitmaking agencies and organizations. Thus, both the public and private sectors will be used in the provision of child care. The same authority will be available to prime grantees in entering into agreements within their areas of responsibility.

Your committee believes that well-designed child care programs, in addition to benefiting parents by freeing them for work, can also be of great benefit to the child and can help to break the cycle of poverty. Child care for the preschool child should not be merely custodial care, but should provide for child development, through the provision of health, educational, and other necessary services.

However, your committee is also concerned that unreasonable Federal, State, and local standards and licensing requirements have interfered with the provision of essential child care services, and may prove a barrier to the development and provision of the services essential to the success of the family assistance plan. Therefore, the Secretary of Health, Education, and Welfare is requested to furnish the committee by February 1, 1971, a report and recommendations based on a thorough review, in cooperation with State and local officials, of existing Federal standards as well as State and local licensing requirements, in order to determine those requirements which are essential both to protecting the child and assuring an appropriate program for him.

Your committee's bill also authorizes funds for grants to, and contracts with, any public or private agency or organization for part or all of the costs for evaluation, research, training of personnel, technical assistance or research or demonstration projects to determine more effective methods of providing child care services.

The Department of Health, Education, and Welfare has told the committee that it intends to request budget authority of $386 million for child care purposes for the first full year of operation of the child care program. It estimates that it will provide services for 300,000 school age children at an estimated cost of $400 per child and for 150,000 preschool children at an estimated cost of $1,600 per child. A total of $26 million would be designated for alteration, remodeling and renovation of facilities and for staff training and research and demonstration projects.

In order to assure that child care resources will be developed as rapidly as possible, your committee has provided that the child care provisions will be effective as soon as the bill is enacted into law.

f. Advance funding

(1) In order to give adequate notice of available funding, under your committee's bill, appropriations for one year to pay the cost of the program during the next year would be authorized.

(2) In order to make the transition to advance funding, initial funding under your committee's bill would provide for the year of enactment of this bill and for the next following year.

g. Evaluation and research: Reports to Congress

(1) Your committee's bill would provide for continuing evaluation and research by the Secretaries of Labor and Health, Education, and Welfare of the manpower training and employment programs provided under this act, including their effectiveness in achieving stated goals

and their impact on other related programs. The Secretary of Labor may conduct research and demonstration projects to improve the effectiveness of the manpower training and employment programs. He may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary of Labor may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

Sums not to exceed $15 million would be authorized for such research and evaluation in any fiscal year.

(2) The bill would require an annual report to the Congress from the Secretary of Labor on the programs for manpower training and employment services. The committee believes that an information and accounting system should be maintained so that the amount of money expended and services rendered under this program may be clearly distinguishable from those under other manpower programs. The Secretary of Health, Education, and Welfare also is required to file an annual report on the programs for child care and supportive services.

5. CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

Your committee's bill would eliminate the provisions of the present AFDC program that relate to cash payments for families with dependent children, but would not substantially alter those provisions of title IV which provide services for families, foster care for children and emergency assistance. The requirement of the present AFDC program that the State plan of aid and services to families with children must be in effect in all political subdivisions of the State would be modified, as it would apply only to services. The bill would authorize the Secretary to permit certain exceptions to the "Statewideness" requirement.

B. Changes in the Program for the Aged, Blind, and Disabled

1. AID TO THE AGED, BLIND, AND DISABLED

Your committee has a continuing deep concern for those of our citizens who are in financial need because of old age or because of blindness or other crippling disabilities. Your committee believes that it is important at this time to revise the programs aiding these people in order to improve the substance and operation of these programs.

2. GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

Your committee's bill amends the existing title XVI of the Social Security Act and sets forth the revised title XVI in its entirety. The existing title I (Old-age Assistance), title X (Aid to the Blind), and title XIV (Aid to the Permanently Disabled) would be repealed. Under the bill the new title represents the only federally aided public assistance program for needy aged, blind, or disabled individuals. In addition, Federal definitions would be substituted for those of the

individual States. The more uniform requirements are necessary to facilitate Federal administration of the program. The changes in the individual sections of title XVI are set forth below.

a. Appropriations

The section of your committee's bill which authorizes appropriations for aid to the aged, blind, and disabled under State plans, is amended to remove any reference to medical assistance, including medical assistance for the aged. This is because existing provisions of law preclude, as of January 1, 1970, Federal financial participation in medical assistance provided under any of the public assistance titles except title XIX (Medicaid).

b. State plans for financial assistance and services to the aged, blind, and disabled

Your committee's bill retains most of the existing State plan requirements relating to the programs of aid to the aged, blind and disabled, and adds several new requirements. Among new requirements is a periodic evaluation of the State plan at least annually, and an obligation on the part of the States to observe priorities and performance standards set by the Secretary in the administration of the State plan and in providing services thereunder.

The present prohibition against any age requirement of more than 65 years and against any citizenship requirement excluding U.S. citizens have been retained. Also, the bill requires that payments cannot be denied by a State, because of lack of citizenship, to an alien who has been residing in the United States for 5 years.

Your committee's bill prohibits any residency requirements that would exclude any resident of the State.

c. Determination of need

Your committee's great concern with the inadequacy and unevenness of assistance payments now being made to people in need because of old age, blindness, or disability, is reflected in the bill's provisions governing determination of need. The bill requires the States to pay cash assistance in an amount which, when added to nonexcluded income from other sources, guarantees income of at least $110 per month per recipient. The bill would also require that the standard of need not be lower than the standard applied on the date of enactment under the State plan approved under the existing title XVI or (in case the State had not had such a plan) the appropriate one of the standards of need applied under the plans approved under titles I, X, and XIV. (It is recognized that some individuals in nursing homes and institutions have a large part of their needs met under other programs and that any dollar minimum should not apply to them.)

The bill would require the States to use the same definition of allowable resources as provided for in the family assistance plan (see page 3).

Your committee's bill would also provide that the States could not impose any responsibility for a relative to support the individual; except that a State could require that a spouse support the recipient or that parents support a child who is under 21 or blind or severely disabled.

Under existing law, a State may (at its option) disregard the first $20 of earnings of an aged person and one-half of the next $60 per

month. Your committee's bill changes the optional disregard provision to make it the same as that in the family assistance program—the first $60 per month plus one-half of the remainder.

Your committee also believes that the earnings exemption for the severely disabled should be liberalized and made mandatory on the States and the bill so provides. The bill makes it consistent with that which has been in effect for some years for the blind, i.e., a mandatory exemption of $85 per month plus one-half of the remainder, together with any additional amounts that are disregarded under an approved plan of vocational rehabilitation. Your committee believes this change will provide more meaningful encouragement for severely disabled persons to accept rehabilitation services and employment within their capacities and will assure equitable treatment as between blind individuals and individuals with other forms of severe disability.

The bill would retain the present mandatory disregard of the exemption of the first $85 of earnings per month in the case of the blind. Also, as under present law, $7.50 in any income for the aged, blind, or disabled, could be disregarded at the option of the States.

d. Payments to States for aid to the aged, blind, and disabled

Your committee's bill would establish the following new Federal matching formula with respect to expenditures for aid to the aged, blind, and disabled under State plans approved under the new title XVI. With respect to such assistance, the Federal Government would make the following Federal contribution: (1) 90 percent of the first $65 of average payment, plus (2) 25 percent of the balance up to a maximum set by the Secretary of Health, Education, and Welfare.

e. Alternative provision for direct Federal payments to individuals

The bill contains new authority which would permit the Secretary of Health, Education, and Welfare to enter into agreements with any State under which the Secretary would make the payments directly to the eligible individuals. Under such an agreement the Federal Government would pay all of the administrative costs. Your committee believes that this authority will make possible economies in operation that are generally associated with unified administration.

f. Overpayments and underpayments

Your committee's bill would require that the Secretary of Health, Education, and Welfare make appropriate provision to avoid penalizing recipients for past overpayments if they were without fault and if adjustment or recovery would defeat the purposes of the program or be against equity or good conscience or (because of the small amount involved) impede efficient or effective administration.

g. Operation of State plans

The bill sets out conditions under which the Secretary of Health, Education, and Welfare would withhold Federal funds in whole or in part when the Secretary, after reasonable notice and opportunity for hearing to the State agency, finds that the State plan for aid to the aged, blind and disabled no longer complies with the plan requirements.

h. Payments to States for services and administration

The bill provides, that, with respect to services for which expenditures are made under the approved State plan, the Federal Gov-

ernment would pay the same percentages of costs as under existing law—that is, 75 percent in the case of the training of personnel and certain specified services and 50 percent in the case of the other costs of administering the State plan. The bill also retains the provision under which 75-percent matching is available only when the State plan provides for the minimum services for self-support or self-care prescribed by the Secretary of Health, Education, and Welfare.

i. Computation of payments to States

Your committee's bill authorizes the Secretary of Health, Education, and Welfare to estimate before each quarter the amount a State is entitled to for aid, services, and administration for that quarter, and authorizes the Secretary to pay the estimated amount in installments adjusted by any overpayment or underpayment for any prior quarter. This continues the arrangement under present law.

j. Definition

Under existing law eligibility on account of disability is limited to those who are permanently and totally disabled, while your committee's bill would provide aid to those who are "severely" disabled. The bill would also specify that whether an individual is blind or severely disabled would be determined in accordance with criteria prescribed by the Secretary, whereas under present law there are no federally prescribed criteria for determining whether an individual is blind or totally disabled.

The committee expects that severely disabled will be interpreted to mean persons whose physical or mental conditions substantially preclude them from engaging in gainful employment or self-employment. It is also expected that the disability is one that has or can be expected to last for a period of 12 months or result in death. Thus, the definition of severely disabled would follow closely the definition now used for disability insurance benefits under title II.

Your committee understands that all but a very few States use essentially the same definition of blindness insofar as central visual acuity is concerned (i.e., less than 20/200 in the better eye with maximum correction). It accordingly believes that a uniform national definition is warranted at this time.

k. Repeal of titles I, X, and XIV of the Social Security Act

Your committee's bill would repeal titles I, X, and XIV, which are replaced by the provisions of the present bill.

C. Miscellaneous Conforming Amendments

Your committee's bill would make a number of necessary conforming changes in titles IV, XI, XVIII, XIX of the Social Security Act.

It would also amend the Social Security Amendments of 1969. Section 1007 of these amendments is a provision for passing along some of the social security benefit increase provided under those amendments to public assistance recipients. The provision requires each State to assure that every recipient in the adult categories of public assistance who receives a social security benefit will receive a $4 monthly increase in total income (either by disregarding that part of the social security benefit or by raising the State's standard of assistance for all recipients). This provision was made applicable only through June 1970.

Under your committee's bill the requirement would be made permanent.

D. General

1. EFFECTIVE DATE

The changes made in the bill, other than the child care provisions would be effective with July 1, 1971, except for those States which have statutes which prevent them from making the supplementary payments required by the new part E of title IV and whose legislatures have not met and adjourned by July 1, 1971. The committee has been informed that only a few States would be in this situation. The bill would be effective on July 1, 1972, or earlier if the State certifies that the statutory impediment no longer exists. The child care provisions would be effective upon enactment of the bill.

2. SAVING PROVISION

Your committee's bill assures that for 2 fiscal years after the year in which the supplementary payment provisions become effective a State's expenditures for supplementary payments and payments under title XVI (from its own funds) would not by reason of the requirements of this act have to exceed its expenditures (non-Federal) under existing law for the same year. The bill provides that for these 2 fiscal years the Federal Government would meet the excess of non-Federal expenses made necessary by the bill over what the non-Federal expense would have been under present law. States and localities would thus be guaranteed no required increase in expenditures for assistance payments as compared with what would have been expended under existing law for the same period. Since most States would not be required to incur additional costs as a result of enactment of this bill, this provision would act as a saving provision for a few States that would incur relatively modest welfare costs under the bill.

3. SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

Your committee's bill includes special provisions for Puerto Rico, the Virgin Islands, and Guam under which the amount of family assistance benefits, and all of the amounts used under the family assistance plan (other than the $720 amount of annual earnings to be disregarded) and the new title XVI of the Social Security Act (aid to the aged, blind, and disabled), would be adjusted (but only downward) as the per capita income of each is related to the per capita income of the lowest per capita income State.

IV. FINANCING THE FAMILY ASSISTANCE ACT

The cost in calendar year 1968 terms to the Federal Government of your committee's bill is $4.4 billion above expenditures under present law, the same as the cost of the welfare recommendations submitted to the Congress by President Nixon in October 1969. This estimate is based upon information furnished to your committee by the Department of Health, Education, and Welfare. The 1968 figures are the latest available and the reason they are used is ex-

plained in the discussion below under the heading Federal Control of Costs. However, the components of cost differ, as shown in the table below:

NET COST COMPARISON: PRESIDENT'S PROPOSAL VS. COMMITTEE BILL, CALENDAR YEAR 1968[1]

	President's proposal	Committee bill
	(billions)	(billions)
Payments to families[2]	$3.0	$2.6
Payments to States under pt. E[3]	.1	.4
Adult assistance	.4	.5
Training and day care[4]	.6	.6
Administration and other	.3	.3
Total	4.4	4.4

[1] The Department of Health, Education, and Welfare was not able to furnish all of the cost information presented on the basis of the figures applying to the fiscal year 1972, the first full year under the proposed programs. The costs are expressed, therefore, in terms of what the programs would have cost had they been in operation in 1968 (but including the effects of the 15 percent general increase in social security benefits effective this year).

[2] This item is the estimated cost of the family assistance plan payments to low-income families with children minus the cost of the Federal share of AFDC payments under existing law.

[3] For the President's proposal, this item is the cost of the "50-90" rule (explained below). For the committee bill, it is the cost of the 30-percent Federal matching of State supplemental payments plus the cost of the saving provision described on page —.

[4] These figures are not in the bill; they are the figures the administration has indicated it will include in the 1972 budget for such purposes.

Several of the changes made by your committee affect the way in which the Federal Government will incur costs and the financial impact on individual States. Chief among the changes were (1) deletion of a provision which permitted one-half of unearned income to be disregarded in computing the family assistance benefits; (2) deletion of a provision which assured the States a savings of 10 percent of their costs in the federally-assisted public assistance programs and which also required certain States to spend at least 50 percent of these costs (the "50–90" rule); (3) the inclusion of a new provision under which the Federal Government will pay 30 percent of a State's supplementary payment costs (up to the poverty level); and (4) increasing the minimum income payment (to an individual with no other income) in the adult categories from $90 per recipient to $110 per month.

The deletion of the unearned income exemption resulted in lowered costs sufficient to finance your committee's changes. In addition, the recently enacted changes in social security benefits lowered costs of public assistance for both the Federal Government and the States. A summary of the cost impact of these changes is shown below.

	Billion
Reduction in cost due to deletion of unearned income exemption	−$0.4
Reduction in cost due to deletion of "50–90" rule	−.1
Reduction in cost from social security benefit increases	−.1
Cost of 30-percent Federal matching of State supplementary payments	+.4
Cost of increasing the minimum income standards in the adult categories	+.2
Total	0.0

The total fiscal savings afforded to the States by your committee's bill are about the same as those which the States would have achieved under the administration's proposal. The way in which the States share in this fiscal relief, however, is substantially changed. In general, States which have been making greater fiscal effort in their welfare programs achieve more savings than they would have under the

President's proposed legislation. This results from the combined impact of the change to the 30 percent matching in State supplementary payment costs, which helps States with higher benefit levels, and the increased minimum income standards, which require States which have relatively low benefit levels in their adult category programs to increase their fiscal effort. A comparison of fiscal relief under the administration's initial proposals and under your committee's bill is shown below.

TABLE I.—COMPARISON OF STATE FISCAL RELIEF, ADMINISTRATION PROPOSAL VERSUS COMMITTEE BILL, FISCAL YEAR 1968

[In millions of dollars]

	Administration bill	Committee bill		Administration bill	Committee bill
Alabama	$12.0	$4.0	Nebraska	$0.7	$2.5
Alaska	.4	.8	Nevada	.6	.8
Arizona	3.4	2.6	New Hampshire	.4	.1
Arkansas	6.5	(1)	New Jersey	7.8	17.0
California	107.0	173.0	New Mexico	3.2	2.8
Colorado	9.7	12.1	New York	43.9	62.4
Connecticut	2.6	8.0	North Carolina	10.4	(1)
Delaware	.9	1.3	North Dakota	.3	(1)
District of Columbia	2.8	2.4	Ohio	31.0	31.9
Florida	8.6	4.5	Oklahoma	16.3	9.0
Georgia	12.5	(1)	Oregon	4.6	5.2
Hawaii	2.0	3.6	Pennsylvania	27.6	38.9
Idaho	.4	.3	Rhode Island	2.5	3.6
Illinois	22.4	39.7	South Carolina	2.5	(1)
Indiana	2.8	4.9	South Dakota	.4	.1
Iowa	2.9	(1)	Tennessee	8.6	2.3
Kansas	2.6	5.7	Texas	25.1	4.8
Kentucky	10.6	(1)	Utah	2.3	1.3
Louisiana	17.2	4.4	Vermont	.4	.1
Maine	1.3	2.6	Virginia	4.7	5.6
Maryland	12.6	10.8	Washington	7.2	13.7
Massachusetts	12.9	41.2	West Virginia	4.5	2.0
Michigan	14.4	27.1	Wisconsin	6.2	8.5
Minnesota	2.9	4.6	Wyoming	.2	.3
Mississippi	4.7	(1)			
Missouri	12.1	(1)	Total	500.3	567.6
Montana	.7	1.1			

[1] These States would not obtain any fiscal relief but would be protected from incurring additional costs by the saving provision in H.R. 16311 for 2 fiscal years after enactment.

TABLE II.—1968 FEDERAL AND NON-FEDERAL COSTS OF PUBLIC ASSISTANCE BY STATE AND PROGRAM (EXISTING LAW)[1]

[In millions]

	Combined programs			Adult programs			Family programs		
	Total	Federal	Non-Federal	Total	Federal	Non-Federal	Total	Federal	Non-Federal
Alabama	$113.3	$87.8	$25.5	$96.4	$73.7	$22.7	$16.9	$14.1	$2.8
Alaska	5.2	2.8	2.4	2.5	1.3	1.2	2.7	1.5	1.2
Arizona	28.0	21.4	6.6	13.2	9.9	3.3	14.8	11.5	3.3
Arkansas	57.8	45.1	12.7	48.8	37.9	10.9	9.0	7.2	1.8
California	1,018.6	533.5	548.1	620.4	310.2	310.2	461.2	223.2	237.9
Colorado	67.8	40.3	27.4	42.7	27.5	15.2	25.1	12.8	12.3
Connecticut	66.8	30.4	36.4	16.4	8.2	8.2	50.4	22.2	28.2
Delaware	9.8	6.4	3.4	3.0	1.8	1.2	6.8	4.6	2.2
District of Columbia	20.2	11.6	8.6	7.4	4.4	3.0	12.8	7.2	5.6
Florida	92.4	72.5	19.9	57.2	44.2	13.0	35.2	28.3	6.9
Georgia	115.1	89.8	25.3	79.7	62.1	17.6	35.4	27.7	7.7
Hawaii	15.8	7.8	8.0	4.6	2.3	2.3	11.2	5.5	5.7
Idaho	12.0	8.1	3.9	5.2	3.5	1.7	6.8	4.6	2.2
Illinois	228.3	124.0	104.3	70.2	45.1	25.1	158.1	78.9	79.2
Indiana	33.7	21.3	12.4	13.1	9.9	3.2	20.6	11.4	9.2
Iowa	65.8	39.2	26.6	35.7	21.3	14.4	30.1	17.9	12.2
Kansas	42.6	24.4	18.2	20.0	11.6	8.4	22.6	12.8	9.8
Kentucky	93.4	71.9	21.5	55.4	42.8	12.6	38.0	29.1	8.9
Louisiana	157.0	119.6	37.4	116.1	87.5	28.6	40.9	32.1	8.8
Maine	18.8	13.6	5.2	10.6	8.0	2.6	8.2	5.6	2.6
Maryland	74.8	44.4	30.4	22.3	14.1	8.2	52.5	30.3	22.2
Massachusetts	182.6	77.6	105.0	75.3	37.6	37.7	107.3	40.0	67.3
Michigan	163.8	87.1	76.7	58.5	35.8	22.7	105.3	51.3	54.0
Minnesota	68.0	39.7	28.3	27.6	16.1	11.5	40.4	23.6	16.8
Mississippi	58.7	48.0	10.7	48.1	39.2	8.9	10.6	8.8	1.8
Missouri	134.2	94.3	39.9	97.8	67.2	30.6	36.4	27.1	9.3
Montana	8.9	6.0	2.9	4.5	3.2	1.3	4.4	2.8	1.6
Nebraska	19.8	13.1	6.7	8.8	6.4	2.49	11.0	6.7	43
Nevada	5.6	3.8	1.8	2.6	1.7	.9	3.0	2.1	.9
New Hampshire	10.3	6.2	4.1	7.1	4.3	2.8	3.2	1.9	1.3
New Jersey	136.2	56.5	79.7	29.0	15.9	13.1	107.2	40.6	66.6
New Mexico	27.6	21.1	6.5	12.4	9.5	2.9	15.2	11.6	3.6
New York	894.0	441.9	452.1	176.2	88.1	88.1	717.8	353.8	364.0
North Carolina	93.1	69.9	23.2	59.1	44.1	15.0	34.0	25.8	8.2
North Dakota	11.6	8.2	3.4	6.0	4.3	1.7	5.6	3.9	1.7
Ohio	168.6	108.6	60.0	69.3	48.2	21.1	99.3	60.4	38.9
Oklahoma	125.0	90.8	34.2	87.7	64.7	23.0	37.3	26.1	11.2
Oregon	31.0	18.1	12.9	10.9	6.9	4.0	20.1	11.2	8.9
Pennsylvania	229.3	129.3	100.0	83.9	46.2	37.7	145.4	83.1	62.3
Rhode Island	22.1	12.2	9.9	5.6	4.0	1.6	16.5	8.2	8.3
South Carolina	24.3	19.5	4.8	17.4	13.8	3.6	6.9	5.7	1.2
South Dakota	11.9	8.6	3.3	4.6	3.4	1.2	7.3	5.2	2.1
Tennessee	78.9	61.3	17.6	47.1	36.6	10.5	31.8	24.7	7.1
Texas	211.3	162.8	48.5	177.4	135.2	42.2	33.9	27.6	6.3
Utah	18.3	12.7	5.6	6.1	4.7	1.4	12.2	8.0	4.2
Vermont	11.0	7.5	3.5	5.6	3.9	1.7	5.4	3.6	1.8
Virginia	38.4	28.3	10.1	15.7	11.6	4.1	22.7	16.7	6.0
Washington	70.5	38.8	31.7	30.0	19.8	10.2	40.5	19.0	21.5
West Virginia	41.4	31.9	9.5	13.6	10.3	3.3	27.8	21.6	6.2
Wisconsin	64.9	33.2	31.7	27.2	15.4	11.8	37.7	17.8	19.9
Wyoming	4.7	3.0	1.7	2.7	1.8	.9	2.0	1.2	.8
Total	5,366.2	3,155.9	2,210.3	2,558.7	1,627.2	931.5	2,807.5	1,528.7	1,278.8

[1] Family program costs are actual for calendar year 1968 whereas adult program costs are based on 1 month, and annualized to reflect full-year costs. Figures for adult programs are slightly higher than actual calendar year 1966 experience. Data are for federally assisted programs only; i.e., general assistance programs are not included.

TABLE III.—NET CHANGE IN 1968 FEDERAL AND NON-FEDERAL COSTS OF PUBLIC ASSISTANCE RESULTING FROM COMMITTEE BILL[1] BY STATE AND PROGRAM

[In millions]

	Combined programs			Adult programs			Family programs		
	Total	Federal	Non-Federal	Total	Federal	Non-Federal	Total	Federal	Non-Federal
Alabama	$40.4	$44.4	−$4.0	$19.5	$20.7	−$1.2	$20.9	$23.7	−$2.8
Alaska	.8	1.6	−.8		.4	−.4	.8	1.2	−.4
Arizona	7.9	10.5	−2.6	4.4	3.8	.6	3.5	6.7	−3.2
Arkansas	35.5	35.5		28.1	18.5	9.6	7.4	9.2	−1.8
California	25.1	198.1	−173.0	−5.3	64.6	−69.9	30.4	133.5	−103.1
Colorado	3.9	16.0	−12.1	1.1	6.0	−4.9	2.8	10.0	−7.2
Connecticut	5.1	13.1	−8.0	.3	2.7	−2.4	4.8	10.4	−5.6
Delaware	1.2	2.5	−1.3	.4	.7	−.3	.8	1.8	−1.0
District of Columbia	4.0	6.4	−2.4	2.5	1.8	.7	1.5	4.6	−3.1
Florida	49.0	53.5	−4.5	20.4	19.8	.6	28.6	33.7	−5.1
Georgia	60.5	60.5		45.9	31.8	14.1	14.6	19.8	−5.2
Hawaii	.1	3.7	−3.6	.1	.7	−.6		3.0	−3.0
Idaho	2.3	2.6	−.3	.3	.9	−.6	2.0	1.7	.3
Illinois*	20.3	60.0	−39.7	4.8	11.5	−6.7	15.5	48.5	−33.0
Indiana	14.4	19.3	−4.9	4.9	5.4	−.5	9.5	13.9	−4.4
Iowa	11.3	11.3		2.7	1.7	1.0	8.6	7.8	.8
Kansas	2.4	8.1	−5.7	1.2	3.5	−2.3	1.2	4.6	−3.4
Kentucky	34.7	34.7		25.4	18.0	7.4	9.3	15.0	−5.7
Louisiana	36.3	40.6	−4.4	22.9	18.5	4.4	13.3	22.1	−8.8
Maine	1.8	4.4	−2.6	−.4	.9	−1.3	2.2	3.5	−1.3
Maryland	9.5	20.3	−10.8	8.3	5.6	2.7	1.2	14.7	−13.5
Massachusetts*	1.1	42.3	−41.2	−.7	13.4	−14.1	1.8	28.9	−27.1
Michigan	13.8	40.9	−27.1	1.5	8.9	−7.4	12.3	32.0	−19.7
Minnesota	11.6	16.2	−4.6	1.4	6.9	−5.5	10.2	9.3	.9
Mississippi	85.0	85.0		54.7	34.8	19.9	30.3	32.1	−1.8
Missouri	37.1	37.1		24.2	17.2	7.0	12.9	18.2	−5.3
Montana	1.7	2.8	−1.1	.2	.7	−.5	1.5	2.1	−.6
Nebraska	1.6	4.1	−2.5	.2	1.4	−1.2	1.4	2.7	−1.3
Nevada	1.0	1.8	−.8	−.2	.2	−.4	1.2	1.6	−.4
New Hampshire	1.3	1.4	−.1	−.1	−.1		1.4	1.5	−.1
New Jersey*	29.5	46.5	−17.0	.2	4.2	−4.0	29.3	42.3	13.0
New Mexico	5.5	8.3	−2.8	1.8	2.5	−.7	3.7	5.8	−2.1
New York*	70.5	132.9	−62.4	2.5	27.3	−24.8	68.0	105.6	−37.6
North Carolina	33.1	33.1		18.8	9.8	9.0	14.3	20.7	−6.4
North Dakota	2.1	2.1		.3	.2	.1	1.8	1.3	.5
Ohio	14.5	46.4	−31.9	3.1	13.4	−10.3	11.4	33.0	−21.6
Oklahoma	5.4	14.4	−9.0	5.1	5.8	−.7	.3	8.6	−8.3
Oregon	2.8	8.0	−5.2	1.9	2.4	−.5	.9	5.6	−4.7
Pennsylvania*	18.8	57.7	−38.9	9.9	17.4	−7.5	8.9	40.3	−31.4
Rhode Island*	3.3	6.9	−3.6	.1	1.2	−1.1	3.2	5.7	−2.5
South Carolina	20.7	20.7		12.8	9.5	3.3	7.9	9.1	−1.2
South Dakota	2.3	2.4	−.1	.3	.8	−.5	2.0	1.6	.4
Tennessee	31.4	33.7	−2.3	21.6	16.9	4.7	9.8	16.8	−7.0
Texas	72.6	77.4	−4.8	43.9	42.8	1.1	28.7	34.6	−5.9
Utah	4.1	5.4	−1.3	3.3	2.4	.9	.8	3.0	−2.2
Vermont	1.2	1.3	−.1		.4	−.4	1.2	.9	.3
Virginia	7.5	13.1	−5.6	1.2	2.2	−1.0	6.3	10.9	−4.6
Washington	.8	14.5	−13.7		4.8	−4.8	.8	9.7	−8.9
West Virginia	13.7	15.7	−2.0	6.1	3.7	2.4	7.6	12.0	−4.4
Wisconsin	8.8	17.3	−8.5	.9	3.9	−3.0	7.9	13.4	−5.5
Wyoming	1.1	1.4	−.3	.2	.3	−.1	.9	1.1	−.2
Total	870.3	1,436.1	567.6	402.7	492.8	−90.1	467.6	899.8	−432.2

*These States have extensive General Assistance programs for the working poor. They will derive additional fiscal relief from the Family Assistance Plan beyond what is shown here.

[1] The impact of the saving provision is shown in the combined program columns. States that would otherwise incur costs from the Committee bill are shown as obtaining no fiscal relief. Federal costs are increased by the amount estimated as reimbursable to the State.

TABLE IV.—1968 FEDERAL AND NON-FEDERAL COSTS OF PUBLIC ASSISTANCE BY STATE AND PROGRAM (COMMITTEE BILL)[1]

[In millions]

	Combined programs[2]			Adult programs			Family programs			Payments to "working poor"[3]
	Total	Federal	Non-Federal	Total	Federal	Non-Federal	Total	Federal	Non-Federal	
Alabama	$153.7	$132.2	$21.5	$115.9	$94.4	$21.5	$37.8	$37.8	----------	$75.6
Alaska	6.0	4.4	1.6	2.5	1.7	.8	3.5	2.7	$0.8	2.1
Arizona	35.9	31.9	4.0	17.6	13.7	3.9	18.3	18.2	.1	1.7
Arkansas	93.3	72.8	20.5	76.9	56.4	20.5	16.4	16.4	----------	16.8
California	1,106.7	731.6	375.1	615.1	374.8	240.3	491.6	356.8	134.8	117.6
Colorado	71.7	56.3	15.4	43.8	33.5	10.3	27.9	22.8	5.1	16.8
Connecticut	71.9	43.5	28.4	16.7	10.9	5.8	55.2	32.6	22.6	12.6
Delaware	11.0	8.9	2.1	3.4	2.5	.9	6.6	7.4	1.2	4.2
District of Columbia	24.2	18.0	6.2	9.9	6.2	3.7	14.3	11.8	2.5	8.4
Florida	141.4	126.0	15.4	77.6	64.0	13.6	63.8	62.0	1.8	73.5
Georgia	175.6	141.4	34.2	125.6	93.9	31.7	50.0	47.5	2.5	81.9
Hawaii	15.9	11.5	4.4	4.7	3.0	1.7	11.2	8.5	2.7	----------
Idaho	14.3	10.7	3.6	5.5	4.4	----------	1.1	8.8	6.3	6.3
Illinois	248.6	184.0	64.6	75.0	56.6	18.4	173.6	127.4	46.2	6.3
Indiana	48.1	40.6	7.5	18.0	15.3	2.7	30.1	25.3	4.8	77.7
Iowa	77.1	48.7	28.4	38.4	23.0	15.4	38.7	25.7	13.0	42.0
Kansas	45.0	32.5	12.5	21.2	15.1	6.1	23.8	17.4	6.4	31.5
Kentucky	128.1	104.9	23.2	80.8	60.8	20.0	47.3	44.1	3.2	23.1
Louisiana	193.2	160.2	33.0	139.0	106.0	33.0	54.2	54.2	----------	60.9
Maine	20.6	18.0	2.6	10.2	8.9	1.3	10.4	9.1	1.3	69.3
Maryland	84.3	64.7	19.6	30.6	19.7	10.9	53.7	45.0	8.7	12.6
Massachusetts	183.7	119.9	63.8	74.6	51.0	23.6	109.1	68.9	40.2	29.4
Michigan	177.6	128.0	49.6	60.0	44.7	15.3	117.6	83.3	34.3	33.6
Minnesota	79.6	55.9	23.7	29.0	23.0	6.0	50.6	32.9	17.7	67.2
Mississippi	143.7	114.9	28.8	102.8	74.0	28.8	40.9	40.9	----------	35.7
Missouri	171.3	129.7	41.6	122.0	84.4	37.6	49.3	45.3	4.0	63.0
Montana	10.6	8.8	1.8	4.7	3.9	.8	5.9	4.9	1.0	56.7
Nebraska	21.4	17.2	4.2	9.0	7.8	1.2	12.4	9.4	3.0	8.4
Nevada	6.6	5.6	1.0	2.4	1.9	.5	4.2	3.7	.5	16.8
New Hampshire	11.6	7.6	4.0	7.0	4.2	2.8	4.6	3.4	1.2	2.1
New Jersey	165.7	103.0	62.7	29.2	20.1	9.1	136.5	82.9	53.6	35.7
New Mexico	33.1	29.4	3.7	14.2	12.0	2.2	18.9	17.4	1.5	14.7
New York	964.5	574.8	389.7	178.7	115.4	63.3	785.8	459.4	326.4	126.0
North Carolina	126.2	100.4	25.8	77.9	53.9	24.0	48.3	46.5	1.8	98.7
North Dakota	13.7	9.7	4.0	6.3	4.5	1.8	7.4	5.2	2.2	8.4
Ohio	183.1	155.0	28.1	72.4	61.6	10.8	110.7	93.4	17.3	81.9
Oklahoma	130.4	105.2	25.2	92.8	70.5	22.3	37.6	34.7	2.9	35.7
Oregon	33.8	26.1	7.7	12.8	9.3	3.5	21.0	16.8	4.2	14.7
Pennsylvania	248.1	187.0	61.1	93.8	63.6	30.2	154.3	123.4	30.9	102.9
Rhode Island	25.4	19.1	6.3	5.7	5.2	.5	19.7	13.9	5.8	10.5
South Carolina	45.0	38.1	6.9	30.2	23.3	6.9	14.8	14.8	----------	56.7
South Dakota	14.2	11.0	3.2	4.9	4.2	.7	9.3	6.8	2.5	10.5
Tennessee	110.3	95.0	15.3	68.7	53.5	15.2	41.6	41.5	.1	75.6
Texas	283.9	240.2	43.7	221.3	178.0	43.3	62.6	62.2	.4	161.7
Utah	22.4	18.1	4.3	9.4	7.1	2.3	13.0	11.0	2.0	8.4
Vermont	12.2	8.8	3.4	5.6	4.3	1.3	6.6	4.5	2.1	4.2
Virginia	45.9	41.4	4.5	16.9	13.8	3.1	29.0	27.6	1.4	63.0
Washington	71.3	53.3	18.0	30.0	24.6	5.4	41.3	28.7	12.6	21.0
West Virginia	55.1	47.6	7.5	19.7	14.0	5.7	35.4	33.6	1.8	33.6
Wisconsin	73.7	50.5	23.2	28.1	19.3	8.8	45.6	31.2	14.4	33.6
Wyoming	5.8	4.4	1.4	2.9	2.1	.8	2.9	2.3	.6	2.1
Total	6,236.5	4,548.5	1,688.0	2,961.4	2,120.0	841.4	3,275.1	2,428.5	846.6	2,057.6

[1] Estimates include impact of 15-percent social security increase and $4 "pass through" as well as effects of committee bill. Federal payments in family programs are the costs of FAP payments to current recipients (plus UF cases where States do not now have such programs) plus 30 percent of the estimated State supplements.

[2] Does not include estimated payments to the working poor.

[3] These payments are very crudely estimated on the basis of the distribution of poverty among the States in 1960.

TABLE V.—SUMMARY OF COST CHANGES, CURRENT PROGRAMS VERSUS COMMITTEE BILL. CALENDAR YEAR 1968

[In billions of dollars]

	Total	Family programs	Adult programs
1. Actual 1968 costs:			
Total	5.4	2.8	2.6
Federal	3.2	1.5	1.7
State and local	2.2	1.3	.9
2. Estimated 1968 costs under committee bill:			
Total	8.3	5.3	3.0
Federal, subtotal	6.6	4.5	2.1
Recipients in present categories	4.5	2.4	2.1
"Working poor"	2.1	2.1	
State and local	1.7	.8	.8
3. Changes in cost under committee bill:			
Total	2.9	2.5	.4
Federal, subtotal	3.4	3.0	.4
Recipients in present categories	1.3	.9	.4
"Working poor"	2.1	2.1	
State and local	−.5	−.5	
4. Increased income of recipients under committee bill:			
Total	2.9	2.5	.4
Recipients in present categories	.8	.4	.4
"Working poor"	2.1	2.1	

Note: Detail may not add due to rounding.

ALTERNATIVE BENEFIT LEVELS CONSIDERED

Your committee also considered the basic elements affecting the cost and coverage of plans like the family assistance plan. These elements are: (1) the amount of benefit provided to a family with no other income (the basic benefit level); (2) the rate at which this benefit level is reduced by the presence of earnings (the disregard formula or marginal tax rate); and (3) the level of family income at which it is no longer eligible for any benefit (the breakeven point). Any two of these elements determine the third.[1] They thus also determine the cost of the plan and the number of eligible families.

Raising the basic benefit level is consistent with the desire to provide more adequate support for those families who have no other means of support. Increasing it $100, however, and keeping other parts of the family assistance plan the same, raises the family breakeven point by $200, increases the cost by $500 million and the number of eligible families by 300 thousand. The cost of such increases in general gets progressively higher; i.e. each additional $100 in the basic benefit costs more than the preceding one. The costs and number of eligible families under plans otherwise identical to the family assistance plan, but with different basic benefit levels are shown below. The costs shown are gross costs and are not directly comparable to the net costs shown above.

[1] Actually, the basic benefit level and the breakeven point jointly determine only the average tax rate; a variable marginal tax rate, low in certain ranges of income and high in others, can be designed to produce any necessary average.

TABLE VI—ESTIMATED GROSS COSTS OF FAMILY ASSISTANCE PLAN AT DIFFERENT BENEFIT LEVELS,[1] CALENOAR YEAR 1968

[Oollars in billions]

Basic benefit level[2]	Federal expenditures			State fiscal relief[3]
	Total	Payments to families with children	30 percent matching of supplementals	
$1,600	$4.4	$4.0	$0.4	$0.4
$1,700	4.9	4.5	.4	.4
$1,800	5.2	4.9	.3	.5
$2,200	7.4	7.2	.2	.7
$2,400	8.9	8.7	.2	.8
$3,000	15.5	13.4	.1	1.0
$3,600	20.7	20.7	----------	1.2

[1] Cost figures are for families with children only; i.e., they do not include costs of changes in adult categories. Administrative costs are not included.
[2] The proportion of the $500 for the first two members to $300 for additional members in the $1,600 plan is maintained at the higher benefit levels.
[3] Ooes not include fiscal relief from savings in general assistance programs.

Raising the marginal tax rate, thereby lowering the breakeven point, is consistent with the desire to reduce costs and prevent families with moderately higher incomes from becoming eligible for benefits. But it is inconsistent with the desire to provide positive financial incentives for work. For example, your committee's bill permits the first $60 per month of earned income to be completely disregarded in determining a family's benefit under the family assistance plan. Deleting this particular provision would reduce the cost of the bill by $840 million. Unfortunately, it would also produce many situations in which family heads would find themselves with less total disposable income when working than when not working. This is because expenses are incurred by going to work. In fact, the figure $60 was chosen because it represents the average amount of work related expenses as determined by studies of the Department of Labor. Your committee finds that providing this disregard is necessary if appropriate work incentives are to be maintained. It also finds that providing a flat amount is preferable to existing law, which places no ceiling on the allowable deductions for work related expenses which States may permit in their current AFDC programs. Providing incentives for work is one thing; encouraging workers to take jobs which, in the absence of a family assistance or AFDC program, would yield them very little additional net income is quite another.

Your committee recognizes that there is little empirical information with which to decide precisely the appropriate marginal tax rate or benefit reduction formula. It is unfortunate that there is little more information today then there was when your committee was considering the 1967 amendments to the Social Security Act.

Beyond the basic disregard of $60 a month, your committee's bill provides that family assistance benefits be reduced 50 cents for each additional dollar of earnings. State supplementary payments to families eligible for them will be reduced by 17 cents for each dollar of additional earnings, if the family is receiving family assistance benefits. The combined effect of the two reduction formulas is that families receiving both family assistance and State supplementary benefits will have their total benefits reduced by 67 cents for each dollar of earnings above $60. Families whose incomes are sufficiently high that

they are no longer eligible for family assistance benefits but are still eligible for some State supplementary payment will have their benefits reduced 80 cents for each additional dollar of earnings above the family assistance break-even point.

EXTENSION OF FAMILY ASSISTANCE TO SINGLE ADULTS AND CHILDLESS COUPLES

Your committee investigated the cost and coverage implications of extending the family assistance plan concept to couples and unrelated individuals. With a basic benefit level of $500 per year for a single individual and $1,000 for a couple, family assistance gross payments would increase by $1 billion and the number of persons covered by 4.5 million. Of course, net additional costs would be somewhat less, as the costs of the adult categories would decline. However, there would still have to be a substantial amount of Federal sharing of State supplementary payments within these categories, since the family assistance plan extended in this way would come nowhere near replacing the present Federal share of costs. (The present average annual Federal cost per OAA recipient is approximatley $565; under an extended family assistance plan concept, the average direct Federal payment would be less than $300.) Further, every State would have to supplement the Federal payments to the aged, blind, and disabled because the maximum Federal payment to an individual with no other income would be $41.66 per month. Because of the cost, and because no substantial improvements in the adult categories would be derived, your committee does not believe it wise to extend the family assistance plan concept to childless couples and unrelated individuals.

FINANCING ADULT ASSISTANCE PROGRAM

Your committee's bill does make several substantial improvements in the adult categories although it does not revise the basic nature of the program.

The administration had proposed a new Federal matching formula of 100 percent of the first $50, 50 percent of the next $15, and 25 percent thereafter (of the average payment per recipient). Your committee's bill proposes that the formula be 90 percent of the first $65 and 25 percent thereafter. This increases the Federal cost by about $30 million but prevents possible situations in which a State might make no contribution.

The administration had proposed a minimum income standard in the adult categories of $90 per month per recipient. (A minimum income standard requires the State to make payments to individuals, which in combination with the individual's other income, equals the minimum standard.) Your committee's bill has a minimum income standard of $110 a month per recipient.

It should be noted that the administration proposals were submitted prior to the recently enacted social security benefit increase. Since many of the recipients in the adult categories also receive social security benefit payments, changes in the latter program affect the Federal costs of public assistance. The savings due to the social security increase are estimated to be about $100 million. These savings, along with other changes in the administration proposal, offset the increased cost of raising the minimum income standard.

Your committee explored the cost implications of minimum income standards above $110 per month. It finds that they would require substantial additional Federal expenditures and require changes in the proposed Federal matching formula. The latter change would be necessary to protect the States from incurring costs that would not be offset by other provisions of your committee's bill[1]. The cost implications of higher minimum income standards are shown below.

TABLE VII.—CHANGES IN ANNUAL FEDERAL AND STATE EXPENDITURES IN ADULT CATEGORY PROGRAMS FOR DIFFERENT MINIMUM INCOME STANDARDS, CALENDAR YEAR 1968

[In millions of dollars]

Minimum income standard	Change in expenditures [1]		
	Total	Federal	State and local
$110	400	490	−90
$120	600	540	60
$130	820	600	220
$140	1,060	660	400
$150	1,310	720	590

[1] Federal share of average payments: 90 percent of the first $65 and 25 percent thereafter.

FEDERAL CONTROL OF COSTS

Your committee has been concerned in recent years about the open-ended public assistance matching formula and the indications that the costs of the present welfare program, if the program is left unchanged, will continue to spiral upwards. The bill represents an effort to gain control over these ever-increasing costs. Under existing legislation, the Federal Government has virtually no control over welfare expenditures. This is especially true where States have elected to use the Federal matching formula provided by title XIX of the Social Security Act. Under that formula there is no limit on the extent to which the States can raise benefit levels or permit their caseloads to increase, and still receive 50 percent or higher Federal matching of their welfare costs. In contrast, substantial Federal control over welfare costs is achieved through three separate provisions of your committee's bill: (1) the basic benefit levels in the family assistance plan can only be changed by congressional action; (2) the Federal Government will only share in the States' supplementary payments that result from the use of a need standard at or below the poverty level; and (3) the Secretary of Health, Education, and Welfare can establish an upper limit to the Federal Government's matching of State costs in the adult category programs.

The Department of Health, Education, and Welfare has not provided detailed estimates of the costs of H.R. 16311 for periods later than calendar year 1968. (Procedures developed by the Department for estimating costs were devised during 1969 when the only available data was for 1968.) The Department has indicated that it will provide more current estimates as soon as possible. In the meantime, it is possible to indicate how the costs of public assistance might change under your committee's bill over time.

[1] The saving provision would, of course, protect the States. But at higher minimum income standards many more States would be eligible for reimbursement under this clause.

Under your committee's bill, the cost components of maintenance payments are different than under existing legislation. Family assistance gross payments are direct Federal payments to low-income families with children. In addition, there will be a 30-percent Federal matching of State supplementary payments. These two components constitute an approximate counterpart to the present Federal share of payments in the aid to families with dependent children program. Under your committee's bill, the Federal share of the adult category costs is more generous but otherwise unchanged.

Potential increases or decreases in these costs components are discussed below.

Total gross family assistance payments will be determined by the number of low-income families with children and their income other than assistance. With constant benefit levels, as population increases, costs increase; as incomes increase, costs decrease. If the earned income of the working poor continues to increase as it has in the past, the savings will more than offset the impact of increasing population. Preliminary studies of the Department of Health, Education, and Welfare indicate that gross payment costs are likely to decline at the annual rate of about $70 to $100 million per year. These estimates do not allow for the impact of the training programs, disincentive effects, a change in the rate of family breakup, or changes in the rate of unemployment.

The cost of the 30 percent Federal matching of State supplemental payments is likely to increase over time—barring an abrupt reversal of recent trends in public assistance. The Department of Health, Education, and Welfare has indicated that, were these trends to continue, this cost component would increase about $120 to $150 million per year.

The rate of increase in the costs of the adult categories is unlikely to be affected by your committee's bill. However, that rate would now be applied to a larger Federal share. Based on recent trends, the Department of Health, Education, and Welfare indicated that the Federal costs in the adult categories under your committee's bill are likely to increase about $210 million per year. (The Secretary of Health, Education, and Welfare could place a ceiling on Federal participation in the adult categories. Such a ceiling would only affect a few States with high payments.)

A summary of potential annual changes in Federal costs under your committee's bill is shown below.

TABLE VIII.—*Potential annual changes in cost under committee bill*[1]

Item	*Annual cost change (million)*
Reduced cost of family assistance plan gross payments	$85
Increased cost of 30 percent Federal matching of State supplemental payments	135
Increased costs in adult category program	210
Total	260

[1] Assumes that the basic benefit level of $500 for the first two family members and $300 for each additional member in the family assistance plan remains unchanged. For illustrative purposes only, estimates also assume that present trends in public assistance are not changed by the provisions of H.R. 16311.

Under the Department's assumptions that (1) the recent growth in caseload and costs will continue unabated, (2) that the levels of family assistance payments will remain unchanged, and (3) that if the present

system were continued the States would be willing to pick up a larger share of these increased costs, the net additional costs of your committee's bill in 1975, as estimated by the Department, is shown in the following table:

TABLE IX.—POTENTIAL FEDERAL COSTS UNDER COMMITTEE BILL COMPARED TO EXISTING LEGISLATION, 1971–75[1]

[In billions of dollars]

	1971	1972	1973	1974	1975
Committee bill:					
Payments to families with children	3.8	3.8	3.7	3.6	3.5
30 percent matching of State supplementals	.8	.9	1.0	1.2	1.3
Subtotal	4.6	4.7	4.7	4.8	4.8
Federal share of adult category cost	2.7	2.9	3.2	3.4	3.6
Total	7.3	7.6	7.9	8.2	8.4
Existing legislation:					
Federal share of AFDC	2.5	2.9	3.4	3.9	4.5
Federal share of adult categories	2.0	2.3	2.5	2.7	2.8
Total	4.5	5.2	5.9	6.6	7.3

[1] Assumes that, with constant benefit levels, family assistance gross payment decline slightly. Other cost items are assumed to increase at the same rate as they have during the last 3 years (see discussion in text above).

Your committee believes that the additional restraints on State expenditures, a decrease in family breakup, increased activities to obtain support from parents, and the impact of work and training programs provided for in the bill will materially affect the present rapidly increasing costs of public assistance, thereby reducing the actual net additional costs somewhat below those shown above.

V. SECTION-BY-SECTION ANALYSIS OF THE BILL

The first section contains the short title of the bill—the "Family Assistance Act of 1970"—and the table of contents.

TITLE I—FAMILY ASSISTANCE PLAN

SECTION 101. ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

Section 101 of the bill amends title IV of the Social Security Act by adding parts D, E, and F to establish a new family assistance plan. Part D provides for the payment of family assistance benefits by the Secretary of Health, Education, and Welfare; part E provides for State supplementation of these benefits; and part F contains administrative provisions.

PART D—FAMILY ASSISTANCE PLAN

SECTION 441. APPROPRIATIONS

Section 441 authorizes the appropriation each year of a sum sufficient to carry out part D, for the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children in a manner which will strengthen family life, encourage work training and self-support, and enhance personal dignity.

SECTION 442. ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

Eligibility

Section 442(a) provides that each family (as defined in section 445) whose income other than that excluded under section 443(b) is less than $500 per year for each of the first two family members plus $300 per year for each additional member, and whose resources other than those excluded under section 444 are less than $1,500, will be paid a family assistance benefit.

Amount

Section 442(b) provides that the amount of the family assistance benefit is $500 per year for each of the first two family members plus $300 per year for each additional member, reduced by the amount of the family's income not excluded under section 443(b).

Period for determination of benefits

Section 442(c)(1) provides that a family's eligibility for family assistance benefits, and the amount of such benefits, is to be determined for each calendar quarter by the Secretary of Health, Education, and Welfare on the basis of his estimates of the family's income for such quarter, taking into account income for an earlier period and any likely changes in conditions which would affect the family's eligibility or the amount of the benefits. Redeterminations for any quarter are to be made at such times as the Secretary may prescribe, effective prospectively.

Section 442(c)(2) provides that the Secretary may reduce a family's assistance benefits for a quarter if the family files its application for such benefits after that quarter begins.

Section 442(c)(3) provides that the Secretary may, for purposes of determining eligibility for and amount of family assistance benefits, consider income actually received in one period (or expenses incurred in earning income in one period) to have been received (or incurred) in another.

Special limits on gross income

Section 442(d) provides that the Secretary by regulation may prescribe circumstances under which gross income from a trade or business (including farming) is large enough to preclude eligibility for family assistance benefits.

Puerto Rico, the Virgin Islands, and Guam

Section 442(e) is a cross-reference to section 1108(e) of the Act (as added by section 403 of the bill), which sets out the special method by which family assistance benefits are to be determined for families in Puerto Rico, the Virgin Islands, and Guam.

SECTION 443. INCOME

Meaning of income

Section 443(a) provides that, for purposes of the family assistance benefit program, income means both earned and unearned income.

(1) Earned income is defined in paragraph (1) as—

(A) remuneration from employment (i.e., remuneration for services performed as an employee (as defined in section 210(j) of the Act)), but excluding—

(i) payments (described in section 209(b) of the Act) made to an employee or his family on account of retirement, sickness, or accident, medical or hospital expenses, or death, under a plan or system, and payments on an employee's behalf into such a system (with the payments being counted as unearned income when made to the employee or his family out of the plan or system, but not being counted as either earned or unearned income when made by the employer into the plan or system),

(ii) payments (described in section 209(c)) made to an employee on account of retirement but not under a plan or system,

(iii) payments (described in section 209(d)) made on account of sickness or accident disability, or medical or hospital expenses in connection with sickness or accident disability, not under a plan or system, after the six calendar months following the month in which the employee last worked (with payments during the first six months being counted as earned income),

(iv) payments (described in section 209(f)) made by an employer for unemployment compensation,

(v) payments (described in section 209(k)) made by an employer on account of moving expenses of an employee,

(vi) payments for certain services actually performed as an employee but treated as self-employment; and

(B) net earnings from self-employment as defined in section 211 of the Act (except for that part of section 211 which deals with the optional definition of net earnings from farming), including certain services performed by ministers, Christian Science practitioners, and members of religious orders, and by certain members of religious faiths who have received an exemption from coverage.

(2) Unearned income is defined in paragraph (2) as all income other than earned income (as defined in paragraph (1)), including specifically any payments received as annuity, pension, retirement, or disability benefits, veterans' or workmen's compensation, old-age, survivors, and disability insurance benefits, railroad retirement benefits, unemployment benefits, prizes, awards, life insurance policy proceeds, gifts (cash or otherwise), support and alimony payments, inheritances, rents, dividends, interest, and royalties.

Exclusions from income

Section 443(b) provides that the following are to be excluded in determining a family's income:

(1) Earned income of a child regularly attending school, subject to limitations (as to amount or otherwise) prescribed by the Secretary of Health, Education, and Welfare;

(2) the total unearned income of the family in a calendar quarter which (as determined under criteria prescribed by the Secretary) is received too infrequently or irregularly to be included, if such unearned income does not exceed $30 in the quarter, and the total earned income of the family in a calendar quarter which (as determined under such criteria) is received too irregularly or infrequently to be included, if such earned income does not exceed $30 in the quarter;

(3) part or all of any earned income which (under regulations prescribed by the Secretary) is necessary to pay the cost of child care so that the family member incurring such cost can participate in manpower training, vocational rehabilitation, employment, or self-employment;

(4) the first $720 a year (or proportionately smaller amounts for shorter periods) of the total earned income (not previously excluded) of all family members plus one-half of the remainder;

(5) food stamps or other assistance (not including veterans' pensions) which is based on need and is furnished by a State or locality or a Federal agency, or by a private charitable organization (as determined by the Secretary);

(6) the training and other allowances provided under the new section 432(a) (discussed below);

(7) the tuition and fees portion of any scholarship or fellowship at an educational institution; and

(8) home produce produced and used by the family.

SECTION 444. RESOURCES

Exclusions from resources

Section 444(a) provides that, in determining a family's resources, its home, household goods, and personal property are to be excluded, along with any other property which the Secretary of Health, Education, and Welfare determines by regulation is essential to the family's means of self-support.

Disposition of resources

Section 444(b) directs the Secretary, by regulation, to prescribe the period or periods within which, and the manner in which, a family's property must be disposed of in order not to be included in determining the family's eligibility for family assistance benefits. Any benefits paid during such a period are to be conditioned on such disposal and considered overpayments (and therefore recoverable) to the extent that they would not have been paid had the disposal occurred at the beginning of the period for which the benefits were paid.

SECTION 445. MEANING OF FAMILY AND CHILD

Composition of family

Section 445(a) defines a family (for purposes of parts A, C, and E as well as the family assistance benefit program) as two or more people who are related by blood, marriage, or adoption and who are residents of the United States living together in a place of residence maintained as a home by one or more of them. At least one of the family members must be a child who is not married to another family member and who is in the care of, or dependent upon, another family member. A parent (of a child living in the place of residence), or a spouse of such a parent, who is determined by the Secretary of Health, Education, and Welfare to be temporarily absent from the place of residence in order to engage in or seek employment or while he is in the military service is to be considered as living in the residence.

Definition of child

Section 445(b) defines a child (for purposes of parts C and E as well as the family assistance benefit program) as an individual who is under

age 18, or is under age 21 and (as determined by the Secretary under regulations) a student regularly attending a school, college. or university or a course of training in preparation for employment.

Determination of family relationships

Section 445(c) provides that in determining whether two individuals are related by blood, marriage, or adoption, appropriate State law is to be applied.

Income and resources of noncontributing individual

Section 445(d) provides that the income and resources of an individual other than a parent or the spouse of a parent which (as determined under criteria prescribed by the Secretary) is not available to other members of the family is to be excluded in determining the family's eligibility for and amount of benefits, and an individual (other than such a parent or spouse) any of whose income and resources is not available to a family will not be considered a member of the family (except that if such individual is a child who would otherwise be considered a member of the family, he will be considered a member of the family for purposes of determining the family's eligibility (but not the amount of its benefit)).

Recipients of aid to the aged, blind, and disabled ineligible

Section 445(e) provides that an individual who is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI of the Act (as amended by section 201 of the bill), or whose needs are taken into account in determining the need of another individual receiving such aid, will not be considered a member of a family for purposes of determining the amount of the family's benefits.

SECTION 446. PAYMENTS AND PROCEDURES

Payments of benefits

Section 446(a)(1) provides that family assistance benefits are to be paid at such times and in such installments as the Secretary of Health, Education, and Welfare determines.

Section 446(a)(2) provides that a family's benefits may be paid to any one or more family members, or (on behalf of the family, if the Secretary deems it appropriate) to another person who is interested in or concerned with the family's welfare.

Section 446(a)(3) allows the Secretary to prescribe regulations establishing ranges of incomes within which single amounts of family assistance benefits will apply.

Overpayments and underpayments

Section 446(b) provides that when more or less than the correct amount of family assistance benefits has been paid to a family the Secretary will make proper adjustments by increases or decreases future payments or by recovery from or payment to one or more individuals who are or were members of the family, with appropriate provision to avoid penalizing family members who were without fault if adjustment or recovery would defeat the purpose of the program, be against equity or good conscience, or impede efficient or effective administration.

Hearings and review

Section 446(c)(1) provides that the Secretary will furnish reasonable notice and opportunity for a hearing to any person who is or claims to be a family member and is in disagreement with a determination on eligibility for family assistance benefits, the amount of the benefits, or the number of persons in the family, if a request for such hearing is made within thirty days after notice of the determination is received. If payments of benefits are already being made to the family, they will be continued until a determination is made on the basis of the hearing (or the claim is otherwise disposed of), but any benefits so paid will be considered overpayments (and therefore recoverable) if the determination is that they were incorrectly paid.

Section 446(c)(2) provides that a determination by the Secretary must be made within ninety days after the individual requests the hearing.

Section 446(c)(3) provides that a final determination by the Secretary after a hearing will be subject to judicial review as provided under section 205(g) of the Act except that all determinations of fact on the basis of such hearing will be conclusive and not subject to review by any court.

Procedures; prohibition of assignments

Section 446(d) provides that sections 206 and 207 of the Act, and subsections (a), (d), (e), and (f) of section 205 of the Act, will apply with respect to family assistance benefits the same as they apply to OASDI benefits. Section 206 of the Act authorizes the Secretary to prescribe rules and regulations governing representation of claimants and to prescribe maximum fees which may be charged for services performed in connection with any claim. Section 207 of the Act provides that the right of any person to future payments will not be transferable or assignable or subject to execution, levy, attachment, garnishment, or other legal process. Subsections (a), (d), (e), and (f) of section 205 of the Act give the Secretary the authority to make rules and regulations concerning evidence and the submission thereof, and to issue subpoenas for the purpose of any hearing, investigation, or other procedure.

Applications and furnishing of information by families

Section 446(e)(1) provides that the Secretary is to prescribe regulations with respect to the filing of applications, the furnishing of information, and the reporting of events and circumstances, as necessary to determine eligibility for and amount of family assistance benefits.

Section 446(e)(2) provides that in order to encourage prompt reporting of events and circumstances relevant to eligibility for and amount of benefits and more accurate estimates of expected income or expenses the Secretary may treat as overpayments all or part of any payments made for a period during which there was a failure or delay in reporting, or inaccurate reporting of information on which the estimates of income or expenses were based.

Furnishing of information by other agencies

Section 446(f) provides that the head of any Federal agency is to furnish the Secretary any information needed for determining eligi-

bility for or amount of family assistance benefits or for verifying other information.

SECTION 447. REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

Section 447(a) provides that every individual who is a member of an eligible family and who is not excepted by section 447(b) must register with the local State public employment office for manpower services, training, and employment as provided by regulations of the Secretary of Labor. If and for so long as any individual fails to register as required, he will not be considered a family member for purposes of determining his family's eligibility for or amount of benefits but his income will be counted as family income in the regular way; except that if he is the only family member other than a child he will be considered a family member for purposes of determining the family's eligibility for benefits (but not their amount). No part of any family assistance benefit may be paid to any individual who fails to register for manpower services, training, or employment as required; but the Secretary may, if he deems appropriate, pay the benefits due the family to any person, other than a member of the family, who is interested in or concerned with the welfare of the family.

Section 447(b) provides that an individual will not be required to register for manpower services, training, or employment if the Secretary determines that such individual is (1) unable to engage in work or training by reason of illness, incapacity, or advanced age, (2) a mother or other relative of a child under the age of six who is caring for such child, (3) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and is not otherwise exempted from the requirement of registration, so long as such father or other adult male relative has not refused to register or to participate in work or training, (4) a child under age 16 or in school, or (5) one whose presence in the home is required because of the illness or incapacity of another member of the household. An individual who is not required to register for manpower services, training, or employment may nevertheless register if he so desires.

Section 447(c) directs the Secretary in all appropriate cases to make provision for furnishing child care services for individuals registered for or participating in manpower services, training, employment, or vocational rehabilitation under the program.

Section 447(d) provides that the Secretary will refer to the appropriate State agency for vocational rehabilitation services any individual who is a family member and who is not required to register for manpower services, training, or employment because of incapacity. Review of such individual's incapacity and need for rehabilitation services will be made as necessary (except for individuals determined to be permanently and totally disabled) but not less often than quarterly. If the individual refuses without good cause to accept rehabilitation services, he will be treated as though he were an individual who refused to register for manpower services, training, or employment when required to do so.

SECTION 448. DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

Section 448(a) provides that any individual who is a family member and has registered for manpower services, training, or employment pursuant to section 447 but who refuses without good cause (as determined after a hearing by the Secretary of Labor, whose decision is final and nonreviewable) to participate in suitable manpower services, training, or employment will not be considered a family member for purposes of determining his family's eligibility for or amount of benefits but his income will be counted as family income in the regular way; except that if he is the only family member other than a child he will be considered a family member for purposes of determining the family's eligibility for benefits (but not their amount). No part of any family assistance benefit may be paid to any individual during a period when he has without good cause refused manpower services, training, or suitable employment as required; but the Secretary may, if he deems appropriate, pay the benefits due the family to any person, other than a member of the family, who is interested in or concerned with the welfare of the family.

Section 448(b) provides that in determining whether employment is suitable for an individual (for purposes of part C (relating to manpower services, training, employment, etc.), as well as for purposes of section 448(a)), the Secretary of Labor will consider the degree of risk to the individual's health and safety, his physical fitness for the work, his prior training, experience, and earnings, the length of his unemployment, his prospects for obtaining work based upon his potential and the availability of training opportunities, and the distance of the available work from his residence. In addition, employment is not to be considered suitable for an individual (1) if the job offered is vacant due to a labor dispute, (2) if the wages, hours, or other conditions of the work offered are contrary to or less than those prescribed by law or substantially less favorable than those prevailing for similar work in the locality, or (3) if, as a condition of employment, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

SECTION 449. TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

Section 449 provides that the Secretary of Health, Education, and Welfare will to the extent provided by agreement with the Secretary of Labor pay to the Secretary of Labor such amounts as would be paid as family assistance benefits to individuals participating in public or private employer-compensated on-the-job training programs if such individuals were not participating in such training. Sums so paid to the Secretary of Labor will be available to pay the costs of such on-the-job training programs.

PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

SECTION 451. PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

Section 451 provides that a State must enter into an agreement with the Secretary of Health, Education, and Welfare to supplement the

family assistance payments made under part D of title IV in order to become or remain eligible for Federal payments under part A (services to needy families with children) and part B (child-welfare services) of such title, or under title V (maternal and child health, and crippled children's services), title XVI (aid to the aged, blind, and disabled), or title XIX (medical assistance), except in the case of the working poor—i.e., except in the case of families where both parents are present, neither is incapacitated, and the father is not unemployed.

SECTION 452. ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY PAYMENTS

Section 452(a) provides that eligibility for and the amount of a State's supplementary payments will be determined generally under the rules and regulations applicable to the Federal family assistance payments and by applying the State's standard of need and payment limitations as in effect (and in compliance with the requirements of part A) in January 1970, unless the State chooses to apply a higher standard; except that supplementary payments are not required in any case above the applicable poverty level determined under section 453(c) (discussed below). The resulting amount is to be reduced by the family assistance payment (if any) and by any income not excluded under section 443(b) (except for the first $720 a year of the family's earned income and one-half of its remaining earned income) or under section 452(b). Any limitations imposed by the State on the amount of aid paid must not (in combination with the other plan provisions) be more stringent in result than those in effect in January 1970. If the State plan provides for meeting less than 100 percent of its need standard or for considering less than 100 percent of requirements in determining need, the Secretary will by regulation prescribe the method to be used to ensure that these results are achieved.

Section 452(b) provides that in computing the amount of a family's supplementary payments, a State will disregard (1) $720 of the family's earned income, plus (2) one-third of its earned income between $720 and twice the amount of its family assistance benefit prior to any reduction for income, plus (3) at least one-fifth of any remaining earned income.

Section 452(c) requires that a State agreement for payment of supplementary benefits must provide for—

(1) statewide application of the agreement,

(2) administration or supervision by a single State agency,

(3) an opportunity for a fair hearing before the State agency for any individual whose claim is denied or is not promptly acted upon,

(4) methods of administration necessary for the proper and efficient operation of the State agreement, and training and effective use of a paid subprofessional staff with emphasis on employment of recipients of supplementary payments,

(5) reporting to the Secretary as required,

(6) safeguards to protect the confidentiality of information, and

(7) an opportunity for all to apply for benefits, and payments with reasonable promptness.

SECTION 453. PAYMENTS TO STATES

Section 453(a)(1) provides that the Secretary of Health, Education, and Welfare will pay each State 30 percent of the amount expended by it each fiscal year for supplementary payments, not counting that part of such payment to any family which exceeds the difference between (A) the applicable poverty level (determined under section 453(c)) and (B) the family assistance benefit payable to the family plus any income of the family not disregarded in computing the supplementary payment.

Section 453(a)(2) provides that the Secretary will pay each State one-half of its administrative costs incurred in carrying out the agreement for supplementary payments.

Section 453(b) provides that payments to States under section 453(a) will be made at such times and in such installments as the Secretary determines.

Section 453(c)(1) provides that the "poverty level" for a family of any given size is the amount shown for a family of that size in the following table, adjusted as provided in section 453(c)(2):

Family size	*Basic amount*
One	$1,920
Two	2,460
Three	2,940
Four	3,720
Five	4,440
Six	4,980
Seven or more	6,120

Section 453(c)(2) provides that between July 1 and September 30 of each year (beginning with 1970) the Secretary is to adjust the amount shown for each size of family in the table by increasing such amount by the percentage by which the average level of the price index for the second calendar quarter of such year exceeds the average level of the price index for months in 1969, and is to promulgate the adjusted amounts as the poverty levels for families of various sizes. The new amounts will apply for the fiscal year beginning July 1 after such promulgation.

Section 453(c)(3) defines the term "price index" to mean the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

SECTION 454. FAILURE BY STATE TO COMPLY WITH AGREEMENT

Section 454 provides that the Secretary of Health, Education, and Welfare may withhold all or an appropriate part of the payments he would otherwise make to a State if, after notice and opportunity for a hearing, he finds the State is failing to comply with its agreement.

PART F—ADMINISTRATION

SECTION 461. AGREEMENTS WITH STATES

Section 461(a) provides that the Secretary of Health, Education, and Welfare may enter into an agreement with any State to make the supplementary payments on its behalf, or perform functions related to the making of such payments, or both. The State would pay the Secretary the amount of the supplementary payments less

the Federal share of such payments under section 453(a), and could request joint audit of such payments.

Section 461(b) provides that the Secretary may enter into an agreement with any State under which the State will make family assistance payments on behalf of the Secretary with respect to all or specified families in the State, or perform other functions as agreed upon. The State would be paid the cost of carrying out the agreement.

SECTION 462. PENALTIES FOR FRAUD

Section 462 provides penalties for fraud, with respect to family assistance benefits and supplementary payments, similar to those provided in section 208 of the Act with respect to OASDI benefits.

SECTION 463. REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

Section 463(a) provides that the Secretary of Health, Education, and Welfare is to make an annual report to the President and the Congress on the operation of the family assistance benefit and supplementary payment programs.

Section 463(b) authorizes the Secretary to conduct research and experiments to determine better ways of providing financial assistance to needy persons, waiving the requirements of the family assistance program to the extent he deems it appropriate.

Section 463(c) authorizes the Secretary to provide technical assistance to the States, and training for State personnel, to assist the States in carrying out their supplementary payment programs.

Section 463(d) places a limitation of $20 million per fiscal year (from amounts appropriated for the family assistance benefit and supplementary payment programs) on the funds which may be used in carrying out this section.

SECTION 464. OBLIGATION OF DESERTING PARENTS

Section 464 provides that receipt of family assistance benefits or State supplementary payments by the spouse or children of a deserting parent during his absence will result in a monetary obligation to the United States by the deserting parent equal to the total amount of the family assistance benefits received by the deserting parent's spouse and children plus any amount paid to the State under section 453. The deserting parent's obligation is reduced by any payments which he actually makes to his family during the period and which are excluded in computing the family assistance benefits paid to his spouse and children; and in no case would his obligation exceed the amount (if any) ordered by a court of competent jurisdiction for the support and maintenance of his spouse or children, less any payments made under such order. The amount due the United States is to be collected from any amounts otherwise due or becoming due the deserting parent from any officer or agency of the United States or under any Federal program. (Under the amendments made by section 103(b)(1)(K), (O), and (P) of the bill, the existing State-Federal arrangements for locating deserting parents and obtaining support for their families, under the program of services to needy families with children, are expanded to take account of deserted spouses as well as children.)

SECTION 465. TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME FOR FOOD STAMP PURPOSES

Section 465 provides that family assistance benefits will be taken into consideration for purpose of determining any household's entitlement to, and the cost of, food stamps under the Food Stamp Act of 1964.

SECTION 102. MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS

Section 102 of the bill completely rewrites part C of title IV of the Social Security Act to provide new programs of manpower services, training, employment, child care, and related supportive services for members of families receiving family assistance benefits or supplementary payments under part D or part E of such title.

PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

SECTION 430. PURPOSE

Section 430 sets forth the purpose of the revised part C—to provide programs and services for recipients of family assistance benefits or supplementary payments in order to train them, prepare them for employment, and otherwise assist them in securing and retaining regular employment with opportunity for advancement so that needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

SECTION 431. OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

Section 431(a) provides that the Secretary of Labor is to develop an employability plan for each person registered under the family assistance benefits program (part D of title IV of the Act), in order to enable him to secure employment and remain self-supporting.

Section 431(b) provides that the Secretary of Labor is to establish and maintain manpower services, training, and employment programs in each State for persons registered under the family assistance benefits program and persons receiving State supplementary payments under part E of title IV.

Section 431(c) provides for the establishment of such manpower services, training, and employment programs as are necessary to carry out the purpose of part C, including (1) any services which the Secretary is authorized to provide under any other Act; (2) counseling, testing, training, work experience, and job placement; (3) relocation assistance to aid unemployed individuals in relocating in areas where there is assurance of suitable employment (offered through public employment offices) which will lead to self-support without public assistance; and (4) special work projects.

Section 431(d) defines a "special work project" as a project which consists of the performance of work in the public interest through

grants to or contracts with public or nonprofit private agencies or organizations. Wage rates for special work projects cannot be lower than the applicable minimum wage for the particular work concerned; appropriate health and safety standards are to be maintained; the project must not displace employed workers; the conditions of work, training, education, and employment must be reasonable from the standpoint of the type of work, the geographic location, and the proficiency of the participant; workmen's compensation protection must be provided; and the project must improve the employability of the participants. The Secretary of Labor must, at least every six months, review each participant's employment record and any other pertinent information and determine whether it would be feasible to place him in regular employment or in training.

SECTION 432. ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

Section 432(a)(1) directs the Secretary of Labor to pay each participant in manpower training under the revised part C an incentive allowance of $30 per month or, if greater (in a case where the participant is eligible for a training allowance under section 203 of the Manpower Development and Training Act), the difference between the sum of the participant's family assistance benefits and supplementary payments under parts D and E and the amount of such training allowance (or so much thereof as does not exceed the training allowance which would be payable under such section 203 as in effect on March 1, 1970).

Section 432(a)(2) provides that the Secretary of Labor is to pay, to any participant in manpower training under part C, allowances for transportation and other expenses necessary for and directly related to such training.

Section 432(a)(3) provides that the Secretary of Labor by regulation is to provide for such smaller allowances as he deems appropriate for participants in manpower training in Puerto Rico, the Virgin Islands, and Guam.

Section 432(b) provides that allowances under section 432(a) are to be in lieu of allowances provided under any manpower training program under any other Act.

Section 432(c) provides that allowances under section 432(a) will not be payable to any person who is participating in a program sponsored by the Secretary of Labor providing public or private employer-compensated on-the-job training.

SECTION 433. UTILIZATION OF OTHER PROGRAMS

Section 433 authorizes the Secretary of Labor, using all authority granted to him under any other Act, to provide the manpower training and employment services required by the revised part C in such manner as will make maximum use of existing manpower programs and agencies and will further the establishment of an integrated and comprehensive manpower training program; and to use the funds appropriated under part C to provide the required programs through such other Acts and to reimburse public and private agencies for services rendered to persons under part C when such services are not otherwise available on a nonreimbursable basis.

SECTION 434. RULES AND REGULATIONS

Section 434 authorizes the Secretary of Labor to issue such rules and regulations as he finds necessary to carry out the purposes of the revised part C.

SECTION 435. APPROPRIATIONS; NONFEDERAL SHARE

Section 435(a) provides that funds sufficient to carry out the purposes of the revised part C (other than the funds required for child care and supportive services) are authorized to be appropriated to the Secretary of Labor each year, including funds for payment of up to 90 percent of the cost of providing manpower services, training, and employment for persons registered under the family assistance program. The Secretary of Labor is to establish criteria to achieve equitable apportionment among the States of Federal expenditures for the programs of manpower services, training, and employment which are authorized under section 431.

Section 435(b) provides that if a State fails to contribute its 10-percent share of the cost of manpower services, training, and employment provided for individuals under the family assistance program who are registered under section 447, the Secretary of Health, Education, and Welfare may, after notice and opportunity for hearing, withhold payments which would otherwise be made to the State under sections 403(a) (services to needy families with children), 453 (State supplementary payments (discussed above)), 1604 (aid to the aged, blind or disabled (discussed below)), and 1903(a) (medical assistance) until the amount withheld, less any contribution made by the State, equals such 10-percent share. (Under the amendment made by section 103(b)(1)(M) of the bill, this 10-percent State contribution must be required by the State's plan for services for needy families with children under part A of title IV of the Act.)

SECTION 436. CHILD CARE

Section 436(a)(1) authorizes the appropriation each year to the Secretary of Health, Education, and Welfare of sufficient funds to enable him to make grants to public and nonprofit private agencies and organizations and contracts with public and private agencies and organizations to cover part or all (100 percent) of the cost of projects for the provision of child care to permit individuals registered or referred for vocational rehabilitation under part D or receiving supplementary payments under part E to undertake or continue manpower training or employment under the revised part C, or to permit individuals who are or have been eligible for payments under part D or part E to undertake or continue manpower training or employment under the revised part C, or, with respect to the period prior to the date part D becomes effective, to permit individuals who are receiving aid to families with dependent children (or whose needs are taken into account in determining the need of persons claiming or receiving such aid) to participate in manpower training or employment.

Section 436(a)(2) provides that the grants or contracts made under section 436(a)(1) may be made directly or through grants to a public or nonprofit private agency, designated by the appropriate elected

or appointed official or officials in the area, which will work with the local manpower agency. To the extent appropriate, the arrangements are to be made with the local educational agency to provide care for children attending school.

Section 436(a)(3) provides that various types of child care will be provided, based upon the needs and circumstances of the children involved.

Section 436(b) provides that the Secretary may use sums appropriated under section 436(a)(1) to make grants to any public or private nonprofit agency or organization, or contracts with any private or public agency or organization, for evaluation, training of personnel, technical assistance, or research and demonstration projects to determine more effective methods of providing child care.

Section 436(c) provides that the Secretary may establish reasonable fees for the child care provided for any family that is able to pay for part or all of the cost thereof.

SECTION 437. SUPPORTIVE SERVICES

Section 437(a) provides that no payments will be made to a State under title V (maternal and child health and crippled children's services), title XVI (aid to the aged, blind, and disabled), title XIX (medical assistance), or part A or B of title IV for expenditures for any calendar quarter beginning on or after the date the family assistance program becomes effective, unless such State has an agreement with the Secretary of Health, Education, and Welfare under which it will provide health, counseling, social, vocational rehabilitation, and other supportive services which the Secretary determines are necessary to permit an individual registered under part D or receiving supplementary payments under part E to undertake or continue manpower training and employment.

Section 437(b) provides that the supportive services required under section 437(a) are to be furnished in cooperation with the manpower training and employment services provided under the revised part C.

Section 437(c) provides for payments to a State, at such times and in such installments as are deemed appropriate by the Secretary, of up to 90 percent of the cost of the supportive services provided by the State under its agreement under section 437(a).

SECTION 438. ADVANCE FUNDING

Section 438(a) provides that appropriations for grants, contracts, and other payments under the revised part C with respect to persons registered under part D may be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are to be used.

Section 438(b) provides that in order to effect a transition to the advance funding procedure two separate appropriations may initially be made in the same fiscal year, one for that year and one for the following fiscal year.

SECTION 439. EVALUATION AND RESEARCH: REPORTS TO CONGRESS

Section 439(a)(1) provides that the Secretary of Labor and the Secretary of Health, Education, and Welfare will jointly make provi-

sion for continuing evaluation of manpower training and employment programs provided under the revised part C, and that the Secretary of Labor may conduct research and establish demonstration projects regarding ways to improve the effectiveness of manpower training and employment programs, contract for independent evaluations and research regarding such programs, and establish a system for collection, processing, and retrieval of data.

Section 439(a)(2) authorizes the appropriation, for the costs of the evaluation and research provided for in section 439(a)(1), of up to $15,000,000 for any fiscal year.

Section 439(b) provides that on or before September 1 following each fiscal year the Secretary of Labor is to report to the Congress on the manpower training and employment programs provided under the revised part C, and the Secretary of Health, Education, and Welfare is to report to the Congress on the programs of child care and supportive services provided under such part.

SECTION 103. CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

Section 103 of the bill extensively amends part A of title IV of the Social Security Act—the present program of aid to families with dependent children—to eliminate all money payments; under the bill cash payments to needy families with children are to be made under the new family assistance program (part D) with State supplementation (part E), and the social and other services which are necessary or appropriate for such families are to be provided under State plans approved under part A.

Except for the changes which are necessary to conform the requirements and conditions of part A to those included in parts D and E (e.g., the definitions of applicable terms) and the changes referred to above in the discussion of sections 464 and 435(b), the provisions of this section are designed solely to make the amendments required to eliminate money payments from part A programs and the technical, clerical, and conforming changes necessitated by those amendments.

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

SECTION 201. GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

Section 201 of the bill completely rewrites title XVI of the Social Security Act, which provides for grants to States for aid to the aged, blind, and disabled.

TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SECTION 1601. APPROPRIATIONS

Section 1601 authorizes appropriations for the purpose of enabling each State, under a State plan approved under section 1602,to furnish

financial assistance to needy individuals who are 65 years of age or over, blind, or disabled and for the purpose of encouraging each State (under such plan) to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care.

SECTION 1602. STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICES TO THE AGED, BLIND, AND DISABLED

Section 1602(a) provides that an approved State plan for aid to the aged, blind, and disabled must provide for—

(1) a single State agency to administer (or supervise the administration of) the plan;

(2) administrative methods necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis;

(3) the training and effective use of social service personnel, technical assistance to units of State and local government which are furnishing financial assistance or services to the aged, blind, and disabled, and the development through research or demonstration projects of new and improved methods of furnishing such assistance or services;

(4) the training and effective use of paid subprofessional staff (including recipients and others of low income), and the use of nonpaid or partially paid social service volunteers;

(5) opportunity to apply for aid and the assurance of its prompt payment;

(6) the use of a simplified statement, as prescribed by the Secretary, to establish eligibility, with effective methods for verifying eligibility through use of sampling and other scientific techniques;

(7) Statewide application of the plan, with the exception of services to the extent prescribed by the Secretary;

(8) financial participation by the State;

(9) the determination of blindness either by a physician skilled in diseases of the eye or by an optometrist, whichever the individual selects;

(10) an opportunity for a fair hearing before the State agency for individuals whose claims for aid under the plan are denied or are not acted upon with reasonable promptness;

(11) an evaluation (at least annually) of the operation of the plan, under standards prescribed by the Secretary, with reports to the Secretary including any planned modifications;

(12) reports to be made as the Secretary requires;

(13) safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

(14) the designation of a State authority to be responsible for standards for public or private institutions if the plan includes aid to or on behalf of individuals in such institutions;

(15) description of the services which the State makes available to applicants or recipients of aid under the plan to help them attain self-support or self-care; and

(16) agreement by administering States to observe priorities established by the Secretary and comply with performance standards established by the Secretary.

Section 1602(a) permits a State (notwithstanding paragraph (1)) to designate the State agency which previously administered or supervised the administration of the State's plan for aid to the blind approved under title X as the agency to administer or supervise the administration of that portion of the State plan for aid to the aged, blind, and disabled which relates to blind individuals, if on January 1, 1962, and on the date in which such State submits its plan for approval under the revised title XVI, the State's title X agency was different from the State agency or agencies that administered or supervised the administration of the State plans approved under title I (old-age assistance) and title XIV (aid to the permanently and totally disabled). In such a case, the part of the plan which each agency administers or supervises is to be regarded as a separate plan.

Section 1602(b) directs the Secretary to approve any plan which fulfills the conditions in section 1602(a) and the provisions relating to determination of need in section 1603, except that the Secretary may not approve any plan which imposes as a condition of eligibility—

(1) an age requirement of more than 65 years,

(2) a residence requirement which excludes any individual who resides in the State,

(3) a citizenship requirement which excludes any United States citizen, or any lawfully admitted resident alien who has resided in the United States for at least 5 years,

(4) a disability or age requirement which excludes any persons age 18 or older who are under a severe disability, as determined under criteria prescribed by the Secretary, or

(5) a blindness or age requirement which excludes any persons who are blind, as determined under criteria prescribed by the Secretary.

Section 1602(b) provides a special exception for certain States providing aid for the blind without regard to need. As in the existing title XVI, the Federal sharing is limited to expenditures for those in need.

SECTION 1603. DETERMINATION OF NEED

Section 1603(a) provides that each State plan must require the State agency in determining need to take into account any income and resources of an individual claiming aid, along with necessary expenses incurred in earning such income, except that—

(1) the State agency is not to take into account the home, household goods, or personal effects of the individual, or any other personal or real property which does not exceed $1,500 in value, or any other property necessary for the family's self-support (subject to any limitation on gross income which may be imposed as provided in section 442(d));

(2) the State agency is not to consider the financial responsibility of any other individual for the applicant or recipient; except that the State agency may in its discretion, if it is so provided or permitted under State law, consider the financial responsibility of another individual for the applicant or recipient if the applicant or recipient is such individual's spouse, or is

such individual's child who is under the age of 21 or is blind or severely disabled;

(3) if the individual is blind or severely disabled, the State agency will disregard his earned income up to $85 per month plus one-half of his earned income above that figure, and will disregard additional amounts necessary for achieving self-support pursuant to a State plan for a twelve-month period which may be extended to as long as thirty-six months (except that such additional amounts will be disregarded in the case of an individual who is disabled (but not blind) only if he is undergoing vocational rehabilitation); and

(4) if the individual has attained age 65 and is neither blind nor severely disabled, the State agency may disregard his earned income up to $60 per month and one-half of his earned income above that figure.

Section 1603(a) also permits the State agency in determining an individual's need (before disregarding any amounts under the preceding paragraphs) to disregard up to $7.50 of any income, and refers by cross reference to the additional $4 disregard which is required in the case of OASDI recipients by section 1007 of the Social Security Amendments of 1969 (discussed below under section 203 of the bill).

Section 1603(b) requires a State plan to provide also that—

(1) each eligible individual, other than an individual who is institutionalized, will receive financial assistance equal to at least $110 per month less any income which is not disregarded under section 1603(a);

(2) the standard of need applied for determining eligibility for and amount of aid will not be lower than (A) the standard applied for this purpose under the State's title XVI plan as in effect on the date of the enactment of the family assistance program, or (B) if the State had no such plan on that date, the standard of need which was in effect and approved on such date under the State's plan under title I, X, or XIV, whichever would apply to the individual (or the highest such standard which was or would have been applicable if the individual falls within two or more categories or does not fall within any of them); and

(3) no payments will be made under the plan to an individual who is considered a member of a family receiving family assistance benefits or supplementary payments under part D or E of title IV or training allowances under part C of such title (but the individual may in any case elect not to be considered a member of such a family).

Section 1603(c) contains a cross-reference to the special provisions applicable to Puerto Rico, the Virgin Islands, and Guam under section 1108(e) (as added by section 403 of the bill).

SECTION 1604. PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

Section 1604 directs the Secretary to pay to each State which has a plan approved under the revised title XVI, for each calendar quarter, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the plan—

(1) 90 percent of such expenditures up to the product of $65 multiplied by the total number of recipients of such aid for such month; plus

(2) 25 percent of the amount by which such expenditures exceed those which may be counted under paragraph (1), but only up to the product of the maximum permissible level of assistance per person in which the Federal Government will participate financially, as determined by the Secretary, multiplied by the total number of recipients of such aid for such month.

Section 1604 further provides that in the case of Puerto Rico, the Virgin Islands, and Guam the maximum permissible level of assistance under paragraph (2) may be lower than in the case of individuals in the other States.

SECTION 1605. ALTERNATE PROVISION FCR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

Section 1605 provides that the Secretary may enter into an agreement with any State under which he will make the payments of aid to the aged, blind, and disabled provided for under the State plan directly to individuals in such State, and perform related State functions. The State would reimburse the Secretary for the State's share of such payments.

SECTION 1606. OVERPAYMENTS AND UNDERPAYMENTS

Section 1606 provides for adjustments of overpayments and underpayments where the Secretary makes direct payment to individuals in a State as provided in section 1605. In the case of overpayments, the Secretary is to avoid penalizing people who were without fault if adjustment or recovery would defeat the program's purposes, or be against equity and good conscience, or might, because of the small amounts involved, impede effective administration.

SECTION 1607. OPERATION OF STATE PLANS

Section 1607 provides that if the Secretary finds after reasonable notice and opportunity for hearing that a State is not meeting the Federal requirements, he will withhold further payments under the State plan, or under the part of the plan affected, until the noncompliance is corrected.

SECTION 1608. PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

Section 1608(a) provides that a State may qualify for increased Federal payments as provided in section 1608(b) for services made available to applicants for and recipients of aid to the aged, blind, and disabled if the State plan provides at least those services which are prescribed by the Secretary to help them attain or retain capability for self-support or self-care.

Section 1608(b) provides that the Secretary will pay to each State an amount equal to 75 percent of its expenditures for services to help applicants or recipients attain or retain capability for self-support or self-care, other services likely to prevent or reduce dependency, and

services directed toward the training of personnel employed or preparing for employment in the State or local agency administering the plan, plus an amount equal to one-half of its expenditures for other services furnished under the plan.

Section 1608(c) provides that the services are to be furnished by the State or local agency staff except as specified by the Secretary.

Section 1608(d) provides that the rate of the Federal payment with respect to amounts expended for administration are to be determined under methods and procedures permitted by the Secretary.

Section 1608(e) provides that the State may be paid for only one-half its expenditures for services in any quarter if its plan does not include the self-support or self-care services prescribed under or specified in section 1608 (a) and (b).

Section 1608(f) provides that if the Secretary finds after notice and opportunity for hearing that a State's plan providing services prescribed under or specified in section 1608 (a) and (b) is failing to comply with the requirements of such section, or that in the administration of such plan there is a failure to comply substantially with its provisions, he may make the payments for any or all of such services at the 50-percent rate (as in the case of a State to which section 1608(e) applies) instead of at the 75-percent rate otherwise applicable until such failure ceases.

SECTION 1609. COMPUTATION OF PAYMENTS TO STATES

Section 1609(a) authorizes the Secretary to estimate, before each quarter, the amount to which the State is entitled under its plan for aid, services, and administration, and to pay the estimated amounts in installments adjusted for any prior overpayments or underpayments.

Section 1609(b) provides that the pro rata share due the United States for recovery of any aid furnished is to be adjusted as described in section 1609(a).

Section 1609(c) provides that when the Secretary's estimate is made, available appropriations are deemed obligated.

SECTION 1610. DEFINITION

Section 1610 defines "aid to the aged, blind, and disabled" to mean money payments to needy individuals who are age 65 or older or are blind or severely disabled, other than inmates of a nonmedical public instutution and patients under age 65 in a mental or tuberculosis institution. The term also means payments to another person on behalf of such a needy individual if the applicable State plan provides (1) for a determination of the individual's inability to manage funds where making direct payment would be contrary to his welfare, (2) for making payments to such other person only if the individual's needs will be met by doing so, (3) that special efforts will be made to improve the individual's capacity to manage funds, (4) for a periodic review of the determination to pay another person and for appointment of a legal guardian, if appropriate, and (5) an opportunity for a fair hearing.

The standards for determining blindness and severe disability are to be established by the Secretary of Health, Education, and Welfare.

SECTION 202. REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

Section 202 of the bill repeals title I of the Social Security Act (grants to States for old-age assistance and medical assistance for the aged), title X of the Act (grants to States for aid to the blind), and title XIV of the Act (grants to States for aid to the permanently and totally disabled). The aid under these three programs will be provided in the bill under one program—title XVI (as amended by section 201 of the bill).

SECTION 203. ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR AID TO THE AGED, BLIND, AND DISABLED

Section 203 of the bill amends section 1007 of the Social Security Amendments of 1969 to make permanent the provision (now applicable only through June 1970) which requires a State to disregard up to $4 per month of an individual's benefit under the old-age, survivors, and disability insurance program in determining such individual's need for aid under the State's title XVI program if disregarding such amount is necessary to ensure that his total income under the two programs will reflect the 15-percent increase in benefits made by the 1969 Amendments.

SECTION 204. TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

Section 204 of the bill provides for adjustment under title XVI of the Act (as amended by section 201 of the bill) of any overpayment or underpayment which the Secretary determines was made to a State under the existing title I, X, or XIV of the Act (which are repealed by section 202 of the bill), or the existing title XVI of the Act (which is amended by section 201 of the bill).

SECTION 205. TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

Section 205 of the bill gives the States a grace period during which they can be eligible to participate under title XVI of the Act (as amended by section 201 of the bill) without changing their tests of disability or blindness. The grace period will end for any State with the July 1 which follows the close of the first regular session of its State legislature beginning after the enactment of the bill.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

Title III of the bill amends various provisions of the Social Security Act to reflect the programs established under titles I and II of the bill and to eliminate references to titles I, X, and XIV of the Act (which are repealed by section 202 of the bill).

SECTION 301. AMENDMENT TO SECTION 228(d)

Section 301 of the bill changes references in section 228(d)(1) of the Act, which precludes benefits under section 228 (benefits at age 72 for certain uninsured individuals) for individuals receiving cash benefits under the programs established by the bill.

SECTION 302. AMENDMENTS TO TITLE XI

Section 302 of the bill amends title XI of the Act (general provisions) by repealing section 1118 (alternative Federal payment with respect to public assistance expenditures) and by changing references in several other sections.

SECTION 303. AMENDMENTS TO TITLE XVIII

Section 303 of the bill amends title XVIII of the Act by changing references in section 1843 (State agreements for coverage of eligible individuals who are receiving money payments under public assistance programs (or are eligible for medical assistance)) and section 1863 (consultation with State agencies and other organizations to develop conditions of participation for providers of services).

SECTION 304. AMENDMENTS TO TITLE XIX

Section 304 of the bill changes references in various provisions of title XIX (grants to States for medical assistance programs), and requires the States to provide medical assistance for individuals who are eligible for State supplementary payments under part E of title IV of the Act (as added by section 101 of the bill) or who would be eligible for cash assistance under an existing State plan for aid to families with dependent children if it continued in effect and included dependent children of unemployed fathers.

TITLE IV—GENERAL

SECTION 401. EFFECTIVE DATE

Section 401 of the bill provides that the amendments made by the bill will become effective on July 1, 1971, except that—

(1) in the case of a State which (on that date) is prevented by statute from making supplementary payments under the new part E and the legislature of which does not meet in a regular session closing after the enactment of the bill and on or before that date, none of such amendments will apply until the first July 1 which follows the close of the first regular session of such legislature closing after that date (unless the State theretofore certifies that it is no longer prevented from making the payments, in which case the amendments become effective at the beginning of the first calendar quarter following the certification); and

(2) in the case of a State which (on that date) is prevented by statute from meeting the requirements contained in the revised section 1602 and the legislature of which does not meet in a regular session closing after the enactment of the bill and on or before

that date, the amendments made by title II of the bill will not apply until the first July 1 which follows the close of the first regular session of such legislature closing after that date (unless the State theretofore submits a State plan meeting those requirements, in which case the amendments made by title II become effective on the date of submission of the plan).

The special 1950 rule relating to public assistance for Navajo and Hopi Indians is repealed, effective at the same time as the amendments made by the bill. An exception to the general effective date provision is made in the case of the new authorization (in the revised part C of title IV of the Act) for child care services for persons undergoing training or employment; this authorization is effective upon the enactment of the bill.

SECTION 402. SAVING PROVISION

Section 402(a) of the bill provides that for each quarter beginning after June 30, 1971, and prior to July 1, 1973, the Secretary of Health, Education and Welfare will reimburse any State making supplemental payments under the new part E of title IV and payments of aid to the aged, blind, and disabled under the revised title XVI, to the extent that 70 percent of the payments required under part E plus the State's share of expenditures under the revised title XVI exceeds the State's share of the expenditures which would have been incurred under title I (old-age assistance and medical assistance for the aged), part A of title IV (aid and services to needy families with children), title X (aid to the blind), title XIV (aid to permanently and totally disabled), and the existing title XVI had they continued in effect.

Section 402(b)(1) provides that the non-Federal (or State's) share of expenditures for a quarter subsequent to June 1971 under the revised title XVI of the Act means the difference between (1) of the total payments made under title XVI for such subsequent quarter which would have been included as aid to the aged, blind, or disabled under the plan in effect in June 1971, plus the additional expenditures required under such title as revised by the bill, and (2) the total amounts determined under section 1604 of the Act for such State with respect to the State's expenditures for such subsequent quarter.

Section 402(b)(2) provides that the non-Federal share of expenditures for a quarter subsequent to June 1971 which would have been made had titles I, IV, X, and XVI of the Act continued in effect means the difference between (1) the payments which would have been made under such titles as in effect in June 1971 if the plans under such titles as then in effect had continued in effect during such subsequent quarter and had included payments to dependent children of unemployed fathers, and (2) the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of the Act with respect to expenditures for such quarter.

SECTION 403. SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

Section 403 of the bill adds to section 1108 of the Act a new subsection (e) to provide that in Puerto Rico, Guam, and the Virgin Islands—

(1) the eligibility level for and amount of family assistance benefits,

(2) the irregular income excluded,

(3) the resources limitations,

(4) the first cut-off point in the Federal reimbursement formula for payments to the aged, blind, and disabled, and

(5) the income floor for the aged, blind, and disabled

will be reduced in proportion to the extent by which the per capita income of each is below that one of the fifty States which has the lowest per capita income.

The new section 1108(e) also provides that the Secretary will promulgate between July 1 and September 30 of each even-numbered year the amounts to be used for these purposes during the following 2-fiscal-year period in Puerto Rico, Guam, and the Virgin Islands, and that in no case will the amounts determined for one period be lower than the amounts for the preceding period.

SECTION 404. MEANING OF SECRETARY AND FISCAL YEAR

Section 404 defines the term "Secretary" to mean the Secretary of Health, Education, and Welfare (unless the context otherwise requires), and defines the term "fiscal year" to mean a period beginning any July 1 and ending with the close of the following June 30.

VI. ADDITIONAL VIEWS OF CONGRESSMAN SAM M. GIBBONS ON H.R. 16311

I voted for the family assistance program in the Ways and Means Committee, and I plan to vote for it on final passage.

But unless we consider the existing food stamp program we are going to create a scrambled welfare mess.

Congress created the food stamp program in 1964 for the purpose of providing food for the needy.

It has failed to accomplish this basic goal—and at a great administrative expense. Only 40 percent of those who are eligible have ever been able to participate in it because of its high administrative expenses and because it has not been made available on a nationwide basis. The Federal administrative expenses of this program for fiscal 1969 were about 10 percent of the food stamp benefit. The local administrative expenses have been running about 5 percent of the food stamp benefit and the poor have ended up with something that many regard as "funny" money.

This indicates to me that there are serious flaws in the program, which in my opinion are incurable under any stamp system.

For these and other reasons, I have concluded that we should convert from food stamps to cash payments of the same bonus amount above and beyond the benefit paid under the family assistance program.

Under present law, the food stamp applicant must put up a relatively small sum of his own cash (from whatever source) and receive in return a larger amount in food stamps. The difference between what he pays in cash and what he can buy with the stamps is the free food stamp bonus.

I propose that the bonus now given in extra food stamps be given an equivalent amount of cash. Whether the recipient receives case or food stamps his purchasing power will not be affected, but Federal and local governments will save administrative costs if the benefits are distributed in cash rather than in stamps.

Why have I come to the conclusion that we should abandon the food stamp program for cash payments?

There are several reasons, but basically two.

The first is that under the present food stamp bonus plan, there is excessively expensive and duplicative administration. These costs could be reduced to a minimum under a cash plan.

The second reason is that the present plan imposes such degrading and discouraging experiences that less than half of those who need and are entitled to food stamps get any help under the food stamp plan.

A third reason is that almost all the knowledgeable experts on this matter, including the President and his Secretaries of Health, Education, and Welfare, and Agriculture, agree that a cash bonus is better than stamps. Yet they have failed to put forward a solution. My opinion is that we should solve this problem now. Congress should not avoid this responsibility because others fail to lead.

I will expand on my reasons for proposing a change later in these remarks, but first I want to explain in detail how the cash plan I urge would work.

There are 20 million individuals eligible under the family assistance plan and about 3 million adults now receiving categorical assistance (blind, disabled, etc.). They would, under my proposal, be entitled to the cash equivalent of the bonus stamps which they would have received according to the food stamps issuing schedule now in effect.

In sum, the added cash payment to each family above and beyond the FAP payments would be the same as the food stamp bonus they would have received if enrolled in the food stamp program.

To illustrate, let us use a family of four, with no income except the minimum of $1,600 under the family assistance plan. Its monthly net income would be $133.33. For a payment of $34 in cash, this family would receive $106 in food stamps. The $72 difference between the cash paid and stamps received would equal its monthly food stamp bonus.

Under my proposal, this same $72 would be paid the family as a cash bonus, on top of its $133.33 in monthly FAP payment, thus yielding the family a cash total of $205.33 a month.

Under existing law, the family in the food stamp program would have to pay $34 of its $133.33 FAP cash assistance to get the extra stamps, leaving it $99.33 in cash and $106 in food stamps. However, monthly purchasing power would be the same, $205.33 in either case.

The proposal that I advocate is not new. In the President's budget for this year (1971) on page 176 the following illustration is made, and the only difference between that illustration and with the one I have just given you is that it is given in annual terms, whereas, I have given you the figures on a monthly basis. The President's proposal on page 176 is stated as follows:

> Taken together, FAP and the improved food stamp program would provide significantly improved benefit levels for many poor families. A family of four with no other income would receive a total of $2,464 annually—$1,600 in cash from FAP, and $864 in the form of the food stamp bonus ($1,272 in stamps less a purchase price of $408).

The following table sets this out schematically for a family of four at the $1,600 level:

BENEFITS

	Month	Year
(a) Separate programs.		
Cash	$133.33	$1,600
Less cash spent for food stamps	34.00	408
Total cash	99.33	1,192
Value of food stamps	106.00	1,272
Total purchasing power	205.33	2,464
(b) Merged programs:		
Cash	133.33	1,600
Cash value of food stamps	72.00	864
Total purchasing power	205.33	2,464

Note: There is no change in family purchasing power except under the separate program the family ends up with 48 percent cash and 52 percent in food stamps; whereas, under the merged programs the family ends up with the entire purchasing power in cash.

For a family of four at the $3,000 level from any combination of FAP payments, state supplementation, and earnings, the following would occur:

BENEFITS

	Month	Year
(a) Separate programs:		
Cash	$250	$3,000
Less cash spent for food stamps	72	864
Total cash	178	2,136
Value of food stamps	106	1,272
Total purchasing power	284	3,408
(b) Merged programs:		
Cash	250	3,000
Cash value of food stamps	34	408
Total purchasing power	284	3,408

Note: There is no change in family purchasing power except under the separate program the family ends up with 63 percent cash and 37 percent in food stamps; whereas, under the merged programs the family ends up with the entire purchasing power in cash.

For an aged adult receiving $110 a month and nothing more, the following would obtain:

BENEFITS

	Month	Year
(a) Separate programs:		
Cash	$110	$1,320
Less cash spent for food stanps	−18	−216
Total cash	92	1,104
Value of food stamps	+28	336
Total purchasing power	120	1,440
(b) Merged programs:		
Cash	110	1,320
Cash value of food stamps	+10	+120
Total purchasing power	120	1,440

Note: There is no change in the adult purchasing power except under the separate program he ends up with 77 percent cash and 23 percent in food stamps; whereas, under the merged programs the adult ends up with the entire purchasing power in cash.

The above arithmetic, particularly for the $1,600 family, dramatically demonstrates part of my case for changing from bonus food stamps to bonus cash benefits.

What family in America, poor or otherwise, wants to be compelled to receive over half its total purchasing power in the form of script which can only be used for one of its needs—food—and this on penalty of receiving no family food assistance at all unless it submits to this cumpulsory budgeting?

What family wants even more than one-third of its purchasing power tied up in food, untouchable in emergency? The average American family spends only 16.5 percent of its disposable income on food. Granted the average family's income is higher than that of a typical poor family, but must the poor be locked into a forcible formula which makes them spend three times the average for food alone? I think not, and I want to detail some of my reasons as to why not.

As I have already noted, most of the experts, including the President, think cash payments are superior to stamp bonuses.

Let me quote administration sources first:

In his Welfare message to Congress on August 11, 1969, President Nixon himself said, in part:

"For dependent families there will be an orderly substitution of food stamps by the new direct monetary payments" (p. 106 of hearings before the Committee on Ways and Means, House of Representatives, pt. 1 of 7).

In this same speech, the President said:

> This Administration, after a careful analysis of all the alternatives is committed to a new departure that will find a solution for the welfare problem. The time for denouncing the old is over; the time for devising the new is now (p. 104).

But apparently not right now!

The President went on to say that the "new system will lessen welfare redtape and provide administrative cost savings * * *" (p. 108). But this will not be true if the present food stamp program, which entails huge and disproportionate administrative costs is retained. (I detail these costs later in this statement.)

Again, earlier on May 6, 1969, the President gave it as his view that "the food stamp and direct (commodity) distribution programs * * * both programs are clearly in need of revision."

He then went on to urge a $1 billion increase in spending for the food stamp and other food programs.

On September 15, 1969, before the Senate Select Committee on Nutrition and Human Needs, Secretary of Agriculture Hardin spoke in a similar vein.

He said, in part "* * * When the President delivered his message of May 6 (1969), he made it clear that it was time to go ahead and reshape the food stamp program and make it workable, available and attractive * * *"

My only difference with the President and Secretary Hardin is how and when we should start making the food stamp program all of those things.

My view is that the food can only be made fully available and the dispensing of it workable by substituting a cash bonus plan for stamps now.

Why wait? Why not realize these savings, administrative and otherwise, by converting food stamps into cash, with the payments administered by the same agency which will administer family assistance?

HEW Secretary Finch told this same Senate Committee on the same day that—"For several reasons, our ultimate goal over the years should be to move toward a wholly cash income support system and away from in-kind multiple programs * * *. This Administration believes that over the years cash assistance would eventually be substituted for food stamp programs in a way which leaves the individual at least as well off in total benefits * * *." Why not now?

Secretary Finch further said that the "welfare and food stamp systems need to be viewed together as part of a single package and the Congress should consider reforms of those systems at the same time with an eye to their relationship to each other." Why not now?

Secretary Finch is also on the record as saying that "cash assistance provides the maximum flexibility and personal responsibility for the individual. Cash enables the recipient to substitute his own judgment of how best to meet his needs for the determination of a faraway government. The individual determines how he allocates his income and how much to spend on food."

Other knowledgeable experts, not so intimately associated with the Nixon administration, have endorsed a cash plan such as I proposed, and suggested it be immediately.

Dr. Harold Watts of the University of Wisconsin, who testified before the Ways and Means Committee, says that "food stamps are a bad bargain in comparison to general cash benefits."

The President's Commission on Income Maintenance Programs made a similar recommendation.

The latter group also notes the difficulty of policing an augmented food stamp program. Since many families will have more stamps than cash in hand, there will be a strong inducement to either buy ineligible items with stamps or else sell the stamps or food obtained with them for cash. Either way, there will be strong pressure to violate the law.

I have not dwelt on the personally degrading and harassing experiences which food stamp recipients must undergo to get their stamps such as waiting hours in long lines, going to outdoor windows of banks which issue the stamps, even in snow or rain, and how they become conspicuous at grocery counters where they must separate stamp eligible items in one stack and other purchases in another stack. I might add that such embarrassments and harassments, which this program inflicts on those who must use it or go hungry, is doing nothing to solve the already acute and explosive problems in our slum ghettoes where many of the food recipients live. It aggravates such problems.

But leaving aside the indignity and inconvenience of the stamp program, there is an overwhelmingly strong argument against it: This is the expensive and duplicative administrative cost and procedures which could be reduced to a minimum under a combined food and FAP cash program.

Administrative costs of the present food stamp program are considerable. To disperse $228.8 million in stamp bonuses in fiscal 1969, the Government had to spend $22.2 million or 10 percent of the added bonuses in administrative costs. In fiscal 1971, with a projected $1.2 billion food stamp program, projected administrative costs are estimated at $50 million. That estimate is prohably low. But even if correct, when the planned $2.5 billion food stamp program takes effect early in fiscal 1972, Federal administrative costs will run to a minimum of $100 million and perhaps as high as $250 million, given last year's operating experience.

There will be other administrative expenses as well. The Federal Government pays 62.5 percent of State costs for certifying nonpublic assistance households as eligible for food stamps. This will soar further when all individuals eligible for the existing program take advantage of it. With a cash plan in operation, there would be no necessity for this second certification.

Local costs of this program, which are not reimbursed by the Federal Government are also substantial. Some banks, for example, charge

as much as 90 cents every time they sell a book of stamps to an eligible recipient. Should stamps be issued more than once a month in the future, this cost would go up still more. State and local government costs for issuance could run to $125 million, not counting the certification costs.

Under a cash plan, double certification, double staffs, double investigations and all the other duplicative administrative procedures could be eliminated.

With food stamps and family assistance programs merged into a single cash payment, there would be no added administrative cost for calculating the food stamp bonus and adding the cash equivalent to the FAP cash payment.

Indeed, overall, there would be less administrative cost. We could save most of the $150 million it will cost the Federal Government to administer the food stamp program by fiscal 1972, and the possible $175 million it will cost local and State governments for the same program.

To sum up, there is a simple and rational substitute for the "funny money," which we call food stamps and which now cost $2.20 for every $2 in stamps issued. It is to convert to cash payments and to abolish food stamps and to do it now. By so doing, we will simplify administration and liquidate excessive expenses which are inherent in any stamp plan.

VII. DISSENTING VIEWS OF HON. AL ULLMAN, HON. PHIL LANDRUM, AND HON. OMAR BURLESON ON H.R. 16311

We concur that the Federal welfare system should be renovated, and agree with portions of the bill that help attain that objective.

We do not concur, however, with provisions of the bill under which another 15 million Americans, the working poor, would be added to the welfare rolls. The aim of assisting low-income wage earners is frustrated by the very provisions of the bill.

The argument that the bill requires welfare recipients for the first time to register with public employment service agencies begs the issue. Neither the funding nor the administrative provisions of the bill are sufficient to cope with the massive increase in paperwork and job placement problems that would follow the addition of nearly 3 million new names to the work registration rolls. The increase in job-training slots and funding planned under the bill would, in our judgment, fall far short of meeting the needs of the present number of welfare recipients, much less those of millions more.

Virtually no improvement is offered for the administrative tangle that makes the existing welfare program so ineffective. The bill merely places a new Federal layer on top of a system that is already a bureaucratic quagmire.

For all the rhetoric about work incentives, the bill clearly puts cash payments first. It ultimately establishes the basis for a guaranteed annual income through a negative tax formula. We do not concur that the cash incentive approach to welfare is either proven or sound, or that it would ever attain its purported objective of reducing the welfare rolls. Research in this whole area is fragmentary and entirely inconclusive.

We fully concur that the Federal payments in the adult category—to the aged, the blind, and the disabled—be significantly increased as provided by the bill. We believe that the inflationary pressures of the economy today make it impossible for individuals in these welfare categories to exist on their present fixed incomes.

But we do not concur with the thrust of the bill in its family assistance provisions. It would permanently consign more than 10 percent of our population to welfare handouts. The bill would institutionalize proverty, not eliminate it.

We believe the need is for tigheter Federal standards applied to the present system and aimed at more efficient and effective administration. Above all, the need is for greatly expanded funding of existing programs—the work incentive (WIN) program, special projects, JOBS and child care. We believe that these programs, properly funded well beyond the bill's limited provisions, can produce positive results.

In our judgement, the first step in welfare reform should be to make our present system effective for the 10 million Americans already on the welfare rolls, and offer them a real opportunity to lift

themselves out of poverty. Only after we have successfully achieved a sound structure should we consider bringing millions more into the system.

AL ULLMAN.
PHIL M. LANDRUM.
OMAR BURLESON.

O

Union Calendar No. 413

91ST CONGRESS
2D SESSION

H. R. 16311

[Report No. 91-904]

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1970

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

MARCH 11, 1970

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

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Family Assistance Act of 1970".

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TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen

family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"Eligibility

"SEC. 442. (a) Each family (as defined in section 445)—

"(1) whose income, other than income excluded pursuant to section 443 (b), is less than—

"(A) $500 per year for each of the first two members of the family, plus

"(B) $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500,

shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"Amount

"(b) The family assistance benefit for a family shall be payable at the rate of—

"(1) $500 per year for each of the first two members of the family, plus

"(2) $300 per year for each additional member, reduced by the amount of income, not excluded pursuant to section 443(b), of the members of the family.

"Period for Determination of Benefits

"(c) (1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefit for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which

income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"Special Limits on Gross Income

"(d) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits.

"Puerto Rico, the Virgin Islands, and Guam

"(e) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 443. (a) For purposes of this part, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) remuneration for services performed as an employee (as defined in section 210(j)), other than remuneration to which section 209 (b), (c), (d), (f), or (k), or section 211, would apply; and

"(B) net earnings from self-employment, as

defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a) (9)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attend-

ing a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2) (A) the total unearned income of all members of a family 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 $30 in such quarter, and (B) the total earned income of all members of a family 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;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of

earned income (not excluded by the preceding paragraphs of this subsection) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private charitable agency or organization (as determined by the Secretary);

"(6) allowances under section 432(a);

"(7) any portion of a scholarship or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution; and

"(8) home produce of a member of the family utilized by the household for its own consumption.

"RESOURCES

"Exclusions From Resources

"SEC. 444. (a) In determining the resources of a family there shall be excluded—

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations

of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"Disposition of Resources

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for family assistance benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF FAMILY AND CHILD

"Composition of Family

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who (A) is not married to another of such individuals and

(B) is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence.

"Definition of Child

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Family Relationships

"(c) In determining whether an individual is related to another individual by blood, marriage, or adoption, appropriate State law shall be applied.

"Income and Resources of Noncontributing Adult

"(d) For purposes of determining eligibility for and the

amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child (or a spouse of a parent), which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"Recipients of Aid to the Aged, Blind, and Disabled Ineligible

"(e) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"Payments of Benefits

"SEC. 446. (a) (1) Family assistance benefits shall be paid at such time or times and in such installments as the

Secretary determines will best effectuate the purposes of this title.

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family, or, if the Secretary deems it appropriate, to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this part, or be against equity or

good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"Hearings and Review

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received. Until a determination is made on the basis of such hearing or upon disposition of the matter through default, withdrawal of the request by the individual, or revision of the initial determination by the Secretary, any amounts which are payable (or would be payable but for the matter in disagreement) to any individual who has been determined to be a member of such family shall continue to be paid; but any amounts so paid for periods prior to such determination or disposition shall be considered overpayments to the extent they would not have been paid had such determination or disposition occurred at the same time as the Secretary's initial determination on the matter in disagreement.

"(2) Determination on the basis of such hearing shall be

made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibition of Assignments

"(d) The provisions of sections 206 and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"Applications and Furnishing of Information by Families

"(e) (1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of

families for purposes of such eligibility and amount of benefits, the Secretary may prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds paragraph (1), (2), (3), (4), or (5) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by

the Secretary of Health, Education, and Welfare to have failed to so register, he shall not be regarded as a member of a family but his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

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

"(3) 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 paragraph (1), (2), (4), or (5) of this subsection (unless the second sentence of subsection (a), or section 448 (a), is applicable to him);

"(4) a child who is under the age of sixteen or meets the requirements of section 445 (b) (2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household.

An individual who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes, register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of (1) individuals registered pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment, and (2) individuals referred pursuant to subsection (d) who are, pursuant to such referral, participating in vocational rehabilitation.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's incapacity, the Secretary shall make provision for referral of

such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases involving permanent incapacity as the Secretary may determine) for a review not less often than quarterly of such member's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan. If and for so long as such member is found by the Secretary to have refused without good cause to accept rehabilitation services available to him under such plan, he shall be treated as an individual to whom subsection (a) is applicable by reason of refusal to accept or participate in employment or training.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. (a) For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447 (a) shall not be regarded as a member of a family, but his income which would otherwise be counted as income of the family under this part shall be so counted, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446 (c) (1) and (2)), to have refused without good cause to participate or continue to par-

ticipate in suitable manpower services, training, or employment, or to have refused without good cause to accept suitable 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 Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) (1) In determining whether any employment is suitable for an individual for purposes of subsection (a) and part C, the Secretary of Labor shall consider the degree of risk to such individual's health and safety, his physical fitness for the work, his prior training and experience, his prior earn

ings, the length of his unemployment, his realistic prospects for obtaining work based on his potential and the availability of training opportunities, and the distance of the available work from his residence.

"(2) In no event shall any employment be considered suitable for an individual—

"(A) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(B) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality; or

"(C) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which he estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer com-

pensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training. Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will make supplementary payments, as provided in this part, to any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of,

and rules and regulations under, sections 442 (a) (2), (c), and (d), 443 (a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in effect for January 1970 (which standard complies with the requirements for approval under part A as in effect for such month) or, if lower, a standard equal to the applicable poverty level determined pursuant to section 453 (c) and in effect at the time of such payments, or such higher standard of need as the State may apply, with the resulting amount reduced by the family assistance benefit payable under part D and further reduced by any other income (earned or unearned) not excluded under section 443 (b) (except paragraph (4) thereof) or under subsection (b) of this section; but in making such determination the State may impose limitations on the amount of aid paid to the extent that such limitations (in combination with other provisions of the plan) are no more stringent in result than those imposed under the plan of such State as in effect for such month. In the case of any State which provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, the Secretary shall prescribe by regulation the method or methods for achieving as nearly as possible the results provided for under the foregoing provisions of this subsection.

"(b) For purposes of determining eligibility for and amount of supplementary payments to a family for any period pursuant to an agreement under this part, in the case of earned income to which paragraph (4) of section 443(b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus—

(1) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income, plus

(2) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings.

For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of supplementary payments and in assisting any advisory committees established by the State agency;

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

"(6) provide safeguards which restrict the use or

disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title; and

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals.

"PAYMENTS TO STATES

"SEC. 453. (a) (1) The Secretary shall pay to any State which has in effect an agreement under this part, for each fiscal year, an amount equal to 30 per centum of the total amount expended during such year pursuant to its agreement as supplementary payments to families other than families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed, not counting so much of the supplementary payment made to any family as exceeds the amount by which (with respect to the period involved)—

"(A) the family assistance benefit payable to such family under part D, plus any income of such family (earned or unearned) not disregarded in determining the amount of such supplementary payment, is less than

"(B) the applicable poverty level as promulgated and in effect under subsection (c).

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c) (1) For purposes of this part, the 'poverty level' for a family group of any given size shall be the amount shown for a family group of such size in the following table, adjusted as provided in paragraph (2):

"FAMILY SIZE:	BASIC AMOUNT
One	$1,920
Two	2,460
Three	2,940
Four	3,720
Five	4,440
Six	4,980
Seven or more	6,120

"(2) Between July 1 and September 30 of each year, beginning with 1970, the Secretary (A) shall adjust the amount shown for each size of family group in the table in paragraph (1) by increasing such amount by the percentage by which the average level of the price index for the

months in the calendar quarter beginning April 1 of such year exceeds the average level of the price index for months in 1969, and (B) shall thereupon promulgate the amounts so adjusted as the poverty levels for family groups of various sizes which shall be conclusive for purposes of this part for the fiscal year beginning July 1 next succeeding such promulgation.

"(3) As used in this subsection, the term 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under this part or part A or B of this title or under title V, XVI, or XIX; but the amounts so withheld from payments under such part A or B or under title V, XVI, or XIX shall be deemed to have been paid to the State under such part or title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for under part E, or will perform such other functions of the State in connection with such payments as may be agreed upon, or both. In any such case, the agreement shall also (1) provide for payment by the State to the Secretary of an amount equal to the supplementary payments the State would otherwise make pursuant to part E, less any payments which would be made to the State under section 453 (a), and (2) at the request of the State, provide for joint audit of payments under the agreement.

"(b) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon. The cost of carrying out any such agreement shall be paid to the State by the Secretary in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family assistance benefits for such family, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such technical assistance to States, and to provide, directly or

through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of $20,000,000 in any fiscal year, shall be available to him to carry out this section.

"OBLIGATION OF DESERTING PARENTS

"SEC. 464. In any case where an individual has deserted or abandoned his spouse or his child or children and such spouse or any such child (during the period of such desertion or abandonment) is a member of a family receiving family assistance benefits under part D or supplementary payments under part E, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the family assistance benefits paid to such family during such period with respect to such spouse and child or children, plus the amount paid by the Secretary under section 453 on account of the supplementary payments made to such family during such period with respect to such spouse and child or children, reduced by

"(2) any amount actually paid by such individual

to or for the support and maintenance of such spouse and child or children during such period, if and to the extent that such amount is excluded in determining the amount of such family assistance benefits;

except that in any case where an order for the support and maintenance of such spouse or any such child has been issued by a court of competent jurisdiction, the obligation of such individual under this subsection (with respect to such spouse or child) for any period shall not exceed the amount specified in such order less any amount actually paid by such individual (to or for the support and maintenance of such spouse or child) during such period. The amount due the United States under such obligation shall be collected (to the extent that the claim of the United States therefor is not otherwise satisfied), in such manner as may be specified by the Secretary, from any amounts otherwise due him or becoming due him at any time from any officer or agency of the United States or under any Federal program. Amounts collected under the preceding sentence shall be deposited in the Treasury as miscellaneous receipts.

"TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME FOR FOOD STAMP PURPOSES

"SEC. 465. Family assistance benefits paid under this title shall be taken into consideration for the purpose of de-

termining the entitlement of any household to purchase food stamps, and the cost thereof, under the food stamp program conducted under the Food Stamp Act of 1964."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

"PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving benefits under part D or supplementary payments pursuant to part E, of manpower services, training, employment, child care, and related supportive services necessary to train such individuals, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary of Labor determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary of Labor shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E.

"(c) The Secretary of Labor shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including—

"(1) any of such services, training, employment, and opportunities which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orientation, institutional and on-the-job training, work experience, upgrading, job development, job placement, and follow up services required to assist in securing and retaining employment and opportunities for advancement;

"(3) relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning of income sufficient to make such individual and his family ineligible for benefits under part D and supplementary payments under part E); and

"(4) special work projects.

"(d) (1) For purposes of subsection (c) (4), a 'special work project' is a project (meeting the requirements of this subsection) which consists of the performance of work in the public interest through grants to or contracts with public or nonprofit private agencies or organizations.

"(2) No wage rates provided under any special work project shall be lower than the applicable minimum wage for the particular work concerned.

"(3) Before entering into any special work project under a program established as provided in subsection (b),

the Secretary of Labor shall have reasonable assurances that—

"(A) 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,

"(B) such project will not result in the displacement of employed workers,

"(C) 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,

"(D) appropriate workmen's compensation protection is provided to all participants, and

"(E) such project will improve the employability of the participants.

"(4) With respect to individuals who are participants in special work projects under programs established as provided in subsection (b), the Secretary of Labor shall periodically (at least once every six months) review the employment record of each such individual while on the 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 in on-the-job, institutional, or other training.

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a) (1) The Secretary of Labor shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a family are receiving training for which training allowances are payable under section 203 of the Manpower Development and Training Act and meet the other requirements under such section (except subsection (l) (1) thereof) for the receipt of allowances which would be in excess of the sum of the family assistance benefit under part D and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to the greater of (1) the amount of such excess or, if lower, the amount of the excess of the training allowances which would be payable under such section 203 as in effect on March 1, 1970, over the sum of such family assistance benefit and such supplementary payments, and (2) $30 for each such member.

"(2) The Secretary of Labor shall, in accordance with regulations, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him which are necessary to and directly related to his participation in training.

"(3) The Secretary of Labor shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.

"(b) Allowances under this section shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of a family who is participating in a program of the Secretary of Labor providing public or private employer compensated on-the-job training.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 433. In providing the manpower training and employment services and opportunities required by this part the Secretary of Labor, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary of Labor may use the funds appropriated to him under this part to provide the programs

required by this part through such other Act, to the same extent and under the same conditions 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 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.

"RULES AND REGULATIONS

"SEC. 434. The Secretary of Labor may issue such rules and regulations as he finds necessary to carry out his responsibilities under this part.

"APPROPRIATIONS; NONFEDERAL SHARE

"SEC. 435. (a) There is authorized to be appropriated to the Secretary of Labor for each fiscal year a sum sufficient for carrying out the purposes of this part (other than sections 436 and 437), including payment of not to exceed 90 per centum of the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary of Labor shall consider the number of registrations under section 447 and other relevant factors.

"(b) If a non-Federal contribution of 10 per centum of the cost specified in subsection (a) is not made in any State (as required by section 402(a)(13)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 on account thereof and if he does so he shall instead, 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 403(a), 453, 1604, and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(13)) equals 10 per centum of such costs. Such withholding shall remain in effect until such time as the Secretary of Labor has assurances from the State that such 10 per centum will be contributed as required by section 402(a)(13). 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 of Labor.

"CHILD CARE

"SEC. 436. (a)(1) For the purpose of assuring that individuals receiving benefits under part D or supplementary payments pursuant to part E will not be prevented from participating in training or employment by the unavailability of appropriate child care, there are authorized to be appropriated for each fiscal year such sums as may be

necessary to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for part or all of the cost of projects for the provision of child care, including necessary transportation and alteration, remodeling, and renovation of facilities, which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training or employment under this part, or to enable an individual who has been referred pursuant to section 447 (d) to participate in vocational rehabilitation, or to enable a member of a family which is or has been (within such period of time as the Secretary may prescribe) eligible for benefits under such part D or payments pursuant to such part E to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual who is receiving aid to families with dependent children, or whose needs are taken into account in determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(2) Such grants or contracts for the provision of child care in any area may be made directly, or through

grants to any public or nonprofit private agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(3) Such projects shall provide for various types of child care needed in the light of the different circumstances and needs of the children involved.

"(b) Such sums shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for evaluation, training of personnel, technical assistance, or research or demonstration projects to determine more effective methods of providing any such care.

"(c) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of child care provided under a project assisted under this section, for payment by the family

of such fees for the care as may be reasonable in the light of such ability.

"SUPPORTIVE SERVICES

"SEC. 437. (a) No payments shall be made to any State under title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any calendar quarter beginning on or after the date part D becomes effective with respect to such State, unless it has in effect an agreement with the Secretary of Health, Education, and Welfare under which it will provide health, vocational rehabilitation, counseling, social, and other supportive services which the Secretary under regulations determines to be necessary to permit an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training and employment under this part.

"(b) Services under such an agreement shall be provided in close cooperation with manpower training and employment services provided under this part.

"(c) The Secretary of Health, Education, and Welfare shall from time to time, in such installments and on such conditions as he deems appropriate, pay to any State with which he has an agreement pursuant to subsection (a) up to 90 per centum of the cost of such State of carrying out such agreement. There are authorized to be appropriated for each

fiscal year such sums as may be necessary to carry out this section.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered pursuant to section 447 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"EVALUATION AND RESEARCH; REPORTS TO CONGRESS

"SEC. 439. (a) (1) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct research regarding, and demonstrations of, ways to improve

the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

"(2) There are authorized to be appropriated such sums, not exceeding $15,000,000 for any fiscal year, as may be necessary to carry out paragraph (1).

"(b) On or before September 1 following each fiscal year in which part D is effective with respect to any State—

"(1) the Secretary shall report to the Congress on the manpower training and employment programs provided under this part in such fiscal year, and

"(2) the Secretary of Health, Education, and Welfare shall report to the Congress on the child care and supportive services provided under this part in such fiscal year."

CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended—

(1) by striking out "financial assistance and" in the first sentence; and

(2) by striking out "aid and" in the second sentence.

(b) (1) Subsection (a) of section 402 of such Act (42 U.S.C. 602) is amended—

(A) by striking out "aid and" in the matter preceding clause (1);

(B) by inserting, before "provide" at the beginning of clause (1), "except to the extent permitted by the Secretary,";

(C) by striking out clause (4);

(D) (i) by striking out "recipients and other persons" in clause (5) (B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to applicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";

(E) by striking out clauses (7) and (8);

(F) by striking out "aid to families with dependent children" in clause (9) and inserting in lieu thereof "the plan";

(G) by striking out clauses (10), (11), and (12);

(H) (i) by striking out "section 406 (d)" in clause

(14) and inserting in lieu thereof "section 405(c)",

(ii) by striking out "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))" in such clause and inserting in lieu thereof "for each member of a family receiving assistance to needy families with children, each appropriate individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enactment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan", and

(iii) by striking out "such child, relative, and individual" each place it appears in such clause and inserting in lieu thereof "such member or individual";

(I) by striking out clause (15) and inserting in lieu thereof the following: "(15) (A) provide for the development of a program, for appropriate members of such families and such other individuals, for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for imple-

menting such program by assuring that in all appropriate cases family planning services are offered to them, 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 (8) 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;"

(J) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";

(K) (i) by striking out "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children",

(ii) by striking out "aid" in clause (17) (A) (ii) and inserting in lieu thereof "assistance", and

(iii) by striking out "and" at the end of clause

(i), and adding after clause (ii) the following new clause:

"(iii) in the case of any parent (of a child referred to in clause (ii)) receiving such assistance who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (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";

(L) by striking out "clause (17) (A)" in clause (18) and inserting in lieu thereof "clause (11) (A)";

(M) by striking out clause (19) and inserting in lieu thereof the following: "(19) provide for arrangements to assure that there will be made a non-Federal contribution to the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost;";

(N) by striking out "aid to families with dependent children in the form of foster care in accordance with section 408" in clause (20) and inserting in lieu thereof "payments for foster care in accordance with section 406";

(O) (i) by striking out "of each parent of a

dependent child or children with respect to whom aid is being provided under the State plan" in clause (21) (A) and inserting in lieu thereof "of each person who is the parent of a child or children with respect to whom assistance to needy families with children or foster care is being provided or is the spouse of the parent of such a child or children",

(ii) by striking out "such child or children" in clause (21) (A) (i) and inserting in lieu thereof "such child or children or such parent",

(iii) by striking out "such parent" each place it appears in clause (21) (B) and inserting in lieu thereof "such person", and

(iv) by striking out "section 410;" in clause (21) (C) and inserting in lieu thereof "section 408; and";

(P) (i) by striking out "a parent" each place it appears in clause (22) and inserting in lieu thereof "a person",

(ii) by striking out "a child or children of such parent" each place it appears in such clause and inserting in lieu thereof "the spouse or a child or children of such person",

(iii) by striking out "against such parent" in such clause and inserting in lieu thereof "against such person", and

(iv) by striking out "aid is being provided under the plan of such other State" each place it appears in such clause and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State"; and

(Q) by striking out "; and (23)" and all that follows and inserting in lieu thereof a period.

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (19), (20), (21), and (22) of section 402 (a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as clauses (4) through (16), respectively.

(c) Section 402 (b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Section 402 of such Act is further amended by striking out subsection (c).

(e) (1) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended—

(A) by striking out "aid and services" and insert-

ing in lieu thereof "services" in the matter preceding paragraph (1);

(B) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 406—

"(A) five-sixths of such expenditures, not counting so much of any expenditures with respect to any month as exceeds the product of $18 multiplied by the number of children receiving such foster care in such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under subparagraph (A), not counting so much of any expenditures with respect to any month as exceeds the product of $100 multiplied by the number of children receiving such foster care for such month;";

(C) by striking out paragraph (2);

(D) (i) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (3),

(ii) by striking out "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" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "receiving foster care or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D",

(iii) by striking out "child or relative who is applying for aid to families with dependent children or" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family",

(iv) by striking out "likely to become an applicant for or recipient of such aid" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "likely to become eligible to receive such assistance", and

(v) by striking out "(14) and (15)" each place it appears in subparagraph (A) of such paragraph and inserting in lieu thereof "(8) and (9)";

(E) by striking out all that follows "permitted"

in the last sentence of such paragraph and inserting in lieu thereof "by the Secretary; and";

(F) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (5);

(G) by striking out "section 406(e)" each place it appears in paragraph (5) and inserting in lieu thereof "section 405(d)"; and

(H) by striking out the sentences following paragraph (5).

(2) Paragraphs (3) and (5) of section 403(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (2) and (3), respectively.

(f) Section 403(b) of such Act is amended—

(1) by striking out "(B) records showing the number of dependent children in the State, and (C)" in paragraph (1) and inserting in lieu thereof "and (B)"; and

(2) by striking out "(A)" in paragraph (2), and by striking out ", and (B)" and all that follows in such paragraph and inserting in lieu thereof a period.

(g) Section 404 of such Act (42 U.S.C. 604) is amended—

(1) by striking out "(a) In the case of any State

plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services"; and

(2) by striking out subsection (b).

(h) Section 405 of such Act (42 U.S.C. 605) is repealed.

(i) Section 406 of such Act (42 U.S.C. 606) is redesignated as section 405, and as so redesignated is amended—

(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) The term 'child' means a child as defined in section 445(b).

"(b) The term 'needy families with children' means families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.";

(2) by striking out subsection (c) and redesignat-

ing subsections (d) and (e) as subsections (c) and (d), respectively;

(3) (A) by striking out "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" in paragraph (1) of subsection (d) as so redesignated and inserting in lieu thereof "a member of a family (as defined in section 445 (a))", and

(B) by striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is redesignated as section 406, and as so redesignated is amended—

(1) by striking out everything (including the heading) which precedes paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"FOSTER CARE

"SEC. 406. For purposes of this part—

"(a) 'foster care' shall include only foster care which is provided in behalf of a child (1) who would, except for his

removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children, (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 (e) (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 assistance to needy families with children in or for the month in which court proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 445 (a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance in or for such month if in such month he had been a

member of (and removed from the home of) such a family and application had been made therefor;

"(b) 'foster care' shall, however, include the care described in paragraph (a) only if it is provided—";

(2) (A) by striking out "'aid to families with dependent children'" in subsection (b) (2) and inserting in lieu thereof "foster care",

(B) by striking out "such foster care" in such subsection and inserting in lieu thereof "foster care", and

(C) by striking out the period at the end of such subsection and inserting in lieu thereof "; and";

(3) by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively;

(4) by striking out "paragraph (f) (2)" and "section 403 (a) (3)" in subsection (c) (as so redesignated) and inserting in lieu thereof "paragraph (e) (2)" and "section 403 (a) (2)" respectively;

(5) by striking out "aid" in subsection (d) (as so redesignated) and inserting in lieu thereof "services";

(6) by striking out "relative specified in section 406 (a)" in subsection (e) (1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 445 (a))"; and

(7) by striking out "522" and "part 3 of title V" in subsection (e) (2) (as so redesignated) and inserting in lieu thereof "422" and "part B of this title", respectively.

(l) (1) Section 409 of such Act (42 U.S.C. 609) is repealed.

(m) Section 410 of such Act (42 U.S.C. 610) is redesignated as section 407; and subsection (a) of such section (as so redesignated) is amended by striking out "section 402 (a) (21)" and inserting in lieu thereof "section 402 (a) (15)".

(n) (1) Section 422 (a) (1) (A) of such Act is amended by striking out "section 402 (a) (15)" and inserting in lieu thereof "section 402 (a) (9)".

(2) Section 422 (a) (1) (B) of such Act is amended by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children".

(o) References in any law, regulation, State plan, or other document to any provision of part A of title IV of the Social Security Act which is redesignated by this section shall (from and after the effective date of the amendments made by this Act) be considered to be references to such provision as so redesignated.

CHANGES IN HEADINGS

SEC. 104. (a) The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTARY PAYMENTS, WORK INCENTIVE PROGRAMS, AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of such title IV is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are

sixty-five years of age or over, blind, or disabled and for the purpose of encouraging each State to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care, there are authorized to be appropriated for each fiscal year sums sufficient to carry out these purposes. The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICES TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods);

"(3) provide for the training and effective use of social service personnel in the administration of the plan,

for the furnishing of technical assistance to units of State government and of political subdivisions which are furnishing financial assistance or services to the aged, blind, and disabled, and for the development through research or demonstration projects of new or improved methods of furnishing assistance or services to the aged, blind, and disabled;

"(4) provide 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 non-paid 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) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations

prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that, except to the extent permitted by the Secretary with respect to services, the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

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

"(10) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

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

"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related; and

"(16) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.

Notwithstanding paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) 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 was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for aid to the aged, blind, and disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

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

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizenship requirement which excludes any citizen of the United States, or any alien lawfully admitted for permanent residence who has resided in the United States continuously during the five years immediately preceding his application for such aid;

"(4) any disability or age requirement which excludes any persons under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older; or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary. In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not meet the requirements of section 1603(a), if it meets all

other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442 (d) and regulations thereunder;

"(2) the State agency may not consider the

financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of twenty-one or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

(4) if such individual is not blind but is severely disabled, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but only with respect to the part or parts of such period dur-

ing substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency may disregard not more than the first $60 per month of earned income plus one-half of the remainder thereof; and

"(6) the State agency may, before disregarding any amounts under the preceding paragraphs of this subsection, disregard not more than $7.50 of any income. For requirement of additional disregarding of income of OASDI recipients in determining need for aid under the plan, see section 1007 of the Social Security Amendments of 1969.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is not disregarded pursuant to subsection (a), will provide a minimum of $110 per month;

"(2) the standard of need applied for determining eligibility for and amount of aid to the aged, blind, and disabled shall not be lower than (A) the standard ap-

plied for this purpose under the State plan (approved under this title) as in effect on the date of enactment of part D of title IV of this Act, or (B) if there was no such plan in effect for such State on such date, the standard of need which was applicable under—

"(i) the State plan which was in effect on such date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the applicable plans, and except that if none of such clauses is applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the State plans approved under titles I, X, and XIV which were in effect on such date; and

"(3) no aid will be furnished to any individual

under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or supplementary payments pursuant to part E thereof, or training allowances under part C thereof, for purposes of determining the amount of such benefits, payments, or allowances (but this paragraph shall not apply to any individual, otherwise considered a member of such a family, if he elects in such manner and form as the Secretary may prescribe not to be considered a member of such a family).

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 90 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(2) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (2) may be lower than in the case of individuals in the other States. For other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title and perform such other functions of the State in connection with such payments as may be agreed upon. In such case payments shall not be made as provided in section 1604

and the agreement shall also provide for payment to the Secretary by the State of its share of such aid (adjusted to reflect the State's share of any overpayments recovered under section 1606).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration.

"OPERATION OF STATE PLANS

"SEC. 1607. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged, blind, and disabled under the 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, such State shall qualify for payments for services under subsection (b) of this section.

"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary 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 prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to the applicants for or recipients of aid, or

"(C) any of the services prescribed pursuant to subsection (a), and any of the services specified in subparagraph (B) of this paragraph, which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid under the plan, if such services are requested by the individuals and

are provided to them in accordance with subsection (c), 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 so much of such expenditures (not included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipients of aid 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; plus

"(3) one-half of the remainder of such expenditures.

"(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State agency, or the local agency administering the State plan in the political subdivision (but no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individ-

uals in need of them under programs for their rehabilitation carried on under a State plan approved under that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff), and

"(2) subject to limitations 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 that 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).

Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of

the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(e) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in subsections (b) and (c) and provided in accordance with the provisions of those subsections.

"(f) In the case of any State whose State plan included a provision meeting the requirements of subsection (a), 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 the plan, that—

"(1) the provision no longer complies with the requirements of subsection (a), or

"(2) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, but, instead, such payments shall be made, subject to the other provisions of this title, under subsection (e).

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under sections 1604 and 1608 for that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in that quarter, and, if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or

sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

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

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under subsection (a) (2).

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

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

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

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, his capacity for self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; 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.

Whether an individual is blind or severely disabled shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301 et seq., 1201 et seq., and 1351 et seq.) are hereby repealed.

ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 203. Section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before July 1970".

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609 (a) of such Act as herein amended, be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 205. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

AMENDMENT OF SECTION 228(d)

SEC. 301. Section 228 (d) (1) of the Social Security Act is amended by striking out "I, X, XIV, or", and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

AMENDMENTS TO TITLE XI

SEC. 302. Title XI of the Social Security Act is amended—

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

(2) by striking out "I, X, XIV," in section 1106(c)(1)(A);

(3)(A) by striking out "I, X, XIV, and XVI" in section 1108(a) and inserting in lieu thereof "XVI", and

(B) by striking out "section 402(a)(19)" in section 1108(b) and inserting in lieu thereof "part A of title IV";

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility for and amount of aid or assistance for any individual under a State plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5)(A) by striking out "I, X, XIV, and" in section 1111, and

(B) by striking out "part A" in such section and inserting in lieu thereof "parts D and E";

(6) (A) by striking out "I, X, XIV," in the matter preceding clause (a) in section 1115, and by striking out "part A" in such matter and inserting in lieu thereof "parts A and E",

(B) by striking out "of section 2, 402, 1002, 1402," in clause (a) of such section and inserting in lieu thereof "of or pursuant to section 402, 452,", and

(C) by striking out "3, 403, 1003, 1403, 1603," in clause (b) of such section and inserting in lieu thereof "403, 453, 1604, 1608,";

(7) (A) by striking out "I, X, XIV," in subsections (a) (1), (b), and (d) of section 1116, and

(B) by striking out "4, 404, 1004, 1404, 1604," in subsection (a) (3) of such section and inserting in lieu thereof "404, 1607, 1608,";

(8) by repealing section 1118;

(9) (A) by striking out "I, X, XIV," in section 1119,

(B) by striking out "part A" in such section and inserting in lieu thereof "services under a State plan approved under part A", and

(C) by striking out "3 (a), 403 (a), 1003 (a), 1403 (a), or 1603 (a)" in such section and inserting in lieu thereof "403 (a) or 1604"; and

(10) (A) by striking out "a plan for old-age assist

ance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" in section 1121 (a) and inserting in lieu thereof "a plan for aid to the aged, blind, and disabled", and

(B) by inserting "(other than a public nonmedical facility)" in such section after "intermediate care facilities" the first time it appears.

AMENDMENTS TO TITLE XVIII

SEC. 303. Title XVIII of the Social Security Act is amended—

(1) (A) by striking out "title I or" in section 1843 (b) (1),

(B) by striking out "all of the plans" in section 1843 (b) (2) and inserting in lieu thereof "the plan", and

(C) by striking out "titles I, X, XIV, and XVI, and part A" in section 1843 (b) (2) and inserting in lieu thereof "title XVI and under part E";

(2) (A) by striking out "title I, X, XIV, or XVI or part A" in section 1843 (f) both times it appears and inserting in lieu thereof "title XVI and under part E"; and

(B) by striking out "title I, XVI, or XIX" in such

section and inserting in lieu thereof "title XVI or XIX"; and

(3) by striking out "I, XVI" in section 1863 and inserting in lieu thereof "XVI".

AMENDMENTS TO TITLE XIX

SEC. 304. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent children" and "permanently and totally" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children" and "severely", respectively;

(2) by striking out "I or" in section 1902 (a) (5) ;

(3) (A) by striking out everything in section 1902 (a) (10) which precedes clause (A) and inserting in lieu thereof the following:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section 405 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—", and

(B) by inserting "or payments under such part E"

after "such plan" each time it appears in clauses (A) and (B) of such section;

(4) by striking out section 1902 (a) (13) (B) and inserting in lieu thereof the following:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section 405 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905 (a), and";

(5) by striking out "aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV," in section 1902 (a) (14) (A) and inserting in lieu thereof "assistance to needy families with children as defined in section 405 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI,";

(6) (A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in so much of section 1902 (a) (17) as precedes clause (A) and inserting in lieu thereof "assistance to needy families with children as defined in

section 405 (b), payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI,",

(B) by striking out "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" in clause (B) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section 405 (b), payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI", and

(C) by striking out "aid or assistance under such plan" in such clause (B) and inserting in lieu thereof "assistance, aid, or payments";

(7) by striking out "section 3 (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 "section 1608 (b) (1) (A) and (B)";

(8) by striking out "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)" in the last sentence of section 1902(a) and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the administration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

(9) by striking out "section 406(a)(2)" in section 1902(b)(2) and inserting in lieu thereof "section 405(b)";

(10) by striking out "I, X, XIV, or XVI, or part A" in section 1902(c) and inserting in lieu thereof "XVI or under an agreement under part E";

(11) by striking out "I, X, XIV, or XVI, or part A" in section 1903(a)(1) and inserting in lieu thereof "XVI or under an agreement under part E";

(12) by repealing section 1903(c);

(13) by striking out "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" in section 1903(f)(1)(B)(i) and inserting in lieu thereof "highest total amount which would ordinarily be paid under parts D and E of title IV

to a family of the same size without income or resources, eligible in that State for money payments under part E of title IV of this Act";

(14) (A) by striking out "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" in section 1903 (f) (3) and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family", and

(B) by striking out "section 408" in such section and inserting in lieu thereof "section 406";

(15) by striking out "I, X, XIV, or XVI, of part A" in section 1903 (f) (4) (A) and inserting in lieu thereof "XVI or under an agreement under part E"; and

(16) (A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title VI, who are—" in the matter preceding clause (i) in section 1905 (a) and inserting in lieu thereof "payments under part E of title IV or aid under a State plan approved under title XVI, who are—",

(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:

"(ii) receiving assistance to needy families with

agreement under part E of title IV of such Act, for each quarter beginning after June 30, 1971, and prior to July 1, 1973, in addition to the amount payable to such State under such title and such agreement, an amount equal to the excess of—

(1) (A) 70 per centum of the total of those payments for such quarter pursuant to such agreement which are required under sections 451 and 452 of the Social Security Act (as amended by this Act), plus (B) the non-Federal share of expenditures for such quarter required under title XVI of the Social Security Act (as amended by this Act) as aid to the aged, blind, and disabled (as defined in subsection (b) (1) of this section), over

(2) the non-Federal share of expenditures which would have been made during such quarter as aid or assistance under the plans of the State approved under titles I, IV (part (A)), X, XIV, and XVI had they continued in effect (as defined in subsection (b) (2) of this section).

(b) For purposes of subsection (a)—

(1) the non-Federal share of expenditures for any quarter required under title XVI of the Social Security Act, referred to in clause (B) of subsection (a) (1), means the difference between (A) the total of the ex-

penditures for such quarter under the plan approved under such title as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved under such title as in effect for June 1971 plus so much of the rest of such expenditures as is required (as determined by the Secretary) by reason of the amendments to such title made by this Act, and (B) the total amounts determined under section 1604 of the Social Security Act for such State with respect to such expenditures for such quarter; and

(2) the non-Federal share of expenditures which would have been made during any quarter under approved State plans, referred to in subsection (a) (2), means the difference between (A) the total of the expenditures which would have been made as aid or assistance (excluding emergency assistance specified in section 406(e) (1) (A) of the Social Security Act and foster care under section 408 thereof) for such quarter under the plans of such State approved under title I, IV (part A), X, XIV, and XVI of such Act and in effect in the month prior to the enactment of this Act if they had continued in effect during such quarter and if they had included (if they did not already do so) payments to dependent children of unemployed fathers au-

thorized by section 407 of the Social Security Act (as in effect on the date of the enactment of this Act), and (B) the total of the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of the Social Security Act for such State with respect to such expenditures for such quarter.

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 403. Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) (1) In applying the provisions of sections 442 (a) and (b), 443 (b) (2), 1603 (a) (1) and (b) (1), and 1604 (1) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used shall (instead of the $500, $300, and $1,500 in such section 442 (a), the $500 and $300 in such section 442 (b), the $30 in clauses (A) and (B) of such section 443 (b) (2), the $1,500 in such section 1603 (a) (1), the $110 in such section 1603 (b) (1), and the $65 in section 1604 (1)) bear the same ratio to such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65 as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the fifty States which has the lowest per capita income; except that in no case may the amounts

so used exceed such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65.

"(2) (A) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be effective for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"(B) The term 'United States', for purposes of subparagraph (A) only, means the fifty States and the District of Columbia.

"(3) If the amounts which would otherwise be promulgated for any fiscal year for any of the three States referred to in paragraph (1) would be lower than the amounts promulgated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

MEANING OF SECRETARY AND FISCAL YEAR

SEC. 404. As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the

context otherwise requires, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

Union Calendar No. 413

91st CONGRESS
2d SESSION

H. R. 16311

[Report No. 91-904]

A BILL

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

By Mr. MILLS and Mr. BYRNES of Wisconsin

MARCH 5, 1970
Referred to the Committee on Ways and Means

MARCH 11, 1970
Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

91ST CONGRESS
2D SESSION

H. R. 16311

IN THE SENATE OF THE UNITED STATES

APRIL 21, 1970

Under the order of April 20, 1970, received, considered as having been read twice, and referred to the Committee on Finance

AN ACT

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Family Assistance Act of 1970".

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TITLE I—FAMILY ASSISTANCE PLAN

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TABLE OF CONTENTS—Continued

TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen

family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"Eligibility

"SEC. 442. (a) Each family (as defined in section 445)—

"(1) whose income, other than income excluded pursuant to section 443 (b), is less than—

"(A) $500 per year for each of the first two members of the family, plus

"(B) $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500,

shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"Amount

"(b) The family assistance benefit for a family shall be payable at the rate of—

"(1) $500 per year for each of the first two members of the family, plus

"(2) $300 per year for each additional member, reduced by the amount of income, not excluded pursuant to section 443(b), of the members of the family.

"Period for Determination of Benefits

"(c) (1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefit for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which

income received in one period (or expenses incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"Special Limits on Gross Income

"(d) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits.

"Puerto Rico, the Virgin Islands, and Guam

"(e) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 443. (a) For purposes of this part, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) remuneration for services performed as an employee (as defined in section 210(j)), other than remuneration to which section 209 (b), (c), (d), (f), or (k), or section 211, would apply; and

"(B) net earnings from self-employment. as

defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a) (9)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income, including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of voca-

tional or technical training designed to prepare him for gainful employment;

"(2) (A) the total unearned income of all members of a family 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 $30 in such quarter, and (B) the total earned income of all members of a family 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;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of earned income (not excluded by the preceding paragraphs of this subsection) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private charitable agency or organization (as determined by the Secretary);

"(6) allowances under section 432 (a);

"(7) any portion of a scholarship or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution; and

"(8) home produce of a member of the family utilized by the household for its own consumption.

"RESOURCES

"Exclusions From Resources

"SEC. 444. (a) In determining the resources of a family there shall be excluded—

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"Disposition of Resources

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for family assistance benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered overpayments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF FAMILY AND CHILD

"Composition of Family

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who (A) is not married to another of such individuals and

(B) is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence.

"Definition of Child

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Family Relationships

"(c) In determining whether an individual is related to another individual by blood, marriage, or adoption, appropriate State law shall be applied.

"Income and Resources of Noncontributing Adult

"(d) For purposes of determining eligibility for and the

amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child (or a spouse of a parent), which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"Recipients of Aid to the Aged, Blind, and Disabled Ineligible

"(e) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"Payments of Benefits

"SEC. 446. (a) (1) Family assistance benefits shall be paid at such time or times and in such installments as the

Secretary determines will best effectuate the purposes of this title.

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family, or, if the Secretary deems it appropriate, to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this part, or be against equity or

good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"Hearings and Review

"(c) (1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received. Until a determination is made on the basis of such hearing or upon disposition of the matter through default, withdrawal of the request by the individual, or revision of the initial determination by the Secretary, any amounts which are payable (or would be payable but for the matter in disagreement) to any individual who has been determined to be a member of such family shall continue to be paid; but any amounts so paid for periods prior to such determination or disposition shall be considered overpayments to the extent they would not have been paid had such determination or disposition occurred at the same time as the Secretary's initial determination on the matter in disagreement.

"(2) Determination on the basis of such hearing shall be

made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibition of Assignments

"(d) The provisions of sections 206 and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

"Applications and Furnishing of Information by Families

"(e) (1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of

families for purposes of such eligibility and amount of benefits, the Secretary may prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES, TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds paragraph (1), (2), (3), (4), or (5) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by

the Secretary of Health, Education, and Welfare to have failed to so register, he shall not be regarded as a member of a family but his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

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

"(3) 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 paragraph (1), (2), (4), or (5) of this subsection (unless the second sentence of subsection (a), or section 448 (a), is applicable to him);

"(4) a child who is under the age of sixteen or meets the requirements of section 445 (b) (2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household.

An individual who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes, register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in such cases and for so long as he deems appropriate in the case of (1) individuals registered pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment, and (2) individuals referred pursuant to subsection (d) who are, pursuant to such referral, participating in vocational rehabilitation.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's incapacity, the Secretary shall make provision for referral of

such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases involving permanent incapacity as the Secretary may determine) for a review not less often than quarterly of such member's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan. If and for so long as such member is found by the Secretary to have refused without good cause to accept rehabilitation services available to him under such plan, he shall be treated as an individual to whom subsection (a) is applicable by reason of refusal to accept or participate in employment or training.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. (a) For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447(a) shall not be regarded as a member of a family, but his income which would otherwise be counted as income of the family under this part shall be so counted, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c) (1) and (2)), to have

refused without good cause to participate or continue to participate in manpower services, training, or employment, 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 by the Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provided for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is (or would, but for subsection (a), be)

a member of such family refuses work under any of the following conditions:

"(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(2) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality;

"(3) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(4) if the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency.

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which he estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer com-

pensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training. Such amounts shall be available to pay the costs of such programs.

"PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will make supplementary payments, as provided in this part, to any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of,

and rules and regulations under, sections 442(a)(2), (c), and (d), 443(a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in effect for January 1970 (which standard complies with the requirements for approval under part A as in effect for such month) or, if lower, a standard equal to the applicable poverty level determined pursuant to section 453(c) and in effect at the time of such payments, or such higher standard of need as the State may apply, with the resulting amount reduced by the family assistance benefit payable under part D and further reduced by any other income (earned or unearned) not excluded under section 443(b) (except paragraph (4) thereof) or under subsection (b) of this section; but in making such determination the State may impose limitations on the amount of aid paid to the extent that such limitations (in combination with other provisions of the plan) are no more stringent in result than those imposed under the plan of such State as in effect for such month. In the case of any State which provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, the Secretary shall prescribe by regulation the method or methods for achieving as nearly as possible the results provided for under the foregoing provisions of this subsection.

"(b) For purposes of determining eligibility for and amount of supplementary payments to a family for any period pursuant to an agreement under this part, in the case of earned income to which paragraph (4) of section 443(b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus—

(1) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income, plus

(2) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings.

For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of supplementary payments and in assisting any advisory committees established by the State agency;

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

"(6) provide safeguards which restrict the use or

disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title; and

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals.

"PAYMENTS TO STATES

"SEC. 453. (a) (1) The Secretary shall pay to any State which has in effect an agreement under this part, for each fiscal year, an amount equal to 30 per centum of the total amount expended during such year pursuant to its agreement as supplementary payments to families other than families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed, not counting so much of the supplementary payment made to any family as exceeds the amount by which (with respect to the period involved)—

"(A) the family assistance benefit payable to such family under part D, plus any income of such family (earned or unearned) not disregarded in determining the amount of such supplementary payment, is less than

"(B) the applicable poverty level as promulgated and in effect under subsection (c).

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c) (1) For purposes of this part, the 'poverty level' for a family group of any given size shall be the amount shown for a family group of such size in the following table, adjusted as provided in paragraph (2):

"FAMILY SIZE:	BASIC AMOUNT
One	$1,920
Two	2,460
Three	2,940
Four	3,720
Five	4,440
Six	4,980
Seven or more	6,120

"(2) Between July 1 and September 30 of each year, beginning with 1970, the Secretary (A) shall adjust the amount shown for each size of family group in the table in paragraph (1) by increasing such amount by the percentage by which the average level of the price index for the

months in the calendar quarter beginning April 1 of such year exceeds the average level of the price index for months in 1969, and (B) shall thereupon promulgate the amounts so adjusted as the poverty levels for family groups of various sizes which shall be conclusive for purposes of this part for the fiscal year beginning July 1 next succeeding such promulgation.

"(3) As used in this subsection, the term 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"FAILURE BY STATE TO COMPLY WITH AGREEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under this part or part A or B of this title or under title V, XVI, or XIX; but the amounts so withheld from payments under such part A or B or under title V, XVI, or XIX shall be deemed to have been paid to the State under such part or title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for under part E, or will perform such other functions of the State in connection with such payments as may be agreed upon, or both. In any such case, the agreement shall also (1) provide for payment by the State to the Secretary of an amount equal to the supplementary payments the State would otherwise make pursuant to part E, less any payments which would be made to the State under section 453 (a), and (2) at the request of the State, provide for joint audit of payments under the agreement.

"(b) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon. The cost of carrying out any such agreement shall be paid to the State by the Secretary in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family assistance benefits for such family, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such

technical assistance to States, and to provide, directly or through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of $20,000,000 in any fiscal year, shall be available to him to carry out this section.

"OBLIGATION OF DESERTING PARENTS

"SEC. 464. In any case where an individual has deserted or abandoned his spouse or his child or children and such spouse or any such child (during the period of such desertion or abandonment) is a member of a family receiving family assistance benefits under part D or supplementary payments under part E, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the family assistance benefits paid to such family during such period with respect to such spouse and child or children, plus the amount paid by the Secretary under section 453 on account of the supplementary payments made to such family during

such period with respect to such spouse and child or children, reduced by

"(2) any amount actually paid by such individual to or for the support and maintenance of such spouse and child or children during such period, if and to the extent that such amount is excluded in determining the amount of such family assistance benefits;

except that in any case where an order for the support and maintenance of such spouse or any such child has been issued by a court of competent jurisdiction, the obligation of such individual under this subsection (with respect to such spouse or child) for any period shall not exceed the amount specified in such order less any amount actually paid by such individual (to or for the support and maintenance of such spouse or child) during such period. The amount due the United States under such obligation shall be collected (to the extent that the claim of the United States therefor is not otherwise satisfied), in such manner as may be specified by the Secretary, from any amounts otherwise due him or becoming due him at any time from any officer or agency of the United States or under any Federal program. Amounts collected under the preceding sentence shall be deposited in the Treasury as miscellaneous receipts.

"TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME FOR FOOD STAMP PURPOSES

"SEC. 465. Family assistance benefits paid under this title shall be taken into consideration for the purpose of determining the entitlement of any household to purchase food stamps, and the cost thereof, under the food stamp program conducted under the Food Stamp Act of 1964."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

"PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving benefits under part D or supplementary payments pursuan to part E, of manpower services, training, employment, child care, and related supportive services necessary to train such individuals, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that needy families with children will be restored

to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary of Labor determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary of Labor shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E.

"(c) The Secretary of Labor shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including—

"(1) any of such services, training, employment, and opportunities which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orientation, institutional and on-the-job training, work experience, upgrading, job development, job placement, and follow up services required to assist in securing and retaining employment and opportunities for advancement;

"(3) relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to do so in an area where there is assurance of regular suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning of income sufficient to make such individual and his family ineligible for benefits under part D and supplementary payments under part E) ; and

"(4) special work projects.

"(d) (1) For purposes of subsection (c) (4), a 'special work project' is a project (meeting the requirements of this subsection) which consists of the performance of work in the public interest through grants to or contracts with public or nonprofit private agencies or organizations.

"(2) No wage rates provided under any special work project shall be lower than the applicable minimum wage for the particular work concerned.

"(3) Before entering into any special work project under a program established as provided in subsection (b),

the Secretary of Labor shall have reasonable assurances that—

"(A) 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,

"(B) such project will not result in the displacement of employed workers,

"(C) 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,

"(D) appropriate workmen's compensation protection is provided to all participants, and

"(E) such project will improve the employability of the participants.

"(4) With respect to individuals who are participants in special work projects under programs established as provided in subsection (b), the Secretary of Labor shall periodically (at least once every six months) review the employment record of each such individual while on the 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 in on-the-job, institutional, or other training.

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a) (1) The Secretary of Labor shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a family are receiving training for which training allowances are payable under section 203 of the Manpower Development and Training Act and meet the other requirements under such section (except subsection (l) (1) thereof) for the receipt of allowances which would be in excess of the sum of the family assistance benefit under part D and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to the greater of (1) the amount of such excess or, if lower, the amount of the excess of the training allowances which would be payable under such section 203 as in effect on March 1, 1970, over the sum of such family assistance benefit and such supplementary payments, and (2) $30 for each such member.

"(2) The Secretary of Labor shall, in accordance with regulations, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him which are necessary to and directly related to his participation in training.

"(3) The Secretary of Labor shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.

"(b) Allowances under this section shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of a family who is participating in a program of the Secretary of Labor providing public or private employer compensated on-the-job training.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 433. In providing the manpower training and employment services and opportunities required by this part the Secretary of Labor, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary of Labor may use the funds appropriated to him under this part to provide the programs

required by this part through such other Act, to the same extent and under the same conditions 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 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.

"RULES AND REGULATIONS

"SEC. 434. The Secretary of Labor may issue such rules and regulations as he finds necessary to carry out his responsibilities under this part.

"APPROPRIATIONS; NONFEDERAL SHARE

"SEC. 435. (a) There is authorized to be appropriated to the Secretary of Labor for each fiscal year a sum sufficient for carrying out the purposes of this part (other than sections 436 and 437), including payment of not to exceed 90 per centum of the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary of Labor shall consider the number of registrations under section 447 and other relevant factors.

"(b) If a non-Federal contribution of 10 per centum of the cost specified in subsection (a) is not made in any State (as required by section 402(a)(13)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 on account thereof and if he does so he shall instead, 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 403(a), 453, 1604, and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(13)) equals 10 per centum of such costs. Such withholding shall remain in effect until such time as the Secretary of Labor has assurances from the State that such 10 per centum will be contributed as required by section 402(a)(13). 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 of Labor.

"CHILD CARE

"SEC. 436. (a)(1) For the purpose of assuring that individuals receiving benefits under part D or supplementary payments pursuant to part E will not be prevented from participating in training or employment by the unavailability of appropriate child care, there are authorized to be appropriated for each fiscal year such sums as may be

necessary to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for part or all of the cost of projects for the provision of child care, including necessary transportation and alteration, remodeling, and renovation of facilities, which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training or employment under this part, or to enable an individual who has been referred pursuant to section 447 (d) to participate in vocational rehabilitation, or to enable a member of a family which is or has been (within such period of time as the Secretary may prescribe) eligible for benefits under such part D or payments pursuant to such part E to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual who is receiving aid to families with dependent children, or whose needs are taken into account in determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(2) Such grants or contracts for the provision of child care in any area may be made directly, or through

grants to any public or nonprofit private agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(3) Such projects shall provide for various types of child care needed in the light of the different circumstances and needs of the children involved.

"(b) Such sums shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for evaluation, training of personnel, technical assistance, or research or demonstration projects to determine more effective methods of providing any such care.

"(c) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of child care provided under a project assisted under this section, for payment by the family

of such fees for the care as may be reasonable in the light of such ability.

"SUPPORTIVE SERVICES

"SEC. 437. (a) No payments shall be made to any State under title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any calendar quarter beginning on or after the date part D becomes effective with respect to such State, unless it has in effect an agreement with the Secretary of Health, Education, and Welfare under which it will provide health, vocational rehabilitation, counseling, social, and other supportive services which the Secretary under regulations determines to be necessary to permit an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training and employment under this part.

"(b) Services under such an agreement shall be provided in close cooperation with manpower training and employment services provided under this part.

"(c) The Secretary of Health, Education, and Welfare shall from time to time, in such installments and on such conditions as he deems appropriate, pay to any State with which he has an agreement pursuant to subsection (a) up to 90 per centum of the cost of such State of carrying out such agreement. There are authorized to be appropriated for each

fiscal year such sums as may be necessary to carry out this section.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered pursuant to section 447 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"EVALUATION AND RESEARCH; REPORTS TO CONGRESS

"SEC. 439. (a) (1) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct re-

search regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

"(2) There are authorized to be appropriated such sums, not exceeding $15,000,000 for any fiscal year, as may be necessary to carry out paragraph (1).

"(b) On or before September 1 following each fiscal year in which part D is effective with respect to any State—

"(1) the Secretary shall report to the Congress on the manpower training and employment programs provided under this part in such fiscal year, and

"(2) the Secretary of Health, Education, and Welfare shall report to the Congress on the child care and supportive services provided under this part in such fiscal year."

CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended—

(1) by striking out "financial assistance and" in the first sentence; and

(2) by striking out "aid and" in the second sentence.

(b) (1) Subsection (a) of section 402 of such Act (42 U.S.C. 602) is amended—

(A) by striking out "aid and" in the matter preceding clause (1);

(B) by inserting, before "provide" at the beginning of clause (1), "except to the extent permitted by the Secretary,";

(C) by striking out clause (4);

(D) (i) by striking out "recipients and other persons" in clause (5) (B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to applicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";

(E) by striking out clauses (7) and (8);

(F) by striking out "aid to families with dependent children" in clause (9) and inserting in lieu thereof "the plan";

(G) by striking out clauses (10), (11), and (12);

(H) (i) by striking out "section 406 (d)" in clause

(14) and inserting in lieu thereof "section 405(c)",

(ii) by striking out "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))" in such clause and inserting in lieu thereof "for each member of a family receiving assistance to needy families with children, each appropriate individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enactment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan", and

(iii) by striking out "such child, relative, and individual" each place it appears in such clause and inserting in lieu thereof "such member or individual";

(I) by striking out clause (15) and inserting in lieu thereof the following: "(15) (A) provide for the development of a program, for appropriate members of such families and such other individuals, for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for imple-

menting such program by assuring that in all appropriate cases family planning services are offered to them, 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 (8) 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;"

(J) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";

(K) (i) by striking out "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children",

(ii) by striking out "aid" in clause (17) (A) (ii) and inserting in lieu thereof "assistance", and

(iii) by striking out "and" at the end of clause

(i), and adding after clause (ii) the following new clause:

"(iii) in the case of any parent (of a child referred to in clause (ii)) receiving such assistance who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (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";

(L) by striking out "clause (17) (A)" in clause (18) and inserting in lieu thereof "clause (11) (A)";

(M) by striking out clause (19) and inserting in lieu thereof the following: "(19) provide for arrangements to assure that there will be made a non-Federal contribution to the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost;";

(N) by striking out "aid to families with dependent children in the form of foster care in accordance with section 408" in clause (20) and inserting in lieu thereof "payments for foster care in accordance with section 406";

(O) (i) by striking out "of each parent of a

dependent child or children with respect to whom aid is being provided under the State plan" in clause (21) (A) and inserting in lieu thereof "of each person who is the parent of a child or children with respect to whom assistance to needy families with children or foster care is being provided or is the spouse of the parent of such a child or children",

(ii) by striking out "such child or children" in clause (21) (A) (i) and inserting in lieu thereof "such child or children or such parent",

(iii) by striking out "such parent" each place it appears in clause (21) (B) and inserting in lieu thereof "such person", and

(iv) by striking out "section 410;" in clause (21) (C) and inserting in lieu thereof "section 408; and";

(P) (i) by striking out "a parent" each place it appears in clause (22) and inserting in lieu thereof "a person",

(ii) by striking out "a child or children of such parent" each place it appears in such clause and inserting in lieu thereof "the spouse or a child or children of such person",

(iii) by striking out "against such parent" in such clause and inserting in lieu thereof "against such person", and

(iv) by striking out "aid is being provided under the plan of such other State" each place it appears in such clause and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State"; and

(Q) by striking out "; and (23)" and all that follows and inserting in lieu thereof a period.

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (19), (20), (21), and (22) of section 402 (a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as clauses (4) through (16), respectively.

(c) Section 402 (b) of such Act is amended to read as follows:

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Section 402 of such Act is further amended by striking out subsection (c).

(e) (1) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended—

(A) by striking out "aid and services" and insert-

ing in lieu thereof "services" in the matter preceding paragraph (1);

(B) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 406—

"(A) five-sixths of such expenditures, not counting so much of any expenditures with respect to any month as exceeds the product of $18 multiplied by the number of children receiving such foster care in such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under subparagraph (A), not counting so much of any expenditures with respect to any month as exceeds the product of $100 multiplied by the number of children receiving such foster care for such month;";

(C) by striking out paragraph (2);

(D) (i) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (3),

(ii) by striking out "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" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "receiving foster care or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D",

(iii) by striking out "child or relative who is applying for aid to families with dependent children or" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family",

(iv) by striking out "likely to become an applicant for or recipient of such aid" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "likely to become eligible to receive such assistance", and

(v) by striking out "(14) and (15)" each place it appears in subparagraph (A) of such paragraph and inserting in lieu thereof "(8) and (9)";

(E) by striking out all that follows "permitted"

in the last sentence of such paragraph and inserting in lieu thereof "by the Secretary; and";

(F) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (5);

(G) by striking out "section 406(e)" each place it appears in paragraph (5) and inserting in lieu thereof "section 405(d)"; and

(H) by striking out the sentences following paragraph (5).

(2) Paragraphs (3) and (5) of section 403(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (2) and (3), respectively.

(f) Section 403(b) of such Act is amended—

(1) by striking out "(B) records showing the number of dependent children in the State, and (C)" in paragraph (1) and inserting in lieu thereof "and (B)"; and

(2) by striking out "(A)" in paragraph (2), and by striking out ", and (B)" and all that follows in such paragraph and inserting in lieu thereof a period.

(g) Section 404 of such Act (42 U.S.C. 604) is amended—

(1) by striking out "(a) In the case of any State

plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services"; and

(2) by striking out subsection (b).

(h) Section 405 of such Act (42 U.S.C. 605) is repealed.

(i) Section 406 of such Act (42 U.S.C. 606) is redesignated as section 405, and as so redesignated is amended—

(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) The term 'child' means a child as defined in section 445(b).

"(b) The term 'needy families with children' means families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.";

(2) by striking out subsection (c) and redesignat-

ing subsections (d) and (e) as subsections (c) and (d), respectively;

(3) (A) by striking out "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" in paragraph (1) of subsection (d) as so redesignated and inserting in lieu thereof "a member of a family (as defined in section 445 (a))", and

(B) by striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is redesignated as section 406, and as so redesignated is amended—

(1) by striking out everything (including the heading) which precedes paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"FOSTER CARE

"SEC. 406. For purposes of this part—

"(a) 'foster care' shall include only foster care which is provided in behalf of a child (1) who would, except for his

removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children, (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 (e) (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 assistance to needy families with children in or for the month in which court proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 445 (a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance in or for such month if in such month he had been a

member of (and removed from the home of) such a family and application had been made therefor;

"(b) 'foster care' shall, however, include the care described in paragraph (a) only if it is provided—";

(2) (A) by striking out "'aid to families with dependent children'" in subsection (b) (2) and inserting in lieu thereof "foster care",

(B) by striking out "such foster care" in such subsection and inserting in lieu thereof "foster care", and

(C) by striking out the period at the end of such subsection and inserting in lieu thereof "; and";

(3) by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively;

(4) by striking out "paragraph (f) (2)" and "section 403 (a) (3)" in subsection (c) (as so redesignated) and inserting in lieu thereof "paragraph (e) (2)" and "section 403 (a) (2)" respectively;

(5) by striking out "aid" in subsection (d) (as so redesignated) and inserting in lieu thereof "services";

(6) by striking out "relative specified in section 406 (a)" in subsection (e) (1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 445 (a))"; and

(7) by striking out "522" and "part 3 of title V"

in subsection (e) (2) (as so redesignated) and inserting in lieu thereof "422" and "part B of this title", respectively.

(l) (1) Section 409 of such Act (42 U.S.C. 609) is repealed.

(m) Section 410 of such Act (42 U.S.C. 610) is redesignated as section 407; and subsection (a) of such section (as so redesignated) is amended by striking out "section 402 (a) (21)" and inserting in lieu thereof "section 402 (a) (15)".

(n) (1) Section 422 (a) (1) (A) of such Act is amended by striking out "section 402 (a) (15)" and inserting in lieu thereof "section 402 (a) (9)".

(2) Section 422 (a) (1) (B) of such Act is amended by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children".

(o) References in any law, regulation, State plan, or other document to any provision of part A of title IV of the Social Security Act which is redesignated by this section shall (from and after the effective date of the amendments

made by this Act) be considered to be references to such provision as so redesignated.

CHANGES IN HEADINGS

SEC. 104. (a) The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTARY PAYMENTS, WORK INCENTIVE PROGRAMS, AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of such title IV is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are sixty-five years of age or over, blind, or disabled and for the purpose of encouraging each State to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care, there are authorized to be appropriated for each fiscal year sums sufficient to carry out these purposes. The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICES TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exer-

cise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods) ;

"(3) provide for the training and effective use of social service personnel in the administration of the plan, for the furnishing of technical assistance to units of State government and of political subdivisions which are furnishing financial assistance or services to the aged, blind, and disabled, and for the development through research or demonstration projects of new or improved methods of furnishing assistance or services to the aged, blind, and disabled;

"(4) provide 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 non-paid 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) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that, except to the extent permitted by the Secretary with respect to services, the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

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

"(10) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations

to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

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

"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related; and

"(16) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.

Notwithstanding paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) 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 was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for aid to the aged, blind, and disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

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

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizenship requirement which excludes any citizen of the United States, or any alien lawfully admitted for permanent residence who has resided in the United States continuously during the five years immediately preceding his application for such aid;

"(4) any disability or age requirement which excludes any persons under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older; or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary.

In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is

applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not meet the requirements of section 1603 (a), if it meets all other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which, as determined in accord-

ance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442 (d) and regulations thereunder;

"(2) the State agency may not consider the financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of twenty-one or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

(4) if such individual is not blind but is severely disabled, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, dis-

regard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but only with respect to the part or parts of such period during substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency may disregard not more than the first $60 per month of earned income plus one-half of the remainder thereof; and

"(6) the State agency may, before disregarding any amounts under the preceding paragraphs of this subsection, disregard not more than $7.50 of any income.

For requirement of additional disregarding of income of OASDI recipients in determining need for aid under the plan, see section 1007 of the Social Security Amendments of 1969.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is

not disregarded pursuant to subsection (a), will provide a minimum of $110 per month;

"(2) the standard of need applied for determining eligibility for and amount of aid to the aged, blind, and disabled shall not be lower than (A) the standard applied for this purpose under the State plan (approved under this title) as in effect on the date of enactment of part D of title IV of this Act, or (B) if there was no such plan in effect for such State on such date, the standard of need which was applicable under—

"(i) the State plan which was in effect on such date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the applicable plans, and except that if none of such clauses is applicable to an individual, the standard of need

applied with respect to such individual may not be lower than the higher (or highest) of the standards under the State plans approved under titles I, X, and XIV which were in effect on such date; and

"(3) no aid will be furnished to any individual under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or supplementary payments pursuant to part E thereof, or training allowances under part C thereof, for purposes of determining the amount of such benefits, payments, or allowances (but this paragraph shall not apply to any individual, otherwise considered a member of such a family, if he elects in such manner and form as the Secretary may prescribe not to be considered a member of such a family).

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal

to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 90 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(2) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (2) may be lower than in the case of individuals in the other States. For other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title and perform such other functions of the State in connection with such payments as may be agreed upon. In such case payments shall not be made as provided in section 1604 and the agreement shall also provide for payment to the Secretary by the State of its share of such aid (adjusted to reflect the State's share of any overpayments recovered under section 1606).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals who were without fault in connection with the overpayment,

if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration.

"OPERATION OF STATE PLANS

"SEC. 1607. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged, blind, and disabled under the 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, such State shall qualify for payments for services under subsection (b) of this section.

"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary 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 prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary

as likely to prevent or reduce dependency, so provided to the applicants for or recipients of aid, or

"(C) any of the services prescribed pursuant to subsection (a), and any of the services specified in subparagraph (B) of this paragraph, which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid under the plan, if such services are requested by the individuals and are provided to them in accordance with subsection (c), 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 so much of such expenditures (not included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipients of aid 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; plus

"(3) one-half of the remainder of such expenditures.

"(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State agency, or the local agency administering the State plan in the political subdivision (but no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff), and

"(2) subject to limitations 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 that 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 supervis-

ing 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).

Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(e) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in subsections (b)

and (c) and provided in accordance with the provisions of those subsections.

"(f) In the case of any State whose State plan included a provision meeting the requirements of subsection (a), 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 the plan, that—

"(1) the provision no longer complies with the requirements of subsection (a), or

"(2) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, but, instead, such payments shall be made, subject to the other provisions of this title, under subsection (e).

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a) (1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under sections 1604 and 1608 for

that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in that quarter, and, if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

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

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid recovered from the estate of a deceased recipient which is not

in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under subsection (a) (2).

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

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

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

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with

respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, his capacity for self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; 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.

Whether an individual is blind or severely disabled shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301 et seq., 1201 et seq., and 1351 et seq.) are hereby repealed.

ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 203. Section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before July 1970".

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary

determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609 (a) of such Act as herein amended, be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 205. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

AMENDMENT OF SECTION 228(d)

SEC. 301. Section 228 (d) (1) of the Social Security Act is amended by striking out "I, X, XIV, or", and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

AMENDMENTS TO TITLE XI

SEC. 302. Title XI of the Social Security Act is amended—

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

(2) by striking out "I, X, XIV," in section 1106 (c) (1) (A);

(3) (A) by striking out "I, X, XIV, and XVI" in section 1108 (a) and inserting in lieu thereof "XVI", and

(B) by striking out "section 402 (a) (19)" in section 1108 (b) and inserting in lieu thereof "part A of title IV";

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility for and amount of aid or assistance for any individual under a State

plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5) (A) by striking out "I, X, XIV, and" in section 1111, and

(B) by striking out "part A" in such section and inserting in lieu thereof "parts D and E";

(6) (A) by striking out "I, X, XIV," in the matter preceding clause (a) in section 1115, and by striking out "part A" in such matter and inserting in lieu thereof "parts A and E",

(B) by striking out "of section 2, 402, 1002, 1402," in clause (a) of such section and inserting in lieu thereof "of or pursuant to section 402, 452,", and

(C) by striking out "3, 403, 1003, 1403, 1603," in clause (b) of such section and inserting in lieu thereof "403, 453, 1604, 1608,";

(7) (A) by striking out "I, X, XIV," in subsections (a) (1), (b), and (d) of section 1116, and

(B) by striking out "4, 404, 1004, 1404, 1604," in subsection (a) (3) of such section and inserting in lieu thereof "404, 1607, 1608 ";

(8) by repealing section 1118;

(9) (A) by striking out "I, X, XIV," in section 1119,

(B) by striking out "part A" in such section and inserting in lieu thereof "services under a State plan approved under part A", and

(C) by striking out "3 (a), 403 (a), 1003 (a), 1403 (a), or 1603 (a)" in such section and inserting in lieu thereof "403 (a) or 1604"; and

(10) (A) by striking out "a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" in section 1121 (a) and inserting in lieu thereof "a plan for aid to the aged, blind, and disabled", and

(B) by inserting " (other than a public nonmedical facility)" in such section after "intermediate care facilities" the first time it appears.

AMENDMENTS TO TITLE XVIII

SEC. 303. Title XVIII of the Social Security Act is amended—

(1) (A) by striking out "title I or" in section 1843 (b) (1),

(B) by striking out "all of the plans" in section 1843 (b) (2) and inserting in lieu thereof "the plan", and

(C) by striking out "titles I, X, XIV, and XVI, and part A" in section 1843 (b) (2) and inserting in lieu thereof "title XVI and under part E";

(2) (A) by striking out "title I, X, XIV, or XVI or part A" in section 1843 (f) both times it appears and inserting in lieu thereof "title XVI and under part E"; and

(B) by striking out "title I, XVI, or XIX" in such section and inserting in lieu thereof "title XVI or XIX"; and

(3) by striking out "I, XVI" in section 1863 and inserting in lieu thereof "XVI".

AMENDMENTS TO TITLE XIX

SEC. 304. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent children" and "permanently and totally" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children" and "severely", respectively;

(2) by striking out "I or" in section 1902 (a) (5);

(3) (A) by striking out everything in section 1902 (a) (10) which precedes clause (A) and inserting in lieu thereof the following:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section 405 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—", and

(B) by inserting "or payments under such part E" after "such plan" each time it appears in clauses (A) and (B) of such section;

(4) by striking out section 1902 (a) (13) (B) and inserting in lieu thereof the following:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section 405 (b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905 (a), and";

(5) by striking out "aid or assistance under State

plans approved under titles I, X, XIV, XVI, and part A of title IV," in section 1902(a)(14)(A) and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI,";

(6)(A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in so much of section 1902(a)(17) as precedes clause (A) and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI,",

(B) by striking out "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" in clause (B) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI", and

(C) by striking out "aid or assistance under such

plan" in such clause (B) and inserting in lieu thereof "assistance, aid, or payments";

(7) by striking out "section 3(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 "section 1608(b)(1)(A) and (B)";

(8) by striking out "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)" in the last sentence of section 1902(a) and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the administration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

(9) by striking out "section 406(a)(2)" in section 1902(b)(2) and inserting in lieu thereof "section 405(b)";

(10) by striking out "I, X, XIV, or XVI, or part A" in section 1902(c) and inserting in lieu thereof

"XVI or under an agreement under part E";

(11) by striking out "I, X, XIV, or XVI, or part A" in section 1903 (a) (1) and inserting in lieu thereof "XVI or under an agreement under part E";

(12) by repealing section 1903 (c) ;

(13) by striking out "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" in section 1903 (f) (1) (B) (i) and inserting in lieu thereof "highest total amount which would ordinarily be paid under parts D and E of title IV to a family of the same size without income or resources, eligible in that State for money payments under part E of title IV of this Act";

(14) (A) by striking out "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" in section 1903 (f) (3) and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family", and

(B) by striking out "section 408" in such section and inserting in lieu thereof "section 406";

(15) by striking out "I, X, XIV, or XVI, of part A" in section 1903 (f) (4) (A) and inserting in

lieu thereof "XVI or under an agreement under part E"; and

(16) (A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title VI, who are—" in the matter preceding clause (i) in section 1905(a) and inserting in lieu thereof "payments under part E of title IV or aid under a State plan approved under title XVI, who are—",

(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:

"(ii) receiving assistance to needy families with children as defined in section 405(b), or payments pursuant to an agreement under part E of title IV,",

(C) by striking out clause (v) of such section and inserting in lieu thereof the following:

"(iv) severely disabled as defined by the Secretary in accordance with section 1602(b)(4)," and

(D) by striking out "or assistance" and "I, X, XIV, or" in clause (vi), and in the second sentence of such section.

TITLE IV—GENERAL

EFFECTIVE DATE

SEC. 401. The amendments and repeals made by this Act shall become effective, and section 9 of the Act of April 19,

1950 (25 U.S.C. 639), is repealed effective, on July 1, 1971; except that—

(1) in the case of any State a statute of which (on July 1, 1971) prevents it from making the supplementary payments provided for in part E of title IV of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments and repeals made by this Act, and such repeal, shall become effective with respect to individuals in such State on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (if earlier than such first July 1 after July 1, 1971) on the first day of the first calendar quarter following the date on which the State certifies it is no longer so prevented from making such payments; and

(2) in the case of any State a statute of which (on July 1, 1971) prevents it from complying with the requirements of section 1602 of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments made by title II of this Act shall be-

come effective on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (subject to paragraph (1) of this section) on the earlier date on which such State submits a plan meeting the requirements of such section 1602;

and except that section 436 of the Social Security Act, as amended by this Act, shall be effective upon the enactment of this Act.

SAVING PROVISION

SEC. 402. (a) The Secretary shall pay to any State which has a State plan approved under title XVI of the Social Security Act, as amended by this Act, and has in effect an agreement under part E of title IV of such Act, for each quarter beginning after June 30, 1971, and prior to July 1, 1973, in addition to the amount payable to such State under such title and such agreement, an amount equal to the excess of—

(1) (A) 70 per centum of the total of those payments for such quarter pursuant to such agreement which are required under sections 451 and 452 of the Social Security Act (as amended by this Act), plus (B) the non-Federal share of expenditures for such quarter required under title XVI of the Social Security Act (as amended by this Act) as aid to the aged, blind, and

disabled (as defined in subsection (b) (1) of this section), over

(2) the non-Federal share of expenditures which would have been made during such quarter as aid or assistance under the plans of the State approved under titles I, IV (part (A)), X, XIV, and XVI had they continued in effect (as defined in subsection (b) (2) of this section).

(b) For purposes of subsection (a)—

(1) the non-Federal share of expenditures for any quarter required under title XVI of the Social Security Act, referred to in clause (B) of subsection (a) (1), means the difference between (A) the total of the expenditures for such quarter under the plan approved under such title as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved under such title as in effect for June 1971 plus so much of the rest of such expenditures as is required (as determined by the Secretary) by reason of the amendments to such title made by this Act, and (B) the total amounts determined under section 1604 of the Social Security Act for such State with respect to such expenditures for such quarter; and

(2) the non-Federal share of expenditures which

would have been made during any quarter under approved State plans, referred to in subsection (a) (2), means the difference between (A) the total of the expenditures which would have been made as aid or assistance (excluding emergency assistance specified in section 406(e) (1) (A) of the Social Security Act and foster care under section 408 thereof) for such quarter under the plans of such State approved under title I, IV (part A), X, XIV, and XVI of such Act and in effect in the month prior to the enactment of this Act if they had continued in effect during such quarter and if they had included (if they did not already do so) payments to dependent children of unemployed fathers authorized by section 407 of the Social Security Act (as in effect on the date of the enactment of this Act), and (B) the total of the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of the Social Security Act for such State with respect to such expenditures for such quarter.

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 403. Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) (1) In applying the provisions of sections 442 (a)

and (b), 443(b)(2), 1603 (a)(1) and (b)(1), and 1604(1) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used shall (instead of the $500, $300, and $1,500 in such section 442(a), the $500 and $300 in such section 442(b), the $30 in clauses (A) and (B) of such section 443(b)(2), the $1,500 in such section 1603(a)(1), the $110 in such section 1603(b)(1), and the $65 in section 1604(1)) bear the same ratio to such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65 as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the fifty States which has the lowest per capita income; except that in no case may the amounts so used exceed such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65.

"(2)(A) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be effective for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"(B) The term 'United States', for purposes of sub-

paragraph (A) only, means the fifty States and the District of Columbia.

"(3) If the amounts which would otherwise be promulgated for any fiscal year for any of the three States referred to in paragraph (1) would be lower than the amounts promulgated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

MEANING OF SECRETARY AND FISCAL YEAR

SEC. 404. As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the context otherwise requires, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

Passed the House of Representatives April 16, 1970.

Attest: W. PAT JENNINGS,

Clerk.

91st CONGRESS
2d SESSION

H. R. 16311

AN ACT

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

APRIL 21, 1970

Under the order of April 20, 1970, received, considered as having been read twice, and referred to the Committee on Finance

FAMILY ASSISTANCE ACT OF 1970

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 916 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 916

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16311) to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes, and any point of order against said bill pursuant to clause 3, Rule XIII, is hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed six hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. SMITH), pending which I yield myself 7 minutes.

Mr. Speaker, this begins the consideration of one of the most important pieces of legislation which this House will consider during the 91st Congress, because it very specifically represents what I believe to be the breaking of new ground in the field of social legislation, particularly as it pertains to welfare and to those who fall in the category of the poor.

Mr. Speaker, House Resolution 916 provides a closed rule with 6 hours of general debate for consideration of H.R. 16311, to authorize a family assistance plan providing basic benefits to low income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs, and to otherwise improve such programs, and for other purposes. The resolution also waives any point of order against the bill pursuant to clause 3, rule XIII—which, of course, is the Ramseyer rule.

The bill, H.R. 16311, is designed to amend the Social Security Act to provide incentives for employment and training of certain members of needy families, to improve the adult assistance programs and to improve the public assistance programs.

Assistance for more than 2 million families who make up the "working poor" is included in this legislation with the idea of helping them achieve self-sufficiency rather than dependency upon welfare in the future. Training and work opportunities are provided as incentives to millions of families who would otherwise be locked into the welfare system for generations and the Federal Government, under this legislation, would make a contribution toward relieving the financial burden of welfare payments by State governments.

So, Mr. Speaker, there are two main objectives of H.R. 16311. The first is to encourage every dependent family in America to stay together, free from the economic pressures which might split them apart. Second, the bill is intended to convert the existing programs, which in too many situations have encouraged dependency, to an integrated program which will encourage people to become independent and self-supporting through incentives to take training and enter employment.

The Committee on Ways and Means, which reported this legislation, testified that this measure would make major improvements and reforms in the provisions of the Social Security Act relating to the programs which aid needy families with children, including coverage of the working poor; the programs which aid the aged, blind, and disabled; and the programs which provide manpower services, training, employment, and child care to welfare recipients.

It is estimated that in the first year of operation, it will cost the Federal Government $4 billion-plus above the costs required by the various welfare programs now in existence.

In fiscal year 1972 the cost is estimated to be something over $12 billion in addition to what the States will spend.

Mr. Speaker, this is a very controversial and complicated piece of legislation which some claim will change the philosophy of our family assistance program, but it is a bill which has been endorsed by the overwhelming majority of the members of one of the greatest committees in the House. So on that basis, Mr. Speaker, I urge the adoption of the resolution in order that the Committee on Ways and Means may be permitted to debate this issue and to explain the details of the bill.

Mr. GROSS. Mr. Speaker, will the gentleman from California yield?

Mr. SISK. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

I have the usual question: What valid reason is there for bringing this bill before the House under a completely closed rule?

Mr. SISK. I believe the fairest answer I can give my friend from Iowa is that I have no basic argument to make to justify it.

This was a request by the Committee on Ways and Means. I would not assume it was unanimously agreed to by the members of the Committee on Ways and Means, but at least it was a request from the very distinguished chairman of that committee, the gentleman from Arkansas (Mr. MILLS), and the distinguished ranking minority member, the gentleman from Wisconsin (Mr. BYRNES), for a closed rule.

Of course, it does deal with a very complex and complicated issue.

I might say, there was a difference of opinion in the Committee on Rules. I found myself in the situation where I felt compelled to vote for a closed rule on this bill.

I am not in a position today to attempt to defend that vote to any great extent, because, I might say to my good friend, in spite of my great respect—and there is no Member of the House I have greater respect for than the gentleman from Arkansas, who I see is now on his feet—I have reservations about this bill, and strong reservations. In fact, to be honest about it, if I had to vote right now I would vote against the passage of this bill.

I am for the rule. I am here supporting the rule. I am supporting the right of the committee to debate the issue. I am terribly concerned about the implications in this bill. I do believe the distinguished members of the committee are entitled to discuss the issues before the House and to debate the merits and the demerits, because theer are two sides to the issue. Then we can vote it up or down.

I might say to my good friend, that is not necessarily an answer to his question, but that is the best I can give him at the moment.

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

Mr. SISK. I am glad to yield to the gentleman from Arkansas for any comment he might wish to make.

Mr. MILLS. On the question raised by my friend from Iowa, it is my information that this bill would be subject to amendment, without the closed rule, not just for the many titles which are involved in the bill itself—and that is a great number—but even for other titles of the Social Security Act.

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

Mr. SISK. I yield further to the gentleman from Iowa.

Mr. GROSS. The gentleman does not even talk in terms of a modified closed rule to limit it to the subject matter of the bill, to the titles or sections or anything else.

Is it just simply fashionable? Is it a fashion that cannot be broken? Even mini skirts, apparently, are going to change; they are going to get longer. Even fashions do change.

Is it just fashionable that the Ways and Means Committee comes in with every bill under a closed rule, or almost every bill? Is it because of fashion, or what?

Mr. SISK. Seriously, let me say to my good friend from Iowa, I believe it is a rather complicated bill. There was serious consideration given to a modified rule. It was a proposal made, for a modified rule; that is, a rule which would make in order certain amendments.

The problem we were confronted with, as an example, was that the gentleman from Florida was desirous of offering an amendment having to do with food stamps, and the gentleman from Georgia and the gentleman from Texas (Mr. BURLESON) were interested in making in order a bill which they have which eliminates the so-called guaranteed annual income provision and the working poor.

There were some other proposals. It came down to this situation. Frankly, I can tell my friend from Iowa my position is, if you are going to open it up for one individual or one group to offer amendments, then it is unfair to deny the opportunity to others. So really our decision was finally made that, all right, if you are going to come down here with a wide open rule or a closed rule, then you should make it that for everyone. Generally, Mr. MILLS and Mr. BYRNES and others who discussed it made it pretty evident that in all fairness, for good procedure, we had probably better stick with the closed rule, and that was the decision that was made. Maybe it was a bad judgment, but, at any rate, that was our decision in the committee.

Mr. GROSS. I do not care to pursue this very much further, because obviously, or it seems to me obviously, nothing is going to be done about it and the rule will be adopted, although I think it ought to be defeated and this bill opened up to amendment on the part of Members. The House ought to have an opportunity to work its will on it. The point is we might as well adopt the rule and vote on the bill, because I think we are all reasonably well acquainted with the contents of it. Why waste 6 hours of time debating something that you cannot amend or do anything with? The gentleman from California himself says that as of now he thought he would be prepared to vote against the bill. I feel the same way about it. I do not see much point in wasting 6 hours of time, if it can be called wasted, in listening to it.

The SPEAKER. The time of the gentleman has again expired.

Mr. SISK. Mr. Speaker, I yield myself 2 additional minutes.

Let me say quickly that this is a very complex proposition. There are various philosophies involved. There are some innovative things in this bill. I am concerned about possible precedents and the direction in which we are going. I question as to whether or not there has been a case made for work incentives in this bill. I think the facts and arguments and discussions were brought before the Committee on Rules which raised the question as to whether there was work incentive in it. It is my understanding that Mr. MILLS, Mr. BYRNES, and I are concerned about getting a work incentive that will cause people to want to work and go out and improve their economic conditions and support their families. I am concerned that there is not sufficient incentive in this bill to do that. I want to listen, and I hope and urge Members to stay on the floor during the 6 hours of debate, because I think it could be very beneficial. There will be people here raising very important questions on this matter. If I could be convinced that the work incentive is in here to the extent that I know in all sincerity my friend, Mr. MILLS, feels it is in it, then I will support the bill, but I do have grave reservations about it and about the implications and philosophy of having a guaranteed national wage. I have always opposed it, because I think it contrary to our whole philosophy and to the private enterprise system in this country. That is why I am getting a lot of mail against, and I am sure that other Members are, also. It will be a very controversial issue as we go down the road in this discussion of this bill between now and the

time when something may be done in connection with enacting a law.

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

Mr. SISK. I yield to the gentleman from Ohio.

Mr. LATTA. As a member of the Committee on Rules, I do not think we should leave the impression stand here that the Committee on Rules was powerless to write a rule that would take care of the objection raised by the gentleman from Arkansas (Mr. MILLS). We could certainly have written a rule that would have permitted the gentleman from Georgia (Mr. LANDRUM) to offer his bill and also one that would have permitted the gentleman from Florida to offer his substitute on the food stamp plan without putting the rest of the bill with the entire social security system in jeopardy. I want that on the RECORD so we do not leave that impression here.

Mr. SISK. Let me say to my good friend from Ohio that I agree with him. There is no question we could have written such a rule as I indicated to my good friend from Iowa. It was a matter of judgment on the part of the Committee on Rules, and the majority of the committee. It was not a unanimous vote by any means.

It was not a unanimous vote by any means.

The SPEAKER. The time of the gentleman from California has again expired.

Mr. SISK. Mr. Speaker, I yield myself 3 additional minutes.

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

Mr. SISK. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, I appreciate the gentleman yielding. I have only one question for the purpose of information only. Do I understand from House Resolution 916 as written only points of order pursuant to the Ramseyer rule are waived?

Mr. SISK. The gentleman is exactly correct. We waived it only on that point.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, then we will be able, is it fair for me to assume, to make other points of order within other rules of procedures of this House which would stand on their own merits if presented against the bill?

Mr. SISK. The gentleman states it exactly as I understand it.

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

Mr. SISK. I shall be glad to yield to the gentleman from Texas.

Mr. GONZALEZ. I thank the gentleman from California for yielding.

This is coming up under a closed rule; is that correct?

Mr. SISK. That is correct.

Mr. GONZALEZ. That is, no one who belongs to this House who is not a member of the Ways and Means Committee or for that matter the Rules Committee will have a chance to really offer anything meaningful in the way of amendments or modifications to the bill as put forth by the committee?

Mr. SISK. The gentleman speaks the facts as I understand them.

Mr. GONZALEZ. Will the gentleman explain to me why?

Mr. SISK. I would rather permit the gentleman from Arkansas and the gentleman from Wisconsin (Mr. BYRNES) to explain that. This was a request by the Committee on Ways and Means, and the Committee on Rules, after considerable discussion and after several other proposals had been offered, finally voted, in its wisdom, to grant a 6-hour closed rule. It might not have been the proper thing to do, but that is what was done.

Mr. GONZALEZ. Mr. Speaker, if the gentleman will yield further, I do not mean to put the gentleman as an individual on the spot. This is a very pertinent question. I think every conscientious Member of the House asks himself is there a special attribute that surrounds the Ways and Means Committee, since I am sure other committees would like to get closed rules?

Mr. SISK. No. Let me say, generally I do not think that is true. The facts are that the subject matter with which the Committee on Ways and Means deals covers taxes and social security which are extremely complicated matters. This does not mean that every Member of the House cannot be knowledgeable. But the facts are that it does deal with matters of balance where a minor amendment or what appeared to be a minor amendment in connection with either social security payments or tax law could throw the whole program out of balance. I think it has been generally considered a very difficult situation to attempt to amend or change tax laws or social security laws. These are, of course, the primary subjects with which the Committee on Ways and Means deals They are not covered by this blanket rule.

Let me say that legislation coming from the Committee on Ways and Means is privileged legislation and I am sure my friend from Texas knows that they do not need a rule in order to bring a bill to the floor of the House for consideration. They can bring a bill to the floor any time they are ready, whether the Rules Committee looks at it or not because it is privileged. But the point is that they come to us for a closed rule.

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

Mr. SISK. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, there are 478 pages in the compilation of the social security laws alone. I do not know but what there are, perhaps, 3,000 or 4,000 social security bills that are pending before the Ways and Means Committee, all of which might be in order under an open rule. There are broad references to this Internal Revenue Code within the Social Security Act itself that could or could not open up the entire Revenue Code.

The purpose of the Committee on Ways and Means in asking for a closed rule, historically on tax matters and social security matters, is to as best we can provide for an orderly procedure for the consideration of the legislation presented before the House. That is the only reason.

The gentleman from California remembers that in the other body they operate without a closed rule.

And I mean to tell you they operate. The last Social Security Act contained better than 500 amendments to the social security bill, and every one of them cost a devil of a lot more than we had in the House-passed bill, and it was the responsibility of the House conferees to take the brunt of the criticism to get those amendments out in the conference.

(Mr. GONZALEZ asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. GONZALEZ' remarks will appear hereafter in the Extensions of Remarks.]

Mr. SMITH of California. Mr. Speaker, I yield myself 12 minutes.

(Mr. SMITH of California asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Speaker, will the gentleman yield to me to clarify a point of jurisdiction?

Mr. SMITH of California. I yield to the gentleman from Pennsylvania for a question.

Mr. DENT. Mr. Speaker, under this rule could the right be denied to a committee if it feels that its jurisdiction has been usurped by the conditions of this bill?

For instance, let me read:

> This bill will contain a new program for manpower training employment services to be administered by the Secretary of Labor through the State employment offices.

Am I right or wrong in that—that that is strictly the jurisdiction of the Committee on Labor?

Mr. SMITH of California. We will get into some discussion on that, I am certain, in the general debate, but I am not going to yield all of my time on this rule. We have 6 hours to discuss this whole matter.

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

Mr. SMITH of California. Mr. Speaker, House Resolution 916, the resolution on the rule, provides for 6 hours of debate with a closed rule except for committee amendments, and waives points of order so far as the Ramseyer Rule is concerned. No one except members of the Committee on Ways and Means—and I would assume that to mean the chairman himself, and probably with the agreement of the ranking minority member—could or would offer an amendment.

It means that none of us who are not on the Committee on Ways and Means, including those of us on the Committee on Rules, can do so. We are apparently not capable of having sufficient information or ability to offer amendments or suggestions to this new program.

The rule was requested by the distinguished chairman, by the distinguished ranking minority member, by the administration and by HEW. There was concern as to the fact that it might open up the entire subject.

Accordingly, the majority of us on the Committee on Rules voted for a closed rule.

One of the arguments was that if the rule is open, or if a special rule is made to open up the so-called guaranteed an-

nual income payments, that they would probably be increased on the floor of the House. One Member testified before the Committee on Rules that he would like to have the rule open so that the amount could be increased, and one individual who was a visitor in the committee the first day during the entire day's session—and who was on television that night—stated that she thought it was a good program, but she thought it was not enough—that they want $5,500 a year to any needy family.

So apparently there is some feeling to increase the amount over and above the $1,600 for a family of four. I believe that after the bill is passed it will start growing a year from then, and from then on the sky will be the limit.

As to the bill itself, according to what the report states, the purpose of H.R. 16311 is to repeal the current jumble of federally assisted welfare programs, and to replace them with a unified program of aid to the Nation's poor.

This new program will provide financial assistance based unpon a formula to be applied nationwide.

Also included is a program of work training for those who require it, and child care, day-care centers to enable mothers to work.

Since 1960 the number of recipients within the welfare system has increased from $2.4 million to about $6.7 million and minor children make up most of this increase.

In this same period costs of the program have tripled to about $7.8 billion.

The Department of Health, Education, and Welfare estimates that the costs could double in the next 5 years under the present system.

This bill restructures that entire system. It places increased stress on work-training programs and the development of child day-care centers. It requires all of the adult recipients to register at employment centers and accept suitable work; and sets a nationwide scale of assistance payments to all eligible families.

Each family with children whose income is less than the family benefit level—computed at $500 each for the first two members of the family and $300 for each additional member—would be eligible to receive a payment. To qualify to receive such assistance, members of the family must meet the registration for work or training requirements. The amount of payment each family receives will be based on the difference between the family benefit level and the amount of income earned by the family. For example, the family of four with no income would be eligible to receive $1,600—$500 plus $500 plus $300 plus $300.

Every needy family in the Nation would be eligible to receive assistance, but a family with $1,500 or more in resources, excluding its home and household goods and personal effects, would not be eligible for any assistance. Certain types of income would be excluded in determining the total Federal benefit level. Excludible income includes:

First, the first $720 per year of each adult member of the family, plus one-half of the remainder.

Second, food stamps and other public or private charity, including veterans' pensions.

Third, all earnings of a child in school.

Each family member would be required to register for employment or work training with a public employment office. Exceptions to this rule are children under 21 who are in school, those who are ill or disabled, a mother with a child under the age of 6, one who is caring for an ill family member, or whose husband is registered under the program.

Any individual who refuses to register or to accept vocational rehabilitation will not be counted in determining the amount of the family benefit.

The several States will have to supplement the family assistance payments up to the level of their aid for dependent children programs or the poverty level—whichever is lower—in order to be eligible for Federal funds under medicaid and other welfare programs. States will not, however, have to supplement Federal payments to the working poor.

An appeals procedure is provided. Any person who disagrees with any decision relating to his eligibility for, or the amounts of his family assistance payments may obtain a hearing. Any final determination can be reviewed in the local district court, where factual determinations previously made by the Secretary of Health, Education, and Welfare would be conclusive.

The bill terminates the present work incentive program and creates a new one operated by the Secretary of Labor. Training would be provided all registrants who need it. Concurrently, State welfare agencies would be required to provide health and other benfits to facilitate the participation of individuals in the training program. Federal appropriations are authorized to cover up to 90 percent of the costs of the new training program with the State responsible for the remaining 10 percent. If a State fails to provide its 10 percent, Federal assistance to other welfare programs within such State would be reduced by the amount of the State's deficit. Each person in the training program will receive an allowance of $30 per month for incidental and travel expenses. Funds to cover such costs as transportation and other costs directly connected with the training program can also be paid out by the Secretary of Labor.

Day-care centers for minor children are to be provided. The Secretary of Health, Education, and Welfare is authorized to make grants covering up to 100 percent of the costs to public and private nonprofit agencies to assure that such assistance is provided for all training program participants who require it.

The present separate assistance programs for the aged, blind, needy, and disabled are eliminted. In their place, a new combined Federal-State unified program is instituted to cover the same groups of people. Following federally set definitions and qualifications, the State will be required to provide a payment sufficient to bring an individual's total income up to at least $110 per month. No restrictions such as residency or citizenship requirements could be instituted. The Federal Government would pay 90 percent of the first $65 of the average monthly payment, and 25 percent of the remainder, up to the limits set by the Secretary of Health, Education, and Welfare. Fifty percent of all State administrative costs would also be paid by the Government.

The effective date is July 1, 1971, with special provisions for States with statutes which prevent them from complying by that date.

The cost of the bill to the Federal Government in its first year of operation is approximately $4.4 billion above the costs required by the present welfare programs. The total Federal outlay in fiscal 1972, the first year of the new program, is estimated to be approximately $12.2 billion with the States expending another $5.5 billion. The cost of the bill is about the same as that proposed by President Nixon. The major change is that the reported bill treats the States differently, and in so doing will reduce the overall State expenditures by some $567,600,000. This results from a change in State matching supplemental payments which help States with higher benefit levels, and the increased minimum income standards which require States with low support levels to increase their fiscal effort.

Mr. Speaker, the gentleman from Texas (Mr. BURLESON), introduced H.R. 16600 on March 23 as a substitute. The Rules Committee did not make that bill in order as a substitute, so the provisions of that bill will not be before the House. It contains much of the language of the present bill, with the exception of certain guaranteed income payments.

It seems to me the idea that is presented in H.R. 16311 has been around here for a number of years. It has been dusted off a little bit and some frosting put on it. It has been introduced as a welfare program. If it had been introduced by the last administration in the form it is in, many Republican Members would have opposed it very bitterly.

Almost everyone agrees that we need some welfare reform, that the present system is not working. But is this welfare reform? I believe it was introduced originally as welfare reform, but I do not think it turned out to be a welfare reform program. In my opinion, it is more of a welfare expansion program.

It has been estimated that the bill would add approximately 15 million people to the welfare rolls of the United States. The California State Department of Social Welfare has not been able to estimate the cost to the State of the welfare program.

Now, some of the problems: I refer you to pages 21 and 22 of the bill, where the conditions are set forth and the exceptions are set forth, and I particularly refer to the question of what is suitable employment. The person has to take suitable employment. What is suitable employment? Who is going to determine what suitable employment is?

Suppose an individual is trained and he is told to take a job 1 mile away. There

is no transportation, public or private. He must travel 1 mile each way. He says:

I can't walk that far. I can only walk two miles a day, one mile to work and one mile back.

Would that be suitable employment? And after training, would he then go back on the welfare program? I do not know, and there is no language in the bill that will help definitely to determine that question.

Suppose a person does not like the job to which he is sent. In some plants employees cannot smoke. In plants manufacturing aircraft they have 15-minute breaks twice a day so that employees can go outside to certain areas where they can smoke. Suppose an individual does not like the job. He stays out 22 minutes. His foreman or supervisor says, "Where have you been?" He says, "I took a little extra time."

Suppose he does not like the work and throws a monkey wrench in the machinery and breaks it.

How long are the employers going to have to keep these people there if they do not like the job and think it is not suitable? It seems to me that we must have more definite, more specific language as to what suitable employment is going to be and who is going to enforce it and what we do if the individual who is trained will not take the employment. We have to have more specific language in this bill to tell us what we will do if this employment is not considered suitable.

Take domestics. In my area we cannot get domestic workers. I have some families where the father and mother both are working, one where they have three children, one of whom is semi-handicapped. They cannot get anybody to take the job. The State employment agency does not have anybody. No private employment agencies have. We have tried to get a woman in from Mexico who was willing to come up here. They cannot get certification from the Labor Department. They always place an "x" in the box that says there are plenty of available people. People apparently do not want to be domestic workers.

Are we going to train them for that? Will that be considered suitable employment, if they do not want that employment?

Take the engineers. Some have lost their jobs because of the shortage of contracts. They want jobs but there are not any. What do we do about those people? It seems to me we have to have some jobs available for these engineers who are out of work now.

I have talked to brokerage firms in New York, I talked to the heads of two of them yesterday. They told me that at the present time they are just barely able to keep their heads above water. They said, "ALLEN, why don't you solve a crisis in Washington?" I said, "What crisis do you have in mind?" They said, "Well, solve Vietnam or something, because we cannot keep going as we are."

I think the administration is trying to solve Vietnam, but it is not as easy as that.

I have two plants in my area, two corporations which a year or 2 ago sent in proposals saying that they were willing to train 200 people. This is not on-the-job training. They will have facilities, counselors, and teachers and all that is necessary to determine what work the people can do. They guaranteed they would train 200 people per year and guaranteed them jobs if the Government would simply pay half the cost of the expenses. I could not get a nickle downtown in the last administration or in this one. Yet the two corporations were perfectly willing to spend their own money to do that.

I think we have some problems from that standpoint, and I thought those two fine companies would have interesting pilot programs. They were interested in doing it.

I was talking to some executives the last time I was home, in a plant which is a subsidiary in my district, and they said they are scared to death because there are so many imports coming in they do not know how they can keep going unless conditions get better.

Now, what about the professional poor? There are a million or a million and a half of them. We will not let them starve. We do not believe in that. So if they will not work and they take the program and they register once, what are we then going to do about that?

I only mention these things because it seems to me the bill ought to be more clear. The proponents claim this will create incentives to work and keep families together. I certainly hope so, but I doubt it very much. None of us has a crystal ball. We cannot look into the future. They say, "Let us try the program." But we must keep in mind that we have other programs which are spending money in education, in clean air, water pollution, environmental control, veteran problems, Vietnam, and on and on. This program is going to cost more and more money.

Will we have to increase the debt before June 30? Will we have to have an extension of the surtax? People feel now that they are being taxed to death. If we keep on, they are liable to say, "Throw all the rascals out in Washington and replace the whole Congress."

This starts a Federal means test for the first time. I do not know whether that is good or bad. The facts will be placed into a computer. The answer comes out that the father does not make enough money to support his children. Do we then tell the children that your father is not capable of supporting them? Is that for the good of the children?

It starts a guaranteed income program. I am all for a guaranteed work program, but I am opposed to a guaranteed income program. There will be statements made by Member after Member that we now have a guaranteed annual income which was written into the law some years ago. From a practical standpoint, that may be true with the State programs and the social welfare, and so forth, and maybe there is a certain amount that certain families actually will receive.

But this is the first time to my knowledge that we will actually write into the Federal law that we will guarantee a family a certain amount of money per year depending upon that family. I believe the U.S. Treasury is liable to be opened wide for the first time in our history to pay people a certain amount of money.

I believe that this bill needs more study. I am all for improving the program, as everybody is, but I would hope that the committee would give consideration to further studying this program, to figuring out what suitable work is and who is going to decide it, what it is going to cost, and then come in here, and perhaps have a little better legislation than we will have under a strictly closed rule, if this bill reaches that point.

So far as I am concerned, I intend to vote against the bill in its present form.

Mr. Speaker, I reserve the remainder of my time.

Mr. SISK. 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 March 11, I joined with my colleagues on the Committee on Ways and Means in reporting H.R. 16311. This bill symbolizes a great step forward in providing a basic level of financial assistance throughout the Nation to needy families with children. In addition, the bill is intended to convert the existing public assistance program from one which results in people remaining in dependency to one which will encourage people to become independent and self-supporting through incentives to take training and enter employment.

Since 1960, the number of recipients receiving aid under AFDC programs has increased from 2.4 million to about 6.7 million. Moreover, the proportion of children receiving assistance has been rapidly increasing—from 30 children per 1,000 in 1955 to about 60 children per 1,000 in 1970. In addition the costs of these programs have more than tripled during the last 10 years—to about $4 billion at present. Estimates made by the Department of Health, Education, and Welfare indicate these costs could more than double again during the next 5 years unless action is taken now to deal with the underlying causes of this crushing increase in both costs and numbers of recipients.

It is clear that the type of welfare legislation that has been enacted in recent years has not been very effective in dealing with the massive problems that are plaguing the welfare programs. It is equally clear that a new direction must be taken to handle these problems.

As reported by the Committee on Ways and Means, H.R. 16311 represents just such a new direction for family assistance. It is designed to carry out the committee's intent to reduce dependence on assistance and restore more families to employment and self-reliance. It is my firm belief that this will gradually reverse the present trend of spiraling cost and increasing dependence upon welfare.

Basically, the family assistance plan provides that each family with children under 18—or under 21 if attending

school—whose nonexcludable income is less than $500 per year for each of the first two family members and $300 per year for each additional family member, and whose resources—other than those excluded—the home, household goods, personal effects, and so forth, are less than $1,500 would be eligible to receive a family assistance benefit.

Unlike present law, the family assistance plan contained in the bill includes needy families where the father is in the home and fully employed. The bill provides a uniform earnings exemption which is equally applicable to families with male and female heads and well as those who are fully and partially employed.

For purposes of Federal benefits under the family assistance plan, the first $60 a month in earnings would be disregarded plus one-half of the remainder. A family of four would therefore be able to receive some benefits under the program until its income reaches $3,920.

Under the program, a family without other income will receive $500 per year for each of the first two family members, plus $300 per year for each additional family member. These payment rates establish a Federal income maintenance floor which in most States will be increased by required State supplementation for all families except the working poor. The bill provides that each State that was making AFDC payments higher than the new family assistance benefit, would be required to maintain the levels of payments in effect as of January 1, 1970, or, if it is lower, a level corresponding to the poverty level as defined in the bill.

In order to assist the States in making supplementary payments, H.R. 16311 provides that the Federal Government generally would pay a State 30 percent of the amount expended by the State in making such payments each fiscal year, not including any supplementary payments made to the working poor. However, there would be no Federal payment for that part of the supplementary payment which exceeds the difference between the applicable poverty level and the sum of the family assistance payment and any income of the family not disregarded in computing the supplementary payments.

H.R. 16311 also provides much needed assistance to the States in meeting the costs of their public assistance programs. Under present law, in Illinois the costs of family programs of assistance were $158.1 million in 1968. The Federal Government bore $78.9 million of this cost, and the State paid $79.2 million. Under H.R. 16311, for 1968, these total costs would have been $173.6 million. The Federal Government's share would have been $127.4 million and the State's share, $46.2 million. Thus, H.R. 16311 would provide a total increase in assistance to families in Illinois of $15.5 million while decreasing the costs of the program to the State by $33 million.

I am also pleased that the Committee on Ways and Means included in H.R. 16311 significant improvements in the programs which assist the aged, blind, and disabled. The bill provides for combining the present categories for assistance to these groups into one combined adult assistance program and for uniform requirements for all States for eligibility factors such as the level and type of resources allowed and degree of disability or blindness.

More importantly, under H.R. 16311, States must assure that each aged, blind, or disabled adult will receive assistance sufficient to bring his total income up to $110 a month. In addition, incentives are provided for the States to enter into agreements for Federal administration of the combined program and a simplified Federal matching formula which will result in generally more favorable Federal participation in the cost of the payments. For instance, in my home State of Illinois, the difference between existing law and H.R. 16311 for the year 1968 would result in a savings of $6.7 million for Illinois and an increase in expenditures by the Federal Government of $11.5 million. The increase in payments of assistance under the adult categories in Illinois would be $4.8 million.

In summary, Mr. Chairman, I would like to state my strong support of this bill and urge the House to take prompt action on its approval. Overall, the bill will provide equitable treatment of working poor families; reduction in financial incentives for family breakup; reduction of variations in payment levels among the States through the introduction of a Federal floor for family assistance payments; establishment of a strengthened manpower training program; and improvements in the level of help and effectiveness of the adult assistance programs.

Mr. SISK. Mr. Speaker, I yield 10 minutes to the distinguished gentleman from Georgia (Mr. LANDRUM).

Mr. LANDRUM. Mr. Speaker, I find myself today in a most awkward position, yet awkward as it is I am not uncomfortable.

It is awkward for me to find myself in opposition to the distinguished chairman of my committee, and one of the most distinguished men of the Congress.

It is likewise awkward to find myself opposing the distinguished minority member of the Committee on Ways and Means, the gentleman from Wisconsin (Mr. BYRNES).

But, as I said, it is not uncomfortable. If such an incongruity as that statement implies appears to be impossible of acceptance, then allow me to ask the Members to study carefully during the next 6 hours of debate and discussion on this floor the incongruities in this piece of legislation, and what I just said will seem as compatible as a newly married couple.

In reflecting upon the provisions of this legislation and what I see in it for the future of this country, if the legislation becomes law, there comes to my mind the opening lines of Charles Dickens' "Tale of Two Cities." I hope the Members will indulge me if I recall those opening lines.

It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way—in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.

Now, in this bill we have some of the very best things. No Member of this House, and certainly no member of the Committee on Ways and Means who heard the testimony, can disagree with the fact that we need reform in all of our welfare programs and in our welfare legislation. But, in its entirety the bill is not really reform but revolutionary change that ought to be subjected to amendments which this rule precludes.

And, when you study carefully the innovations in this bill to bring about that reform, I think we must, of necessity, come to the conclusion that some of the worst things ever proposed to this Congress are contained in it, and one of them is a guaranteed annual income.

Make no mistake about it, ladies and gentlemen—make no mistake about it—you vote this legislation into law and you go down the road of no return, because you have guaranteed an income out of public funds to people employed and to people unemployed. To me that is not the age of wisdom; that is the age of foolishness; that is the age of recklessness.

To think that I must confront such a proposition with my responsibility as a Member of this body and report to my constituents that I am foreclosed from offering an amendment in the House of Representatives to give this body a chance to vote on it, I have to say, as Dickens said, "This is the age of despair." That is because I cannot offer an amendment here under this rule to take out this objectionable feature of the guaranteed income. I have to swallow it if I want to vote for the improvements that are in this bill for aid to dependent children, for the aged, for the blind, and for the unfortunate of this country. So I despair to have to come here today and admit to myself that we are foreclosed by the leadership of this House and the leadership of this committee by the demand for a closed rule.

Incidentally, I was not a part of that request for a closed rule. I voiced my objections to it, as the chairman will recall, when the request was made in the committee.

The leadership of this House says, bring this on under a closed rule. Now, what is wrong with any Representative in this House facing up to an amendment that affects the course of welfare legislation of this country and changes the fundamental structure of our Nation more than any other single piece of legislation in the 18 years that I have been a Member of Congress?

What does a guaranteed income promise? Let us take two workingmen, two wage earners, working side by side, with equal skills, drawing the same identical wage. We will just use $2 an hour as an example. One, being rather prolific himself and perhaps having a prolific mate, has a large family, let us say five or six.

And the other, not being so inclined or so constructed, has probably one or two. Yet, the one with the large family will draw from the Federal Government, just like the employees of the Federal Government, a check every month to supplement his income to bring him up to the level of income the Government says a family of his size should have. And, mind you, it will come from the wages of the man working alongside him simply because the man working alongside him chose to have a family of smaller proportions and does not receive from his Government a subsidy payment. But he pays his tax.

You cannot deny that, gentlemen. The leadership of this House cannot deny it, if they have studied this bill. My distinguished friends in the Committee of Ways and Means with their great capacity as legislators and as statesmen cannot deny it because they know it is here.

Moreover, Mr. Speaker, I cannot offer an amendment designed to stop provisions in the bill which will add literally hundreds of thousands of employees to the employment rolls of the Department of Health, Education, and Welfare. Why?

Mr. Speaker, we now have about 2 million people on the welfare rolls as I understand it—perhaps, a little less—but we are with this bill about to add 15 million as a minimum estimate, but as a maximum estimate in my judgment between 25 million and 30 million. And to administer the law for all these new welfare recipients literally thousands of new employees will be required. We are going to be saying in law as the distinguished gentleman from California said awhile ago, "Listen, fellow, your daddy is working; your daddy has got five children; you have got four brothers and sisters; your daddy has got a wife and there are seven in your family." In other words, he is working and he is making $6,120. To my way of thinking that fellow has a pretty substantial pride in his family relationship and in his accomplishments. He is not going to be able to furnish each one of those children two pairs of shoes all the time, the best cuts of meat all the time, two suits and he is not going to ride in Cadillacs, even though it might be a "welfare Cadillac." But his children have pride in the fact that their father is making them a living. Yet, we are coming in here on page 28 of this bill and saying to that man because he makes less than $6,120 and has that many children, he is in poverty. And, we are saying to those children, "Your daddy is in poverty. Your Government is going to keep you up."

Mr. Speaker, by doing this we will destroy the motivation of that child, we will destroy the incentive of that man to improve his skill. Further, we are proposing a statute, that does something we have never done before by telling a workingman—not a loafing man—telling a man working that because you make less than so much you are in poverty and the Government is going to take public money and pay you a subsidy.

That will require great sums of money. New revenue must be found. Surtaxes will be added and increased—not reduced or eliminated as now planned. Budget deficits will grow—not decline and all because we take the tragic step proposed in this bill of guaranteeing to a man—whether or not he works—annual income equal to a figure the Government decides he should have.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. SISK. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. LANDRUM. Mr. Speaker, this bill puts the benefits in this order: Cash, food, and work. So long as we keep the priorities in that order, gentlemen, we are going to be faced with the welfare recipient saying, "No; I am not going to work because I have already got that cash and I have also got my food."

Now, if you turn it around the other way and put work first and cash last, then we will get along the road that seems to me more American.

Mr. Speaker, I am perfectly willing to tax every man and woman in this country for what is necessary to take care of the aged and to take care of the unfortunates and to take care of those who cannot take care of themselves. But I am unwilling to levy a single copper of tax in America to take care of any person who simply will not work. And, that is exactly what you are doing with this bill.

Mr. Speaker, if I had the opportunity to amend it, I would take that out and vote for the other, but not having that chance to, I must say to my distinguished chairman and my distinguished friend from Wisconsin and my friends in the House, despite my concern for the training programs that are provided for in this bill, as well as other fine programs, I will have to oppose this bill because in my view we are going down the road of no return.

Mr. SMITH of California. Mr. Speaker, I yield briefly to the gentleman from Indiana (Mr. LANDGREBE).

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

Mr. LANDGREBE. Mr. Speaker, there has been no discussion at all on how the Supreme Court's March 23 ruling on welfare is going to affect this program.

Briefly stated, the High Court ruled that it is unconstitutional for States and cities to stop welfare payments until they give recipients a chance to defend their rights to the benefits.

The Court ruled that a welfare recipient is entitled to a hearing before his payments are cut off and the hearing must include these four features:

First. The needy person must be heard in person. A written statement on his behalf is no longer good enough.

Second. The recipient must be allowed the opportunity to confront and to question any witnesses who say that he is ineligible.

Third. If the recipient wishes, he may have a lawyer at the hearing but this is not required.

Fourth. The official deciding eligibility must write out the reasons why he made his decision and cite evidence he relied upon.

Now, what does this ruling have to do with FAP The answer is: No one is sure.

We do know that under the family assistance program, a person receiving payments has his allotment scaled down as he makes more money. As for the so-called working poor, the same is true with a definite cutoff point at a certain level beyond which no more FAP money is given the recipient. What the Supreme Court ruling has at least made a possibility is that FAP recipients can now demand a full evidentiary hearing if the Government either cuts off or scales down their welfare payment.

Chief Justice Warren Burger alluded to this possibility in his dissent in the case when he said:

> Aside from the administrative morass which today's decision could well create, the Court should also be cognizant of the legal precedent it may be setting. The majority holding raises intriguing possibilities concerning the right to a hearing at other stages in the welfare process which effect the total sum of assistance, even though the action taken might fall short of complete termination. For example, does the Court's holding embrace welfare reductions or the denial of increases as opposed to terminations, or decision concerning initial applications or requests of special assistance. The Court supplies to distinguishable considerations and leaves these crucial questions unanswered.

In a footnote to his dissent, Chief Justice Burger noted that Los Angeles County alone employs 12,500 welfare workers to process grants to 500,000 people under various welfare programs. He said:

> The record does not reveal how many more employees will be required to give this newly discovered "due process" to every welfare recipient whose payments are terminated for fraud or other factors of ineligibility or those whose initial applications are denied.

But the outlook is not good.

Ohio State Welfare Director Denver White says the Court ruling is, quote, "terrible."

> It is going to cause a taxpayers revolt. Now we must have more scrutiny of anyone applying for welfare. Last month, we closed 3,000 cases . . . now we would have to have hearings on all of these . . . and that's 36,000 cases a year.

The New York Post the day after the Court ruling, reported that because of it New York State welfare officials may face the possibility of a huge administrative logjam because up until now they have given welfare recipients only a chance to reply in writing to contest their payment termination.

An additional danger of this Court ruling is that it will give welfare rights militants such as George Wiley, head of the National Welfare Rights Organization, a powerful new legal tool to combat and harass Government efforts to enforce welfare work requirements.

With FAP adding some 15 million additional individuals to the welfare rolls, the opportunity will now be greatly enhanced for militant welfare organizers to bog down the system by simply demanding hearings on every welfare termination, reduction, or denied application.

And there should be no doubt as to the way these groups feel about welfare work requirements. George Wiley was quoted recently in the Philadelphia Inquirer as saying:

> We're going to fight against forcing people to work in order to get welfare. We're pre-

pared to beat it in the streets. We're prepared to refuse to take jobs that are given us.

The goal of the welfare militants, Mr. Chairman, has always been to break down the present welfare system and substitute in its place a guaranteed annual income. As long ago as June of 1966, Joseph Loftus reported in the New York Times:

Activists who are impatient with the Johnson antipoverty campaign are firing up a campaign of their own. The objective, simply stated, is a guaranteed, Federerally financed annual income. The strategy of the activists is to demand welfare payments for all who qualify . . . to . . . double the welfare rolls, and impel the politicians to accept a guaranteed income as a solution.

In short, the latest Supreme Court ruling on welfare coupled with the family assistance program, could open a Pandora's box of hundreds of thousands of frivolously requested welfare hearings which, in turn, could lead to a complete and total breakdown of the present welfare system.

Mr. SMITH of California. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ANDERSON).

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Speaker, I rise in support of the rule that would make in order the Family Assistance Act of 1970.

Most of the time thus far consumed under the rule has been spent I think in attacking the provisions of this legislation. I was not privileged to be a Member of this body back in 1935 when we adopted social security legislation. I feel quite sure that many of the fears and trepidations that assailed the Members of Congress at that time about the wisdom of embarking on so sweeping and far-reaching and novel a program as that, that many of those same doubts exist in this Chamber today.

Yet, I want to say that I think this afternoon of that night when I listened to the President of the United States in August of 1968 when he unveiled his idea of a new federalism, something that would refurbish and restore new strength and vigor to the institutions of this country.

At that time he spoke of the keystone in that arch as the reform of the welfare program. And those of you who believe in the federal system, if you want to nourish and reinvigorate the roots of federalism in this country, cannot ignore the problem that we face with respect to the welfare system in our country today.

I am not going to discuss the substantive details of that legislation. Let me in this time pay tribute to the distinguished chairman and the distinguished ranking minority member, the gentleman from Wisconsin (Mr. BYRNES) who for three days sat patiently before the Committee on Rules and gave us ample evidence of their complete expertise in this area. And I would hope our time this afternoon and tomorrow will not be wasted in 6 hours of debate in listening to those gentlemen and the rationale that they give you in support of this program. But I would suggest that if we really want to do something to reform this program we have to take a close look at this program, because really what it is is synergistic—I think that is the word—in its effect: That is, the sum total of this legislation, the impact that it can have on this country, is much greater than simply the sum total of the various parts.

That is precisely why the Committee on Rules gave a closed rule; not merely because of precedent, because there is ample precedent to do that, not simply because of the complexity of the legislation with which we deal, although it is complex, but because I think we ought to take the bit between our teeth and vote this bill up or down one way or another.

If we accept the premise that I do, that it can lead to real reform in this country, to the basic institutions in our country, then we ought to be proud to cast our vote for this legislation.

With respect to what my distinguished friend and colleague, the gentleman from Georgia (Mr. LANDRUM) has said, "We are going to be levying a tax, we are going to load the already overburdened taxpayer of this country still more, and tax him for those who simply will not work." Well, if I can understand the very clear and concise English with which the chairman and the ranking minority Member spoke, that is just not so; because if a man wants to qualify for this program, under this legislation he is going to be registered, he is going to be willing to work, he is going to be willing to take training, and he is going to be willing to do all of those things to qualify for a single penny, and I would submit we are not taxing——

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

Mr. ANDERSON of Illinois. Mr. Speaker, I will yield to the gentleman if I have time.

Let me suggest in the very few minutes remaining that I have that it would be utterly illusory this afternoon to assume that our job is done when we pass this legislation.

I would again salute the members of the Committee on Ways and Means for their complete candor in discussing this legislation with us when they said they could not give us any guarantee that it is going to work perfectly. I would indeed suppose that we will have to come back many times with amendments to this legislation perhaps in the light of experience and in the light of what we are able to do under this bill, and provide more training slots, make it easier for people to get the kind of training that will qualify them for the job market.

But it is a beginning. It is more than just a small beginning. It is a very large step in the direction that we want to go.

I talked to the Illinois director of public aid the other day when he was in Washington, and he said that next year in his State they are going to spend $856 million just on public aid, an increase of $186 million in 1 year alone. And he said more than half of the 18 percent increase in the public assistance rolls of Illinois, more than half of the people who were going to be added to those rolls, are going to be fathers who have deserted their families. And if there is one thing——

The SPEAKER. The time of the gentleman has expired.

Mr. ANDERSON of Illinois. Mr. Speaker, can the gentleman yield me additional time?

Mr. SMITH of California. Mr. Speaker I yield 30 additional seconds to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, if there is one thing that impresses me about this bill it is the fact that the basic thrust is to try to hold that family together, to keep the father from deserting his wife and children, and to preserve the very basic unit of American society.

For that reason alone—for that reason alone I think we will make history, and the right kind of history, if we adopt this legislation today.

I strongly feel that the administration's plan is the only sound and viable alternative to the colossal welfare mess which now exists. I do not think there is anyone in this Chamber who would defend the existing welfare system; there is general agreement among people of all political and ideological persuasions that it has been an enormous failure and that it is in drastic need of a complete overhaul.

The merit of a welfare system can be determined by the extent to which it helps those who are unable to help themselves and promotes eventual self-reliance and independence among those who are able to help themselves. Existing welfare schemes have failed the recipient on both counts: they have failed to adequately meet the needs of the permanently dependent and have also failed to elevate the potentially independent. In the decade of the sixties welfare costs doubled and the welfare rolls have swollen from 5.8 million to 10 million people. If nothing is done to change the present aid to dependent children program—AFDC—it is estimated that by 1975 its total cost will soar from today's $4.3 billion to $12 billion, and the poor will be just as entrenched and dependent as ever before, only in greater numbers. This can hardly be termed genuine and effective welfare; it is institutionalized poverty. President Nixon described this monumental mess best in his August 11, 1969, welfare message:

The present welfare system has failed us—it has fostered family breakup, has provided very little help in many States and has even deepened dependency by all-too-often making it more attractive to go on welfare than to go to work.

The bill before us today provides for a comprehensive reform of the welfare system and goes to the very heart of the glaring deficiencies and failures of present programs. President Nixon has characterized the family assistance plan as, "a new approach that will make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children." Again, to quote the President:

This would be total welfare reform—the transformation of a system frozen in failure

and frustration into a system that would work and would encourage people to work.

Let me explain briefly how the family assistance plan would work and how it would encourage people to work. The family assistance plan would replace AFDC programs and would establish a basic income for all parents who cannot adequately support their families. For example, the Federal payment to a family of four with no more than $720 annual income would be $1,600. FAP payments would be uniform throughout the Nation and thus eliminate the gross disparities and inequities which exist in different States under present programs. As a family's income increases, it would continue to receive Federal income supplements in reduced amounts until the family has climbed above the poverty line. For example, that same family of four with an annual income of $2,000 would receive a supplementary payment of $960.

Another provision in FAP would require States having AFDC payment levels—as of January, 1970—which are higher than family assistance levels to supplement the family assistance level up to that level or the poverty level, whichever is lower, in order to continue eligibility under medicaid and other welfare programs. Federal matching funds for the State supplement would be available at a rate of 30 percent, except for the working poor. The State would not be required to supplement payments to the working poor.

For example, in my own State of Illinois, current AFDC payments to a family of four—one parent and three children—are $3,228. Under the FAP formula, a family of four with $2,000 annual income would receive a $960 Federal supplement and a $1,415 State supplement provided that the family is classified as nonworking poor, that is, a family in which no member worked over 30 hours a week. The total supplemented income of that family would be $4,375 per year.

So, to those who claim that the $1,600 Federal floor is too low a minimum benefit, I would like to point out that welfare recipients in 42 of our 50 States will also be receiving these State supplementary payments; and, in addition, families will also be eligible for Federal food stamps. So, our family of four having no income would not only receive a $1,600 annual Federal payment, and in most cases a State supplement, but $864 per year in food stamps as well.

Now let me move on to what I consider to be the real heart of this welfare reform proposal, the work requirements and the work incentives. As I pointed out previously, under the present welfare system, there is little or no incentive for a welfare family to become a workfare family. In my own State of Illinois a survey has demonstrated that while a large percentage of the mothers on welfare would like to work and would much prefer to work, they are disinclined to do so because they are getting a much better deal financially on welfare than they would in taking a job and thereby forfeiting welfare benefits.

The family assistance plan contains a requirement to register for work and strong incentives to accept training and employment. If a person fails to register for work, he will not receive the benefits; and if he refuses a suitable job or training, his benefits will be canceled. Only carefully defined groups would be exempted from the registration requirement. I know that some critics of FAP claim that the work incentive approach will not work and they cite the WIN program as an example. I think it is important at this point to say why certain WIN programs were less than successful, and to show how the FAP approach will avoid these pitfalls. Under the WIN program, a great deal of discretionary power was put in the hands of State social workers to define who was appropriate for referral to manpower training programs and employment. In the words of Jerome M. Rosow, the Assistant Secretary of Labor for policy:

> Many state welfare agencies circumvented the intent of the law by refusing to refer clients to the manpower program, or referred such small numbers as to seriously hamper training efforts to reduce the welfare rolls.

Because of the wide latitude in discretionary powers left to State welfare agencies, we find great disparities in the percentage of AFDC adults deemed appropriate for referral from State to State. In our two largest States, for example, New York and California, this point is borne out. In New York, where there were 703,000 potentially eligible people on AFDC, only 6.9 percent were deemed appropriate for referral. In California, on the other hand, where there were 200,000 potentially eligible people on AFDC, 35.8 percent were deemed appropriate for referral. And looking at one of our smaller States, Nebraska, where there were 52 potentially eligible people on AFDC, 100 percent were deemed appropriate for referral to manpower training.

The family assistance plan would strengthen the work requirement now in effect under WIN by completely eliminating these wide discretionary powers of referral. Instead, a new Federal agency would determine who is to register, and the guidelines on exemption would be explicit rather than discretionary and would be strictly enforced. Once a person has registered with the Employment Service, an individual employability plan would be worked out specifying what steps are necessary to insure permanent attachment to the labor force. And a team of specialists would be responsible for the follow-through on that plan. Job placement would be followed by the necessary coaching designed to prevent a high rate of job dropouts.

As I mentioned earlier, the family assistance plan couples work requirements with work incentives. The strongest work incentives, of course, are the natural market benefits which accrue to a wage earner. But there are other incentives built into the plan. These include the following:

First, there would be no reduction in benefits for the first $720 in earnings. This is double the present earning disregards.

Second, States would be required under Federal law to disregard earnings in computing benefits. The present system operating in 23 States for unemployed fathers still taxes 100 percent of income. Under FAP the incentive to work would not be choked off by this procedure since fathers would receive the same treatment on retention of earnings as mothers now on welfare.

Third, two new factors would increase the incentive to enter training programs. First, the amount of extra training bonus has been raised; and secondly, the manpower agency would reimburse trainees for the cost of attending training programs, such as transportation, clothes, and supplies.

Fourth, the family assistance plan provides for child care which will make training and employment possible for a large number of mothers. An additional 450,000 child care opportunities would be available in the first year.

And finally, the family assistance plan provides for additional training slots for welfare recipients—an additional 250,000 slots in the first year.

Let me turn now to a controversial feature of the family assistance plan, the inclusion of the working poor. I realize that there are some who object to this on the grounds that we would be adding another 10 million people to the welfare rolls. And yet, it is my firm conviction that the inclusion of the working poor is the real key to the success of FAP. Let me quote from a question answer sheet issued jointly by the Departments of Labor and Health, Education, and Welfare:

> By providing help for the first time to fathers who work full time but for poverty wages, we reverse the present policy of penalizing work and rewarding non-work. No longer will a man have to quit his job or leave his family in order for his family to receive assistance. Rather, we offer a boost to the man who is already trying to climb toward ultimate independence and self-reliance.

Mr. Speaker, earlier I pointed out that one of the two criteria of an effective and successful welfare program is the extent to which we help those who are able to help themselves climb out of poverty. By assisting the working poor we would be rewarding rather than penalizing work and providing a ladder to enable the working poor to climb out of poverty.

I totally reject the argument that including the working poor under family assistance will create a new and permanent breed of welfare recipient. To quote again from Jerome M. Rosow:

> One fact to bear in mind about the working poor is that they are not likely to become long-term recipients of assistance payments. Because of rising wage scales due to increased productivity, about 200,000 of the working poor rise above the poverty line every year. Upgrading efforts on the part of the manpower agency will increase this movement to self-sufficiency.

Finally, in connection with the workfare approach, let me address myself to

what some critics call the myth of employability among the welfare population. These critics contend that very few welfare recipients are either capable or willing to take employment. Allow me to explode that myth by citing a recent study done by the Department of Labor in collaboration with the Urban Institute. That study concludes that, of those adults who would be covered by the Family Assistance Plan, 3.2 million or 47 percent of the adults covered could be made employable. The study goes on to point out that of the 1.4 million male family heads classified as employable, only an estimated 30,000 have done no work at all during a 12-month period. And even among the female family heads, some 60 percent have work experience during part of the year. In the words of Jerome Rosow:

The employment goals of the Family Assistance Plan are neither unreasonable or unobtainable.

To make these work goals a complete success, it is obvious that we must rely heavily on the private sector to play its part. There is already substantial evidence that the private sector is willing and able to play such a social role. The JOBS program of the National Alliance of Businessmen is one such example of the way in which business and government can work together to satisfy manpower needs. We will soon be considering the administration's Comprehensive Manpower Training Act which is aimed at consolidating and improving Federal training programs and eventually turning them over to States and localities. I am proud to be a cosponsor of the Comprehensive Headstart Child Development Act of 1970 which would further expand child care opportunities which are so important to the working mother. All these programs and services will certainly complement what we are trying to accomplish under the family assistance plan which is a transition and transformation from welfare to workfare.

Mr. Speaker, I submit that if we do not come to grips with this problem now by adopting this comprehensive reform of our welfare system, the next time around we may be so helplessly and hopelessly bogged down in this welfare mire that we will be unable to take even one step in the direction of reform, and we will be guilty of assigning millions of Americans to a permanent state of poverty and dependency.

Mr. SMITH of California. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, let me say that I am opposed to a closed rule on this bill. I voted against a closed rule in the Committee on Rules and there were several other members on our committee who voted likewise, and for a modified open rule. I favor a modified open rule. I think it is pretty well known that the very able chairman of our committee favored a modified rule so that the gentleman from Georgia (Mr. LANDRUM) might have had the opportunity to submit his bill as a substitute. I do not think Members of this House should be precluded from amending such an important piece of legislation. They would have no opportunity to do so under a closed rule and would have only one vote—for or against the bill as reported by the Ways and Means Committee.

By voting for a modified open rule, we would not be opening up the complete Social Security Act for amendment as has been suggested.

I happen to believe that Members of this House should have the same opportunity to amend this bill as Members of the Senate will have when the matter is considered on the Senate floor. They will not be debating this bill under a closed rule and we should not be doing so in the House.

Mr. Speaker, there is a way left which will give us an opportunity to amend it on the floor. Vote down the previous question and then the issue will be opened up giving us an opportunity to amend this bill. I would urge that this be done.

Let me say, we have heard a lot on our side of the aisle that this is an administrative bill. Let me say, I do not take a back seat to anyone in my support of the President of the United States. I am one of those who supported him long before Miami, and I will support him long after this bill passes.

Let me say, this guaranteed income idea was not conceived in this administration. It has been kicked around by the ADA for many years. The only real difference being that they want to start at a much higher figure.

Back in 1966, if you please, a Presidential commission under President Johnson recommended a $3,000 guaranteed annual income. It got exactly nowhere.

So what do we have here today? We have a guaranteed annual income being presented to us under a different name—the family assistance plan. You are going to have to register for work and for training. This is a joke when one reads the section dealing with employment and then looks at the past record on retraining.

It was pointed out before the Committee on Rules, that it had only 81,000 in training or retraining last year—a mere drop in the ocean of need, if you please.

Let us not kid ourselves. Let us not kid the American people that Government is going to train or retrain the millions of people who will come under this program. Also, let us not kid ourselves or the American people that you are going to get these people all working under the terms of this bill because you have seven—mark this—seven escape hatches on page 21 and page 22.

If you will turn with me to page 21, let me read them to you. They do not have to go to work unless it is suitable employment. Look for a minute at this matter of suitability, on line 21 of page 21:

In determining whether any employment is suitable for an individual for purposes of subsection (a) and part C, the Secretary of Labor shall consider—

(1) The degree of risk to such individual's health and safety.

(2) His physical fitness for the work.

(3) His prior training and experience.

(4) His prior earnings.

(5) The length of his unemployment.

(6) His realistic prospects for obtaining work based on his potential and the availability of training opportunities.

(7) The distance of the available work from his residence.

If that is not enough—let us look at subsection (2), if you please, which says:

In no event shall any employment be considered suitable for an individual—

"(A) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(B) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality; or

"(C) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

And I stress "company union"—it says nothing about joining an international union. Why require a person to join an international union as a matter of law? What about our right-to-work States, if you please? What does this language do to those States? Why, if a man in a bona fide way is referred for work in a plant having an international union and says, "I haven't ever joined a union. It is against my conscience," should he be precluded from benefits by such language?

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. SISK. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. LATTA. I appreciate my friends yielding me this time.

Let me say there are many provisions in this bill which will require more than 6 hours debate time to explain. We have heard about the goodies in this bill for the benefit of those not working. We have not heard anything about the burdens the taxpayers of this Nation—the little people the gentleman from Georgia talked about—are going to have to carry to pay the cost of such a program. We have not heard—nor will we hear at present—anything about the taxes which will have to be collected to support the 15 million additional people this bill will put on welfare.

We have a lot of proud people, hard-working people, in the Fifth Congressional District of Ohio who will never—never ask for a dime under this bill, but are earning less than $6,000 a year, with the requisite number of children placing them in the poverty classification under this bill. Nevertheless, these individuals will have to dig deeper into their pockets to pay this bill.

In conclusion, let me say that as I listened to the testimony before the Rules Committee and heard all about the goodies in this bill and what the Government ought to do I could not help but be reminded of a statement by the late President John F. Kennedy:

Ask not what your country can do for you, but what you can do for your country.

I fear not only what this bill could do to the country but what it could do to the incentive of a great many people to better their economic status in life on their own initiative and through their own labors.

Mr. SMITH of California. Mr. Speaker, I yield 1½ minutes to the gentleman from Indiana (Mr. DENNIS) the remainder of my time.

Mr. SISK. Mr. Speaker, I yield the gentleman 1 additional minute.

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

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

Mr. Speaker, I rise in opposition to the rule. I do it reluctantly, but I do it because I believe with the poet that "to sit in silence when you should protest makes cowards out of men," and this is such an occasion. We are being asked here today, Mr. Speaker, to adopt one of the most far-reaching measures we have ever been asked to adopt in this House. It is a measure which provides a direct subsidy out of the Federal Treasury for every poor family in the Nation. It is a measure which extends Federal relief for the first time to the working poor. It is a measure which abolishes and abandons the philosophy of welfare as an emergency relief, and enshrines it as a fundamental American right.

It is a measure which starts welfare reform by doubling the welfare rolls, and it is a measure which, to a large extent, if not completely, adopts the principle of the guaranteed annual income.

Now, I am not prepared to adopt a measure as sweeping as this without a lot more public consideration and debate than it has yet had, and I am not prepared to do it without a fair opportunity to debate it and amend it in this body. We are being asked to adopt a measure of this sweeping and fundamental character under a closed rule, with no possibility of being usefully heard or of changing a single thing on the floor. In my short time here I have conceived a great affection for this body and its Members and its procedures; but I tell you, we like to say we are the greatest deliberative body in the world, but when we come to consider a measure of this kind without any meaningful deliberation and without any opportunity to engage in debate which will lead to any significant action, we do not deserve the name of a deliberative body. To treat us like this is to denigrate the office of U.S. Representative. The procedure offends me.

It makes a rubberstamp out of Representatives. What are we here for if we cannot usefully debate a measure of this magnitude and consider it on its merits, but just have to take it as it is and vote it up or down?

I submit to the Members, in all good humor, that to take up a measure of this character and of this importance under a closed rule is practically to treat the Members of this honorable body as the idiot children of the whole political process. I do not think we ought to do it. I think we ought to debate this here with some chance to take some action if we want to.

Maybe—maybe if we did that, somebody could persuade me that this measure was entitled to my support. They cannot do it under this procedure. I intend to vote no. I hope Members will vote down the rule.

Mr. SCHADEBERG. Mr. Speaker, I am totally opposed to a closed rule on H.R. 16311, the Family Assistance Act of 1970. It is my firm opinion that any legislation as far reaching as this bill is, if passed or rejected, must reflect the will of the majority of the Members of the House and not merely the majority of one of its constituted committees.

Unless the House of Representatives is given the opportunity to clarify certain language in the bill; unless we can be assured that there are no other alternatives to correcting the ovehwhelming inconsistencies and failures of the present welfare system than this massive program which would add 15 million Americans to the present welfare load; and unless we have the opportunity to make constructive amendments that could prevent this Nation from galloping down the road to a guaranteed annual income, I cannot either in conscience, or in the best interests of my hard working, tax paying constituents, vote for the final passage of the legislation.

Mr. Speaker, I was a cosponsor of the original family assistance legislation. On two separate occasions I requested the assistance of my entire constituency in corresponding with me on the matter of welfare reform. I received several hundred informative letters. I made special efforts to meet with groups and organizations, both private and government, in order to give them the opportunity to make recommendations which would strengthen the bill and work out problem areas in welfare programs.

I corresponded and met with members of the Wisconsin Legislature in order to find out how various proposals would affect the State's programs and the State's financial obligations. I have been looking forward to the opportunity when I, as a Member of the House of Representatives, could represent these views in open debate on welfare reform legislation.

The closed rule on the Family Assistance Act of 1970 will preclude me from adequately representing the many people I have contacted, whose expressions have been made on the assumption that they could be brought to the House to be incorporated into Federal legislation. Instead of an open rule, under which I, and other Members of the House not on the Ways and Means Committee, could express the will of the people of the Nation, who will be required to pay for and comply with welfare reform proposals, the closed rule insures that the will of a majority of a committee must either be accepted or rejected.

Mr. Speaker, I cannot see the wisdom or the justice in denying the entire membership of the House of Representatives the privilege of improving this bill. When this legislation comes before the other body of Congress, its Members will be permitted to work their will. This will leave us with only two alternatives when the conference report comes before us for consideration: First, to accept the Senate version of a bill we in the House were not permitted to improve; and second, to vote against any possible improvement of a welfare system we all know is in need of correction.

If the House accepts a closed rule, I will be forced to vote against the passage of the bill. My constituents, who have expressed overwhelming support for responsible welfare reform, have in the past received my assurances that I would work for reform. I regret to say that the irresponsibility of a closed rule precludes me from doing just that. The entire membership of the House of Representatives will have been denied the constitutional obligation of contributing our will and that of the people who have elected us to legislate in the most responsible manner possible.

Mr. CLEVELAND. Mr. Speaker, I intend to vote against the rule under which the House will consider H.R. 16311. My principle reason for this is because the rule is a closed rule, and no amendments whatsoever can be offered from the floor.

Those of us who are on record as opposed to proposals for a guaranteed annual income will not be afforded any opportunity to consider and debate amendments which would remove provisions which essentially enact guaranteed income provisions in this bill.

For a long time, Mr. Speaker, I have concerned myself with congressional reform. It is regrettable that this body, which we sometimes refer to as the greatest deliberative body in the world, has been so reluctant to bring its procedures up to date. It seems to me that this is a good example as to why our procedures are in serious need of reform.

This legislative proposal has been heralded as a welfare reform measure. It seems incongrous that legislation thus heralded would be considered by the House under a closed rule which makes it impossible to offer amendments, to consider amendments, to debate amendments, or to vote on amendments. It is true that welfare needs reform. It is even more true that the House needs reform.

Mr. RANDALL. Mr. Speaker, I intend to oppose the adoption of the resolution which would provide a closed rule with 6 hours of debate to consider the Family Assistance Act of 1970.

In nearly every instance I support the rule which sets the time and terms of debate for bills to be considered on the floor of the House. The reason is, I believe every Member should have the opportunity for open and adequate debate. However, it should be clearly recalled nearly all of the rules or resolutions which are presented for our approval or rejection by the Committee on Rules are what we call open rules under which the opportunity exists to offer multiple amendments which in many instances make good legislation after amendment out of poor or bad legislation as we first receive it on the floor of the House.

A closed rule such as we are asked to accept today denies Members an opportunity to offer amendments. Even to refer to such a rule as closed is too respectful and is being overgenerous. Such a rule should be labeled according to its true description and referred to as a gag rule. Because that is exactly what it is. Unfortunately, it seems that we Members of the House have visited against us these kind of gag rules only at the request of the Committee on Ways and Means.

For some reasons the members of this

distinguished committee invariably insist upon the procedure of a closed rule. Now, I have great confidence in the Committee on Ways and Means but I know of no reason that the other Members of this body must accept in total or reject in total the legislative judgment of the 25 members that make up that committee. I know I speak like many Members of this House who regularly vote against a closed rule as an expression that they do not intend to abdicate to the members of the Commitee on Ways and Means our responsibility to legislate for the people of the congressional district which each of us represent.

Is it necessary to recall that should the Family Assistance Act pass the House, which I sincerely hope does not happen, and the bill goes to the other body of the Congress, Members of that body will have carte blanche to make any changes to the amending process which the persuasion of the Member offering the amendment can accomplish.

Who on our side of the Congress can fail to recall the monstrosities the other body have sent back to us as a result of floor amendments from the north side of the Capitol on tax legislation on which we in the House were gagged, muzzled, and muted in the matter of amendments?

Oh, I suppose there could be some slight justification argued in behalf of a closed rule in purely tax matters, particularly those which are intended to raise revenue but that is not the case in this instance. This is a welfare bill and has entirely to do with the expenditure of revenue. There is no reason for a closed rule. Those who support such a gag rule in effect are voting to limit to 6 percent of the total membership of this House, which is the percentage of the membership on the Committee on Ways and Means bears to the total membership, the rights and responsibilities to legislate on a matter that will affect in one way or another all the people we represent.

Mr. SMITH of California. Mr. Speaker, I ask unanimous consent that all Members desiring to speak on the rule may have the opportunity to extend their remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SISK. Mr. Speaker, I urge adoption of the resolution.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. 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 Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 204, nays 183, not voting 43, as follows:

[Roll No. 77]

YEAS—204

Adams	Ford, Gerald R.	Nedzi
Addabbo	Fraser	Nix
Albert	Frelinghuysen	Obey
Anderson, Calif.	Friedel	O'Hara
Anderson, Ill.	Fulton, Tenn.	O'Konski
Andrews, N. Dak.	Gallagher	Olsen
Annunzio	Garmatz	O'Neill, Mass.
Arends	Gaydos	Patten
Ashley	Giaimo	Pelly
Aspinall	Gibbons	Pepper
Ayres	Gilbert	Perkins
Barrett	Gray	Pettis
Beall, Md.	Green, Pa.	Philbin
Betts	Griffiths	Pirnie
Biester	Gubser	Podell
Bingham	Gude	Pollock
Blatnik	Halpern	Preyer, N.C.
Boggs	Hammer-schmidt	Price, Ill.
Boland	Hansen, Idaho	Pryor, Ark.
Bolling	Hansen, Wash.	Pucinski
Bow	Harrington	Quie
Brasco	Harsha	Railsback
Broomfield	Harvey	Rees
Brown, Ohio	Hastings	Reid, N.Y.
Broyhill, Va.	Hathaway	Reifel
Buchanan	Hawkins	Reuss
Burke, Mass.	Hechler, W. Va.	Rhodes
Burton, Calif.	Helstoski	Robison
Bush	Hollifield	Rodino
Byrne, Pa.	Hosmer	Rogers, Colo.
Byrnes, Wis.	Howard	Rooney, N.Y.
Carey	Johnson, Calif.	Rooney, Pa.
Carter	Jones, Ala.	Rosenthal
Cederberg	Karth	Rostenkowski
Celler	Kastenmeier	Roybal
Chamberlain	Keith	Ruppe
Chisholm	Kluczynski	Ryan
Clay	Koch	St Germain
Cohelan	Kuykendall	St. Onge
Collier	Kyros	Saylor
Conable	Leggett	Scheuer
Conte	Lloyd	Sebelius
Conyers	McCarthy	Sisk
Corbett	McClory	Slack
Corman	McCulloch	Smith, Iowa
Coughlin	McDade	Smith, N.Y.
Cowger	McFall	Springer
Culver	Macdonald, Mass.	Stafford
Cunningham	Madden	Staggers
Daniels, N.J.	Mathias	Stanton
Davis, Wis.	Matsunaga	Steed
Dingell	Mayne	Steiger, Ariz.
Donohue	Meeds	Stokes
Dorn	Melcher	Thompson, N.J.
Dulski	Meskill	Tiernan
Dwyer	Miller, Ohio	Udall
Eckhardt	Mills	Van Deerlin
Edwards, Calif.	Minish	Vanik
Eilberg	Mink	Vigorito
Erlenborn	Monagan	Watts
Esch	Morgan	Weicker
Fallon	Morse	Whalen
Farbstein	Morton	Widnall
Fascell	Mosher	Wilson, Bob
Findley	Moss	Wilson, Charles H.
Fish	Murphy, Ill.	Wyatt
Flood	Murphy, N.Y.	Yates
Foley	Natcher	Zablocki

NAYS—183

Abernethy	Caffery	Duncan
Adair	Camp	Edmondson
Alexander	Casey	Edwards, Ala.
Andrews, Ala.	Chappell	Edwards, La.
Ashbrook	Clancy	Esbleman
Baring	Clark	Evans, Colo.
Belcher	Clausen, Don H.	Evins, Tenn.
Bennett	Clawson, Del	Fisher
Berry	Cleveland	Flowers
Bevill	Collins	Flynt
Biaggi	Colmer	Foreman
Blackburn	Cramer	Fountain
Blanton	Crane	Frey
Brademas	Daniel, Va.	Fuqua
Bray	Davis, Ga.	Galifianakis
Brinkley	Delaney	Gettys
Brock	Denney	Goldwater
Brooks	Dennis	Gonzalez
Brotzman	Dent	Goodling
Brown, Mich.	Derwinski	Green, Oreg.
Broyhill, N.C.	Devine	Griffin
Burke, Fla.	Dickinson	Gross
Burleson, Tex.	Dowdy	Grover
Burlison, Mo.	Downing	Hagan
Button	Hall	Haley
	Hamilton	Mann
	Hanley	Marsh
	Hays	Martin
	Hébert	Michel
	Henderson	Minshall
	Hicks	Mizell
	Hogan	Montgomery
	Horton	Myers
	Hull	Nelsen
	Hungate	Nichols
	Hunt	O'Neal, Ga.
	Hutchinson	Passman
	Ichord	Pickle
	Jacobs	Pike
	Jarman	Poage
	Johnson, Pa.	Poff
	Jonas	Price, Tex.
	Jones, N.C.	Purcell
	Jones, Tenn.	Quillen
	Kazen	Randall
	King	Rarick
	Kleppe	Reid, Ill.
	Kyl	Rivers
	Landgrebe	Roberts
	Landrum	Roe
	Latta	Rogers, Fla.
	Long, La.	Roth
	Long, Md.	Roudebush
	Lujan	Ruth
	McCloskey	Sandman
	McClure	Satterfield
	McDonald, Mich.	Schadeberg
	McEwen	Scherle
	McKneally	Scott
	Mahon	Shipley
		Shriver
		Sikes
		Skubitz
		Smith, Calif.
		Snyder
		Stephens
		Stratton
		Stubblefield
		Sullivan
		Symington
		Talcott
		Taylor
		Teague, Tex.
		Thompson, Ga.
		Thomson, Wis.
		Ullman
		Vander Jagt
		Waggonner
		Waldie
		Wampler
		Watkins
		Watson
		Whalley
		Whitehurst
		Whitten
		Wiggins
		Williams
		Winn
		Wold
		Wolff
		Wright
		Wydler
		Wylie
		Wyman
		Yatron
		Young
		Zion
		Zwach

NOT VOTING—43

Abbitt	Fulton, Pa.	Mize
Anderson, Tenn.	Hanna	Mollohan
Bell, Calif.	Heckler, Mass.	Moorhead
Brown, Calif.	Kee	Ottinger
Burton, Utah	Kirwan	Patman
Cabell	Langen	Powell
Daddario	Lennon	Riegle
Dawson	Lowenstein	Schneebeli
de la Garza	Lukens	Schwengel
Dellenback	McMillan	Steiger, Wis.
Diggs	MacGregor	Stuckey
Feighan	Mailliard	Taft
Ford, William D.	May	Teague, Calif.
	Mikva	Tunney
	Miller, Calif.	White

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Daddario for, with Mr. White against.

Mr. Feighan for, with Mr. Lennon against.

Mr. Mikva for, with Mr. Cabell against.

Mr. Ottinger for, with Mr. McMillan against.

Mr. Hanna for, with Mr. Stuckey against.

Mr. Miller of California for, with Mr. Abbitt against.

Until further notice:

Mr. Moorhead with Mr. Bell of California.

Mr. Brown of California with Mrs. Heckler of Massachusetts.

Mr. Anderson of Tennessee with Mr. Mize.

Mr. Patman with Mr. Riegle.

Mr. William D. Ford with Mr. Dellenback.

Mr. Kirwan with Mr. Teague of California.

Mr. Lowenstein with Mr. Diggs.

Mr. Kee with Mr. Powell.

Mr. Mollohan with Mailliard.

Mr. Langen with Mrs. May.

Mr. Tunney with Mr. MacGregor.

Mr. de la Garza with Mr. Schwengel.

Mr. Burton of Utah with Mr. Taft.

Mr. Schneebeli with Mr. Lukens.

Mr. Fulton of Pennsylvania with Mr. Steiger of Wisconsin.

Mr. STRATTON and Mrs. GREEN of Oregon changed their votes from "yea" to "nay."

Mr. MADDEN and Mr. FINDLEY changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16311) to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 16311, with Mr. DINGELL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas (Mr. MILLS) will be recognized for 3 hours, and the gentleman from Wisconsin (Mr. BYRNES) will be recognized for 3 hours.

The Chair recognizes the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, H.R. 16311 is one of the most important bills this Congress will consider.

I recognize there is probably a great deal of feeling about the bill outside of the Congress.

I also believe there is a great deal of misunderstanding about the bill outside of the Congress. One organization, for example, took a position opposed to the bill 2 weeks before the committee reported it, not knowing, of course, what amendments had been adopted in the committee or what the language was, and then evidently expects Members to follow its recommendations on that kind of a basis. It is beyond me how they can do so.

Mr. Chairman, let me talk first about our committee consideration of the matter, the present situation, and what we are trying to do.

The committee conducted 4 weeks of hearings on social security legislation, principally in the area of welfare reform, last October and November. Commencing on January 19, the day Congress reconvened, the committee met regularly in executive session over a period of 7 full weeks in drawing up this legislation, and in studying the administration and the operation of the programs providing cash assistance for the needy, and the existing work-training and day-care programs for AFDC recipients. During its deliberations, the committee had the benefit of hearing from a number of State and local officials engaged in running our welfare and training programs and others who have studied particular areas of those programs. Through this process, we gained many valuable insights into the problems that exist and what should be done to correct them.

Mr. Chairman, this bill is essentially patterned after the bill presented by the administration but with some major changes, tightening, sharpening and improving many of the specific provisions. The committee also added some provisions of its own. Some of these changes are very important, as I will delineate later.

At the present time we have categories of assistance known as the old age assistance program, the program for aid to families with dependent children and unemployed fathers, the disability program, and the program for the blind.

The program of old-age assistance, the program for the disabled, and the program for the blind have not in recent years presented any serious problems to the Ways and Means Committee or to the Congress. The number of people on the old-age assistance program has declined. It could have been expected it would be reduced as more and more of our people became eligible for social security benefits.

The program we added, allowing a social security cash payment to those who had become disabled and who had a work record, has naturally reduced the number who would be eligible for and want the welfare program known as the disability program, or the program for the blind.

Also it is significant to note that in the case of a widow whose husband has died and left her with minor children, the numbers who go on AFDC from that category do not rise, because of the survivorship benefits of the social security program.

The number of children in male-headed families has not risen over the years, and has remained essentially static for some 25 years, in fact.

Mr. Chairman, the program that has risen most, however, of all of these programs is that part of AFDC that has to do with children in female-headed families, where the father for some reason is absent from the home or, as a matter of fact, where there has never been a marriage with respect to that home.

Now let me talk to you a little bit about the runaway growth in case loads and costs under AFDC. In 1935 the original act was passed. By 1950 there was a total cost in the program of some $500 million. In 1969, for the fiscal year, which is the last year I have figures on, the number of families—and this is families—who were on AFDC has risen to 1.7 million and the total cost of providing for this program was approximately $4.5 billion. The cost of that program has doubled in 3 years. Think of that. If you project down the road this present cost on the basis of the way it has been rising in recent years, by the year 1975 it will be well over $8 billion, and some people within the Department think it could be as much as $12 billion.

The proportion of children in this country dependent on welfare has doubled over the last 15 years. Today, six children in every 100 are on AFDC, and the rate is still increasing. In some States the rate is almost double the national rate.

Now, that is the existing program we have. The level of spending is not determined by the Federal Government; it is determined by the State governments. Under existing law, we match the State of New York or any other State not less than 50 percent of the cost of this program regardless of where they fix the level. If you want an example of an open-ended proposition where we are completely helpless to put any restraints, controls, or limitations on it or make any improvements to it, it is in this present program.

Mr. Chairman, this program worries me greatly insofar as the cost is concerned, but there is another matter of concern to me. The AFDC program encourages family breakup. Do not think for 1 minute that it has not made a contribution to many, many fathers leaving their families in order that the family could eat and have clothing to wear. Yes. Take my word for it. The present AFDC program puts a premium and an incentive on the breakup of a home.

Yet, the Federal Government and the taxpayers in your State are paying the amounts provided under these various State formulas whether they pay the same amount in that particular State or not. There is one State that pays in the range from zero to $49 a month for a family of four under AFDC.

Mr. Chairman, there are two States that pay as much as $250 to $299. Some of these States actually pay a family of four on AFDC, which is not, of course, subject to any tax, more money than a man working at a job can make at the minimum wage, working practically full time, all year long.

Not only is there this incentive to break up the family, this incentive in many States now for the person who is working to quit his job and go on AFDC—and do not think for a minute that does not happen. The Director of the program in the city of New York said that women quit jobs at department stores as saleslades and went immediately on welfare because they had minor children and could receive more than they could earn while engaged in that type of employment in the city of New York.

But, what else does the present program do? The present AFDC program is a tremendous disincentive for anyone to work. I shall try to give you some facts about this situation.

Many of you feel like there ought to be a reform, but when a reform comes down the road there are questions about it. Did you know that there was not one solitary substantive alternative offered in the Committee on Ways and Means during the course of the public hearings and in the executive sessions—and we were in executive sessions for days and weeks on end on this program—nothing of substance was offered by anyone in substitution for this program which President Nixon hopes to breathe life into. His administration has tried to breathe some life into this welfare program we now have.

Mr. Chairman, the Members of the House know I have not been satisfied with the present program. We passed amendments in 1962 in the direction of trying to provide some inducement for

people on welfare to get off it. Why? Because, as I said before, 60 out of every 1,000 of our child population nationwide are on welfare. Ask anyone that is on it if that is a preferable way to raise a child. In a home where there are no work habits, in a home where there is hardly enough to eat, in a home where there are not enough clothes to wear and not enough to pay the rent. You will find there is very little incentive on the part of that parent to see to it, even though the State law may require it, that that child even goes to grade school.

Mr. Chairman, in 1967 we tried again and we provided an incentive. We put the mandate on the States to see to it that these unfortunate people who had no training or who had no jobs would be given an opportunity for such training if they were qualified to absorb the training and then be given a job in keeping with that training. Some of the States did a fair job. The State of California has done one of the best jobs of all States. The State of New York did not even start its program in a substantial way until a very few months ago. Whereas California has referred about 30 percent of the people on AFDC for training, New York has referred less than 7 percent. Why? Because certain people did not think it appropriate for any of these people to be assigned.

Why do I feel so strongly about this? After a woman gets her youngest child to the age of 18 and she is on welfare, what is left for her? In most States she may be 45 years of age at that time. She has no training. Of course, she knows how to sweep the house, but she has no industrial training nor anything to commend her for a job and no work habits. She is past the age where people want to employ a person for the first time. I think that is one of the greatest tragedies that perhaps exists on the domestic scene in the United States today—that we have not tried to do something to help that person to help herself, to learn some occupation before it becomes time for her to lose all opportunity for work and for training.

So what happens? She has to move into the home of one of her daughters who has minor children, and who is on welfare. This is why it is that in some States where a welfare program was initiated before the Federal program was enacted that you have as many as four generations, one after the other, four generations on welfare. Since the adoption of the welfare program in many States there is a percentage—yes, it is small, but a disturbing percentage to me even if it is one or two people—that represent the third generation on welfare.

So we thought it was high time in 1962 and in 1967 to try to do something about this because of the disincentive to work, because of the fact that it was conducive to the breaking up of homes, because of the States' variation in payments, because of the overall rising cost of this program.

Now, if there is a man or woman Member of this House on the floor today who is satisfied with the present operation of the welfare program in his or her State, I would be glad to yield so that they can tell me why it is so good, and why it is so perfect.

No, you cannot say it is, and I know it. Thus should we not repeal it? Should we not repeal it? That is what we are doing in this bill. We are repealing the welfare program as it has been known up to now. The 1st of July, 1971, there will no longer be a program of AFDC, there will no longer be a program of old-age assistance, or aid to the blind, or aid to the disabled.

What have we done? We have repealed three programs applicable to adults, and we have placed them under one program, and we apply the same formula of Federal assistance across the board in all three categories. And what are we doing? We are saying in the case of these adult programs under this bill that we in Congress think that the bare minimum of income that a man 65 years of age or older, who has no other income, needs to subsist on, is $110 a month. And we say to the States, every one of them, by July 1, 1971, you are going to pay those people who are 65 years of age and older, enough so that their total income will reach $110 a month and the same for the blind and the disabled.

We say we will pay 90 percent out of the Federal Treasury of the first $65 of the average payments to needy adults, and then we will pay 25 percent of that which remains above the $65—up to a limit set by the Secretary of Health, Education, and Welfare.

We are placing a limitation on our participation, but we are also placing a floor for the first time in Federal legislation to see to it that these people, these unfortunates referred to in the course of the debate on the rule, have enough to live on.

All right; that covers the adult part of the program, but it is a major part, in my opinion, of this bill, the care of these unfortunate aged, blind, and disabled individuals.

What do we do with the AFDC program? We repeal it completely, and we drastically change the approach and the concept. Why? Because many of the States found it impossible to even agree to the mandate of the Federal law on occasion, or even to avail themselves of opportunity to try to help these unfortunate people when we gave them that opportunity in 1962.

The 1st of July 1971, there will be a new Federal program replacing the States program known as AFDC.

This new Federal program will be called the family assistance plan.

Yes, we established Federal standards of eligibility—we changed it from top to bottom, because the Federal Government will pay the first $1,600 of benefits under that program, in all of the States, in cases of a family of four, provided they do the same thing.

What do they have to do under present law? They go to the welfare office and sign up. The Supreme Court says that if a man and his wife and children—because in my State we have not taken care of the unemployed fathers—if he cannot find a job in Arkansas, he can go to California where they have the unemployed father program and can apply for benefits the first day he lands in California. An individual can go from any State where benefits are low to a State where the benefits are higher.

You talk about a drain on the State treasuries? I do not know of any greater drain that we can experience on the domestic scene than the migration of people under the present program to those States that have been more generous with these unfortunate citizens.

There is another group—the so-called working poor. This is perhaps the bone of contention in this whole bill. I had serious doubts about covering them in the beginning. As I said publicly, the administration's new approach to family assistance was good in every respect in my mind except the fact that it might add 10 million or so people to the 10 million people already on welfare and that it would cost an additional $4.4 billion a year to do it.

But I became convinced that this was the right thing to do. Let me tell you how I reached that conclusion.

Where do the people who go on AFDC come from in the first place? Do they come from good-paying jobs that enable them to own a home or to live in a very fine apartment in your cities or in your rural areas? Where do they come from? They come from this group of people that we have grown accustomed to calling the working poor. As fast as we have been able, under the present WIN program, adopted in 1967, to train people presently on AFDC, there have been two and three and four or more families added to the rolls in these States for every one that we have taken off.

So, that looks to me like you are making progress—retrogressively. We are making progress, but going backward at the same time in reducing the cost and reducing the numbers on the rolls.

Back in 1967, I had many, many letters from all over the United States. I had letters from New York City and from Chicago and from the bigger cities and from the rural areas. They were so pleased that the Congress then was moving in the direction of trying to provide some work incentive to try to get people who are on relief back to jobs.

These women, whose husbands had divorced them or deserted them, and who described themselves by race and all in their letters to me, described their situations. They were living in an apartment house. They were working and had four children. But another woman who lived on the same floor around the corner from them had four children and they were on welfare and did not work.

In essence they were saying to me: "I think it is asking too much of me to work to support my children and pay my taxes—and some of my taxes go to keep up this lady and her children when she was further along in school when she quit than I was—and when she is just as able to work as I am."

It is getting pretty bad when a person points out the difference in status between neighbor and neighbor.

You can call this bill anything you want to, if you do not want to vote for changing the present system. I can make a good argument against the bill if I

wanted to do so, because I used to debate and all of us who did had to be able to debate both sides of the question. I could make a better argument against this bill than any argument I have yet heard made by any of you, I believe, because the thoughts I heard expressed went through my mind, too, to debate against it. I think I could do it. Certainly I could make a plausible argument against it.

Those of you who say that you are never going to vote for a guaranteed annual income, let me talk to you a minute. I have said the same thing, and I will say the same thing, and when I vote for this bill I am not voting for a guaranteed annual income. What I am voting for is an amount, call it whatever you want to—subsidy, relief, income, whatever you want to call it—I am voting for a supplement to the income of the individual who is working and not making enough to supply his family with the ordinary needs of life, but who is not now on welfare. Why? Because I tell him, "I will do that for you, Mister, if you will go down to your nearest Employment Security Offices" and we have them in every county of the United States, in every State of the United States—"go down there, sign up for work, and see first, whether they can find a job that pays you more. If they do not, let them counsel with you. Go through their diagnosis. Let them prescribe a course of training for you that they think you have the ability to absorb, that will enlarge your capacities and make it possible for you to earn more money."

But, second, I will pay this supplement and get this man to the employment office because I am convinced that within that man's lifetime, if something is not done, he will be one of the additional millions that will be added to the AFDC program.

Oh, you say, "They will not accept it in my district."

I want to talk to my southern friends. I said this in the Rules Committee. Who are the working poor? What are they like? Over 50 percent of the working poor families covered under the bill live in the South; only 12 percent live in the Northeast. A high proportion of such families live in rural areas and on small farms. Seventy percent of them are white; 30 percent are nonwhite.

I have said to chambers of commerce and every group I could talk to in my own congressional district and in my own State that I am willing to pay any reasonable amount to help anyone in that position, to help him to improve so that he can better help his family.

What do I think about most in this whole affair? I think about the sad plight of many of these children. They have had nothing to do with the ability of their father and mother to earn, or the willingess of their father or mother to take a job. They have had nothing to do with that. They have had nothing whatsoever to do with whether the father has left home in order that they might go on welfare. But they are the ones who suffer in the long run.

Malnutrition and lack of medical attention from conception to 6 years of age, doctors tell me, can reduce a normally born child to the same mental condition as that of a child who was born with an injured brain.

What is the future for such children as these? Nothing but more AFDC.

Members can say what they want to about the definitions of suitable work. I could find 101 things in this bill I could fuss about if I wanted to. I have never told this House that any piece of legislation I have ever supported which comes from the Ways and Means Committee was perfect. But do not be misled. The term "suitable work" is mentioned in the unemployment compensation laws. That is one thing. We do not require a carpenter who goes to the employment security officer in our State, in Members' States or in mine, to get his unemployment check to lay aside his carpentry and take a job as a common laborer. No; that is not suitable employment within the definition of that act.

What does suitable employment mean here in this bill? Let me tell Members. It means employment that is suitable to that particular man's capabilities and his training, along with some other obvious things like the state of his health.

There is talk about all these ways we have left the door open for people to get out of the requirements to take work or training under the program. Well, Members can say a mother with children under 6 years of age ought to go to work. The committee did not. We felt that during those years before the child goes to school, the mother should not be required to take training, but when that child goes to school, then she will take training and she will take training knowing that the child of hers is receiving just as good care or better care during the time she is absent from it that day, in a day-care center.

We are going to arrange for this care with the schools, we are going to arrange it with private organizations, with nonprofit organizations. We are going to get the very best of day care possible for these children.

This lady with a child under 6 can, if she wants to, volunteer for training. Do Members know that in the State of California they have had more people with children under 6, volunteer for training than they have had with any other group of citizens?

So do not tell me these people do not want training. Do not tell me these people do not want a lifting hand to help them lift themselves up out of their economic circumstances.

Yes, we have a few people that do not work as hard as others. I have known doctors and lawyers and businessmen, who I could say did not work as hard as others in their profession. There are people in my district that do not think I work as hard, for example, as the gentleman from Virginia, DICK POFF, or the gentleman from Kentucky (Mr. PERKINS), whom I see here in front of me. Oh, yes, they get critical of us sometimes because they do not think we work as hard as another or the same hours as others, even though we get an equal amount of pay. Of course, many people do not know I have earned a great deal of overtime since I have been in Congress for which I do not get paid—and I know other Members have.

But, as I say, do not characterize these people generally as being lazy or shiftless or without motivation or desire. Most of them are without training. That is why they are where they are. So it is important, I think, that we pass this legislation and repeal what we have and start over anew.

If there had been any better way to do it than the way President Nixon gave us, we would have adopted it, but no suggestions came from within the committee or from the general public either about how to deal with it. This is largely the President's plan.

During its deliberations, the principal efforts of the Committee on Ways and Means were in the direction of strengthening the provisions of the legislation to assure the establishment of an effective work and training program, building upon the groundwork that has been laid in putting the existing work incentive program into operation. It is the clear intention of the committee, based upon assurances given by the Secretary of Health, Education, and Welfare and the Secretary of Labor, that the work and training program will provide a method of guaranteeing that all adult members of families receiving assistance under the family assistance plan will receive all available training and employment services and other supportive services, including child care, necessary to assist them in obtaining employment and ultimately attaining self-support.

I cannot emphasize too strongly that all adult family assistance recipients, except for those specifically exempted by the bill, must register for training or employment. Contrary to the administration's proposal, under the committee bill this requirement applies to the working poor as well as to those who are unemployed or working part time. This is an essential difference and a material improvement in the bill. Under this modification, the employment status of many of the working poor parents will be improved and upgraded.

I would like to emphasize in the strongest possible terms, Mr. Chairman, that the Commitee on Ways and Means and its staff intends to monitor, constantly and closely, the operation of the work and training provisions of this legislation. We are relying heavily upon these provisions to take substantial numbers of families off of welfare or substantially reduce their dependency.

We placed reliance upon the provisions of the 1967 amendments establishing the work incentive program and were disappointed with the records of achievements in many of the States. I think we have at least gained much useful experience under the WIN program which we will benefit from in putting the work and training provisions of this bill into operation. For instance, we have learned that it is necessary to have a mandatory registration provision, requiring all those adult recipients who are not specifically excluded under the bill to register. We will no longer tolerate the situation in some States where the philosophical inclinations of social workers and admin-

istrators have replaced the basic intent of Congress.

I believe that the present WIN operations can be very easily adapted to the provisions of this bill, and I fully expect early and encouraging results. I also expect that the Committee on Ways and Means will be kept informed as to the progress that is made in the work and training program. The nature and extent of the information the committee has received concerning the WIN program has not been sufficient for it to do the oversight job it deems necessary, and the committee expects that an improvement in the WIN information systems will be forthcoming.

Mr. Chairman, another significant contribution of the committee in developing the legislation was the addition of a provision holding parents who abandon their families responsible for Federal assistance received by their families. This provision was added to the bill to act as a brake upon parental desertion and births out of wedlock, two of the most significant problems that plague the present AFDC program. This new approach plus greater emphasis by the Federal Government and the States in implementing the determination of paternity, the location of absent parents, and the enforcement of support provisions of the 1967 Social Security Amendments should have some effect in reducing the growth of the assistance rolls.

I think it well to remind that we did enact such provisions that were approved just a little over 2 years ago on January 2, 1968. In a sense, this legislation is building upon the welfare reforms we started at that time. These provisions have just recently been put into operation in most States and their effects are just starting to be felt. The committee discussed their operation with representatives of the Department of Health, Education, and Welfare in executive session and received assurances that they will be vigorously applied in the future. As I said with respect to the work and training provisions a moment ago, I repeat with respect to these provisions that the committee will be looking closely at their operation and expects to be kept fully informed concerning them.

The greatest loss of resources that we have in the United States, that we have had throughout our history in the United States, is the loss of that individual trained to the maximum of his ability.

I would hope that the House would pass this bill, finding it, as I am sure the Members will as they study it, far preferable to the provisions of existing law.

I have said very frankly I cannot give anyone any guarantee as to what is going to happen under it. I thought in 1962 there would be more people put to work when we gave the States the responsibility to administer the work-training program. I thought in 1967 there would be more put to work when we told the States certain recipients had to participate, but the States did not find enough of them suitable for training and work. That is why, under the bill before us, they have lost the opportunity to be copartners with us in this enterprise.

My friends from the South, I would urge you above anybody else in this House to be for this legislation. It will do more, in my opinion, for the Southern States than any proposition I have ever had the privilege of supporting or being for on the floor of the House. Think of it: 50 percent of the total number of all of these poor working families are in our several Southern States.

SUMMARY OF PROVISIONS OF H.R. 16311

Mr. Chairman, let me now briefly describe the principal provisions of the bill, including those which I have already mentioned.

This bill is introduced on behalf of myself and the gentleman from Wisconsin at the direction of the committee. I want to take occasion, Mr. Chairman, to express my appreciation for the attendance, cooperation, and assistance given us in the committee by every member of the committee, on both sides, in the development of the provisions of the bill.

This bill makes amendments in those programs of the Social Security Act that provide for cash public assistance payments to needy individuals and families. Specifically it provides major amendments in the public assistance programs under titles I, IV, X, XIV, and XVI of the Social Security Act; most significantly, in the program of aid to families with dependent children.

The bill consists, as Members can see from reading it, of four titles. Title I revises and improves the assistance program for needy families—part A of title IV of the Social Security Act, or "AFDC." This part of the bill replaces the existing AFDC program with the basic Federal family assistance plan for all needy families, including the working poor, and a program for State supplemental payments. This title includes new and expanded work incentives and requirements and an expanded and improved program for child care and supporting services. It also includes provisions under which the States could agree to have direct Federal administration of all of the cash assistance programs.

Title II provides for a minimum payment level of $110 a month for each recipient under the federally assisted adult public assistance program; a new Federal matching formula with respect to adult assistance which is more favorable to the States; and other improvements in the public assistance programs for the aged, blind, and disabled, consolidating titles I, X, and XIV in a revised title XVI.

Titles III and VI contain miscellaneous and conforming provisions and certain general provisions.

FAMILY ASSISTANCE

The bill would make basic reforms in the program which furnishes assistance to needy families with children by providing:

First, a new basic Federal family assistance plan, with federally assisted State supplementation, for poor families with children in place of the present program of aid to families with dependent children, but including for the first time coverage of poor families regardless of the work status of the father. The States would not be required to supplement payments to the working poor;

Second, requirements that, as a prerequisite to receipt of benefits, every adult in the assisted families—except those who are specifically exempted, such as mothers with preschool children or persons who are ill or of advanced age but including adults already working—must register at the employment office for work or training or sign up for vocational rehabilitation if handicapped;

Third, uniform, nationwide eligibility requirements and payment procedures, both for the basic Federal family assistance plan and the State supplementary payments; and

Fourth, new provisions holding deserting parents responsible for Federal payments made to their families under the family assistance or State supplementary plans.

WORK AND TRAINING

The bill improves the program of employment and training services and of other services—including child care—needed by recipients who are registered at employment offices by providing:

First, a new program of manpower, training, and employment services to be administered by the Secretary of Labor through the State employment offices;

Second, a Federal program of full-cost grants and contracts for child care services to enable mothers who are required to register for training and employment—as well as those who register on a voluntary basis—to participate in work or training;

Third, a new system of providing services to support training or employment through agreements between the Federal Government and the States; and

Fourth, a more equitable, uniform, and effective system of incentive allowances and reimbursement of work expenses.

ADULT ASSISTANCE

The bill would substantially improve the effectiveness of the adult assistance programs under the Social Security Act by providing:

First, that the States assure that each aged, blind, or disabled adult will receive assistance sufficient to bring his total income up to $110 a month; and

Second, a simplified Federal matching formula which will result in generally more favorable Federal participation in the cost of payments.

I think we all would agree, Mr. Chairman, that the adult public assistance recipients—the old, the halt, and the blind—are most deserving of any additional help we can give them.

MISCELLANEOUS PROVISIONS

The bill also contains a number of miscellaneous and conforming amendments that are necessary in order for the family assistance plan to work in smoothly with the provisions of present law. While there are certain references to the medicaid program and to the parts of the law dealing with services for needy families, the committee is not making any substantive amendments to these programs at this time.

OTHER SOCIAL SECURITY LEGISLATION PENDING BEFORE THE COMMITTEE

The committee is currently considering additional amendments to the Social Security Act relating to the medicare and medicaid programs and we expect to consider amendments to the social security cash benefits program soon. And, the Department of Health, Education, and Welfare has indicated that it hopes to soon forward proposals relating to the social services provisions of the Social Security Act for our consideration. The bill before us today relates essentially only to cash welfare payments—it is not directed to issues relating to services for welfare recipients.

Some of you may recall that last winter, when we were considering the 15-percent social security cash benefit increase that was enacted in December, I indicated that we hoped to have additional amendments to the social security cash benefits program ready for consideration by the House by the end of March of this year. However, as I have said before, when we reconvened this January, it was the Department's wish—as expressed by Under Secretary John G. Veneman—that we first consider the welfare reform proposals. And, as I have indicated, our work on the welfare reform proposals has been very time consuming.

COST AND FISCAL IMPACT

Mr. Chairman, the American people want to be certain, and should be able to be certain, that when, of necessity, money is spent for assistance payments, it is spent in such a way as to promote the public interest, and the public well-being of our people. While this bill does entail substantial increases in Federal expenditures for welfare payments in the short run, I think we have built into the bill, for the long run, provisions that will mean that we can begin to hold the line in the future. For example, the Department of Health, Education, and Welfare estimates that over the period 1971–75, Federal payment costs under present law would increase by about 62 percent, whereas under H.R. 16311 they are expected to increase by only about 15 percent. This data is set forth in table IX on page 53 of the committee report, which I insert at this point in the RECORD:

TABLE IX.—POTENTIAL FEDERAL COSTS UNDER COMMITTEE BILL COMPARED TO EXISTING LEGISLATION, 1971–75 [1]

[In billions of dollars]

	1971	1972	1973	1974	1975
Committee bill:					
Payments to families with children	3.8	3.8	3.7	3.6	3.5
30 percent matching of State supplementals	.8	.9	1.0	1.2	1.3
Subtotal	4.6	4.7	4.7	4.8	4.8
Federal share of adult category cost	2.7	2.9	3.2	3.4	3.6
Total	7.3	7.6	7.9	8.2	8.4
Existing legislation:					
Federal share of AFDC	2.5	2.9	3.4	3.9	4.5
Federal share of adult categories	2.0	2.3	2.5	2.7	2.8
Total	4.5	5.2	5.9	6.6	7.3

[1] Assumes that, with constant benefit levels, family assistance gross payment decline slightly. Other cost items are assumed to increase at the same rate as they have during the last 3 years (see discussion in text above).

The new welfare proposal does ease the costs of welfare to most of the States, shifting a greater burden to the Federal Government. Overall, according to estimates of the Department of Health, Education, and Welfare, the bill developed by the committee shows slightly greater fiscal relief to the States than the bill that was originally introduced by the President. In general, the effect of the committee changes in the administration bill is to give more savings to those States which have been making greater fiscal effort in their welfare programs.

It is estimated that the combined impact of the family assistance plan and the program for adults will be a net reduction in State expenditures for cash assistance in all but about nine States. With regard to the States whose expenditures would be increased, there is a special saving provision in the bill which provides that, for the first 2 fiscal years under the program, the Federal Government will meet any additional State costs that result from the enactment of the family assistance plan or the proposed new title XVI for the needy aged, blind and disabled.

CONCLUSION

Mr. Chairman, this bill deals with a most controversial subject. It will not please everybody; it would be impossible to do so. Some will say that by providing benefits to working poor families, we would be starting down the road to a guaranteed income program. I do not agree, because the bill also requires the employable adults in these poor families—working or otherwise—to register for training or employment services, thus bringing them under a program that will assist them in improving their skills and increasing their income. My understanding of a guaranteed income system is one that gives an individual a choice of not working and settling at a certain income and living standard, the standard that is guaranteed. This the bill certainly does not do. It offers no such choice. It says to the employable adult members of assisted families: "You must accept suitable employment or training or lose your welfare payment, and if need be have the payments to your family made to someone outside the family." There is a great difference between this legislation and a guaranteed annual income.

It cannot be expected that this welfare reform proposal can solve all of our country's grevious social problems. But there is reason to think that it will be a highly significant step forward. It is designed to promote individual integrity and efforts toward self-help. It is designed to help to stabilize poor families. These are important goals, and if we start to attain them, we will have made a valuable contribution toward improving the lives of the needy people of this country.

The CHAIRMAN. The time yielded by the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 5 additional minutes for the purpose of answering questions.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield for one question?

Mr. MILLS. I yield to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. There will be many questions raised later in the debate, but there is one point which I believe would help to clarify this at this time.

First I should like to thank the gentlemen from the Ways and Means Committee, speaking as a person not in favor of this bill, for I would say the committee has been 100 percent helpful in providing information to me which I hope I can use to help in this debate to shed light on the subject.

I note that the gentleman in his remarks mentioned the situation under the present law where a family on welfare could get more than a family working full time at the minimum wage or near minimum wage, referred to.

I am sure the gentleman would not want to leave the impression this early in the debate that this bill would completely alleviate that situation.

Mr. MILLS. It may not in some States.

Mr. ASHBROOK. It would narrow the situation, rather than bring about a situation where there would be an absolute work incentive in every case.

Mr. MILLS. It would not cover all cases.

The gentleman very kindly gave me a copy of his figures. What he is doing in his figures is including many things that are not within this bill.

There is a reference to medicaid. The medicaid program may be available both under the welfare program and for the working poor, depending entirely on the State law.

The food stamp program may or may not be utilized by these people. It is not utilized by all of them. If it were it would cost several more billion a year, someone told me, and we do not appropriate anything like that amount for it now.

What I am talking about is what the individuals have in cash as a result of being on welfare, working and receiving this supplemental payment under the family benefit program.

Mr. ASHBROOK. On that point, will the gentleman not agree, regardless of whether he has another set of figures or what the case might be, nonetheless, even if this bill were to be fully implemented it would not totally alleviate the situation he referred to, where there is in some cases the ability to get as much

or more when one is on welfare, as against when working. The gentleman told me they worked to narrow the disincentive.

Mr. MILLS. There is no question about the total.

Mr. ASHBROOK. Even if the bill passes, it could not be said we had alleviated the situation, where there would not be a situation where a nonworking welfare family would receive more.

Mr. MILLS. That is true. We are only helping them up to the poverty level, and it is my recollection that at least one State has a line of assistance under AFDC which is quite a bit above the poverty level and some of the other States have payments, depending on the size of the family in those States, that would be above the poverty level. So we are not going to help the States under this with levels above the poverty level. We help them up to that poverty level.

Mr. ASHBROOK. I thank the gentleman.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. ICHORD. I want to thank the distinguished gentleman from Arkansas for his usually excellent presentation.

First of all, I want to state that I do not think there has ever been a bill in the Congress in the 10 years that I have been here that I have personally had more difficulty on in making up my mind as to how to vote.

I have two questions of the gentleman from Arkansas.

You mentioned the fact that the AFDC program had doubled in cost during the last 2 years previous.

Mr. MILLS. Three years, I say.

Mr. ICHORD. There are now 1.7 million families drawing AFDC.

Mr. MILLS. That is approximately 10 million individuals all together on all welfare programs.

Mr. ICHORD. The gentleman did not break that 1.7 million families down into those where the father, the male, had left the home for some reason or where there had been no marriage in the family. Would the gentleman advise me as to what part of this 1.7 million families fall in that latter category?

Mr. MILLS. About 75 percent where the father is not in the home. About 75 percent of the total number are in that category and about 25 percent in the remaining part.

Mr. ICHORD. One more question I would like to have the gentleman answer. The gentleman in his presentation has only spoken as to income requirements. Are there any asset requirements for eligibility under this?

Mr. MILLS. Oh, yes. We have asset requirements.

Mr. ICHORD. What are those?

Mr. MILLS. We disregard assets up to $1,500. A home or personal effects do not count against the $1,500 limitation. That is done in many States, anyway, under present law.

Mr. ICHORD. You mean the home would be exempt and not counted as part of the $1,500?

Mr. MILLS. That is right.

Mr. ICHORD. I thank the gentleman.

Mr. MILLS. I now yield to the gentleman from Pennsylvania.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes.

I yield to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I want the gentleman to understand my vote on the previous question does not indicate my final vote on the legislation one way or another. I voted in that instance because I would have liked to have seen an open rule in that we are studying the minimum wage laws. We are faced with the problem of creating a new base for that. However, under the minimum wage law and all of the major union contracts that I have seen there is no such thing as a family consideration for the payment of wages or income based on the number of children in the family and the number of dependents. The only program that was anywhere near like this program that I knew about was when we were studying the national levels of income with low rates. We found in France that they have a program whereby all employers paid into a fund but all paid the same wage. However, for each child over and above two in that family they had a common pool which would pay back into the family or to the head of the family enough money to give them an income, such as we are doing here. If a person has two children or four children, he would have a guaranteed minimum income under this law of $3,900.

Mr. MILLS. No. He would not have that much.

Mr. DENT. I am not talking about relief. I understand this better than some of my colleagues who have been condemning my vote on this. It gives a guaranteed minimum income for relief——

Mr. MILLS. That is right.

Mr. DENT. But it does not increase the relief payment one cent. It might help the treasury of a State that does not have a higher payment.

Mr. MILLS. That is right.

Mr. DENT. Mr. Chairman, if the gentleman will yield further, what will happen is that those who are not working now under the present minimum wage law, if they worked 52 weeks a year and every eligible work day in that calendar year which they could work, if they have a family of 4, 6, 8, or 10, they can earn $3,338 total income under this bill. But we are saying that we have recognized that to be too small and I want you to know that I think it is too small at this time.

Mr. MILLS. It is the level to which one refers as the poverty level.

Mr. DENT. Mr. Chairman, if the gentleman will yield further, I want it clearly understood that we are now studying the minimum wage and we have to take a completely new view of it because in our consideration of the minimum wage we had to take into consideration the basic income and what would be the poverty level. Since these guidelines are in here we will have to establish the minimum wage on the same basis as the guidelines of a dependent child in the family, or else——

Mr. MILLS. What we are trying to do, if I may interject, to state the facts of the bill—what we are trying to do is to take care of a whole lot of people that do not even get your present-day minimum wage.

Mr. DENT. I understand that, I will say to the gentleman from Arkansas, but I want to explain clearly that if we do not do that, if we establish a minimum wage for a family of four on the basis of what you have established it here—and that is as high as you could probably go without creating a great deal of opposition at this time—if that same person happens to have four children will he be subsidized from the Government through the employer who is only paying the minimum wage?

What I want to do is to provide language in here with a percentage base over the poverty level rather than a per child dependent figure. Under that procedure, I think there would be an incentive for a worker who is working at the present minimum because he will not be able under any minimum wage law to keep from working for an employer if he has 10 chilren and working at a minimum wage.

Mr. MILLS. We provide for training here, as the gentleman knows, but we still must have a program under any concept of relief which is based upon the size of the family and the needs of the family. We maintain that concept here.

Mr. DENT. I understand that and I compliment you, because something must be done about it. But what do I do about the minimum wage? What do I establish for a family of 4, 6, 8, or 10? What do we pay out of the Treasury? That is what I want to know.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 2 additonal minutes.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Texas.

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

Mr. MAHON. As the gentleman knows I have great admiration and respect for the ability of the gentleman from Arkansas and for his dedication.

Mr. MILLS. I know it is not my argumentative ability, and, as the gentleman knows, I have the greatest respect for him, and especially so when the gentleman and I are together on these matters.

Mr. MAHON. The thing that concerns me, and I believe many others, is that at times we pass legislation incurring additional expenditures without adequately considering whether or not the revenues are available.

Mr. MILLS. I am glad the gentleman brings that up.

Mr. MAHON. I would like to take a moment, if I may, to pursue this further. As the gentleman knows, under the administrative budget which was in use prior to fiscal year 1969, the budget for the current fiscal year would be in the

red by the estimated sum of about $8 billion.

We have just voted for a pay increase for Federal civilian and military employees, and so forth. Many are very much interested in more money for education and more money with which to fight pollution. I, personally, cannot see how we can carry out these programs without raising additional revenue.

My question is this: Does the gentleman see any way that we can finance these programs without raising additional revenue? It is easy to get spending bills through but it is hard to get revenue-raising bills through, as the gentleman knows better than I.

I wish the gentleman would explain whether or not he thinks that the pending bill is going to cause additional spending, and cost additional revenue? And in view of the whole environment, the whole atmosphere, the trend of the times, is it inevitable that we will have to raise taxes, and probably early?

Mr. MILLS. Let me answer the gentleman this way. First of all, this does not affect the upcoming fiscal situation for fiscal year 1971 except to the extent that some day-care centers may be established, which are already provided for under existing law, to help care for the children of the mothers who will avail themselves of the WIN training programs which were established in 1967.

None of this goes into effect, none of it, in this proposed program, none of it, even the enlarged payments to the elderly, until July 1, 1971. That is the first day that any part of this can go into effect.

There are two reasons for this. First of all, all of the States will have to amend their laws in order to comply with the new adult assistance program; and, second, we are trying to do even better than the President himself was doing by not imposing any of those costs upon what I thought was already a very tight budget situation for the 1971 fiscal year. He did actually budget expense for some of this to go into effect in fiscal year 1971, but the committee decided we would let no part of it go into effect until 1971. And we have been criticized in some quarters because of that.

But to me this whole thing of Federal spending is a question of priorities, as I know the gentleman knows.

I will tell you one thing: I think some of these problems we have at home, and some of the trends that we have at home that can be corrected and improved by some new program that may cost some additional amount in the immediate future, must be related in importance to some of the programs that we perhaps have had on the books for many, many years. We have to determine whether or not those programs which have eaten deeply into the Treasury, are worthwhile programs, or whether there is something new we should adopt.

If we took the position that the budget was so tight because of all of our old programs that we could never do anything new, we would never solve any problems that might be on the horizon.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes.

Mr. MAHON. Mr. Chairman, will the gentleman yield further?

Mr. MILLS. Let me carry on just briefly, because I have not answered the gentleman fully.

You must also compare this new program, and what is capable of being done under it through proper attention and proper administration, with what will occur under existing programs, which, as I said, some people within the Department of Health, Education, and Welfare predicted for aid to families with dependent children and other elements of cash welfare, that it will cost around $12 billion just 4 fiscal years from now.

This new program altogether will be a material amount of money. It will cost somewhere in the neighborhood of $8 billion by fiscal year 1975, all added together. But I think the program under present law, contrary to some tables that we have in the report, even will cost us at least $4 billion more by fiscal 1975 because recipients will not be taken off and put to work under the existing law, and they will be under this program.

Mr. MAHON. Let us assume that this has very little impact in fiscal 1971——

Mr. MILLS. It does not have any.

Mr. MAHON. But there are many other programs not related to this.

Mr. MILLS. I am not in favor of delaying or stopping this program because the gentleman's committee may want to add $1 billion to something else. I might vote against that $1 billion amendment. I think this program is entitled to a very high priority, just as I think the education of our children enjoys a very high priority.

Mr. MAHON. Can we do the things that we are going to want to do without providing additional revenue?

Mr. MILLS. We are not providing for one penny of cost over the program that the President submitted to us.

The President mentioned this program as the first matter of legislation when he appeared here and gave us his state of the Union message. Welfare reform was the first thing he wanted done.

To me welfare is one of the most important domestic issues that faces us. If we can ever get out of Vietnam—if we ever get out of that problem we must avoid what the Department of Defense was able to do when we found with respect to the 1970 budget that we could cut back the dollar cost of Vietnam by $3½ billion. Who got it? You know who got it under the President's budget—both Presidents' budgets. What the Congress made available—the President did not spend it all—we gave right back to the Department of Defense for other purposes. I will say, I am not going to argue on priority here. But I do not know but what this has about as much priority as the solution of some of the things for which we spend the taxpayer's dollars today. I am not talking about defense, but I am talking about some domestic programs.

Mr. LANDRUM. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Georgia.

Mr. LANDRUM. Mr. Chairman, the gentleman, in response to a question propounded by the gentleman from Texas (Mr. MAHON) has not, in my judgment, answered categorically what ought to be stated here. It seems to me, the answer ought to be, "Yes, we are going to have to raise more money."

Mr. MILLS. No; I am not going to say that. If it becomes necessary, I will say I will be out on the House floor supporting it.

Mr. LANDRUM. Will the gentleman permit me to say one sentence further?

Mr. MILLS. Go ahead.

Mr. LANDRUM. Immediately following the disclosures last summer by President Nixon on television of his welfare reform proposal, there came on the screen a panel of folks in this field of welfare and among them was former Secretary of Health, Education, and Welfare, Mr. Wilbur Cohen, and Mr. Moynihan of the White House—and Mr. Moynihan said, as I recall it, as we had all during our committee sessions, that this bill would cost no more than $4½ billion or $5 billion additional money.

Mr. Cohen, who supports this program and who is a part of its genesis——

Mr. MILLS. No, no.

Mr. LANDRUM. I am not talking about the bill—I am talking about the program and I am talking about the philosophy of it.

Mr. MILLS. Oh, yes.

Mr. LANDRUM. He is a part of its genesis and we know that. We may as well admit that he is a brilliant man in his field. He said, "No, not $4½ billion or $5 billion, but it is much closer to $14 billion or $15 billion." I am talking of the fiscal year 1971, I am talking about this program that is on the way and there is not going to be any revision of the surtax.

Mr. MILLS. My friend, the gentleman from Georgia, has I think been misled by a lot of statements made by a lot of people. If Wilbur Cohen said that, he does not know what he is talking about. He does not know what he is talking about in some of these programs with respect to the costs—and he is a great friend of mine. Just do not be misled by that—do not be misled, I mean, by following just everything that Wilbur says. I just never could follow everything he said. But you ask him if he would not go further with this program and I will guarantee that he will say—yes. Maybe what he wanted was a program which cost $14 or $15 billion.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I am one of those who is seeking guidance on this. I have not made up my mind one way or another.

Mr. MILLS. Before the gentleman asks me his question, would you not admit that the greatest loss of resources that we have is the idleness of these people?

Mr. LONG of Maryland. I agree with that, sir. That has a bearing on my question. The gentleman has indicated that one of the reasons why this bill might not cost us much as present programs, as

many people think, is because there are incentives here to put people to work in other programs. It has been my understanding, and I have not made a study of this, but only heard of cases, that there has been a pilot program on the question of whether these guaranteed annual income programs would give people the incentive to work. My understanding is they have been generally inconclusive and do not show anything much in one way or another.

I wonder if the gentleman would throw some light on that?

Mr. MILLS. You do not want ever to draw a conclusion from an experiment like this conducted over, say, a year's time or some such limited period. A man conducting it will want you to give him 2 or 3 years to report on experiences under it. But the experience so far in connection with the New Jersey-Pennsylvania project, which is the one to which the gentleman is referring—and there is one about to begin in North Carolina if it has not already started—is that it indicates that their final report will indicate the success of that experiment. They have had success in different income levels up to date. But they could go on in the next month and something could reverse it. So far they have had no reversals.

Let me read just exactly what they say in the report. These are the preliminary results of the New Jersey experiment.

We believe that these preliminary data suggest that fears that a family assistance program would result in extreme, unusual, or unanticipated responses are unfounded. There is no evidence that work effort declined among those receiving income support payments. On the contrary, there is an indication that the work effort of participants receiving payments increased relative to the work effort of those not receiving payments.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Obviously, the key to the success or failure of this program are the child care centers.

Mr. MILLS. Yes, I would agree to that, plus the attention you give to training.

Mr. PUCINSKI. The question I have, Mr. Chairman, because obviously the largest number of recipients under these programs are mothers with small children, is this: Is there an override in this legislation where a federally financed day care center which fails to meet local zoning codes or building codes can operate? One of the problems across the country, one reason why the program has been a failure, is that churches want to participate——

Mr. MILLS. There is no question but what churches and schools can have day-care centers. They have them. They can operate day-care centers. Schools can operate day-care centers. As I said earlier, nonprofit organizations can set them up. They can be set up by any group.

The Secretary has the authority to see to it that they are operated under sound health and safety rules.

Mr. PUCINSKI. If they fail to meet a local building code——

Mr. MILLS. If they do not meet a local building code you do not think the Secretary would qualify them, do you? If they cannot meet the present State standards, he will not talk to them. But if the State does not have any standards, then, of course, he can make up his own mind whether the program is operated in a healthy and safe manner.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. VANIK. I appreciate the gentleman's thorough explanation of the bill, and I support the bill. I would like to inquire whether a fully trained unemployed worker covered by unemployment benefits with three dependents, who exercised his unemployment compensation benefits for prolonged unemployment, for better than a year, whether such a person would be permitted to participate in the program without disposing of his equity in his home or his equity in his automobile.

Mr. MILLS. He would. That is also true in the States that disregard the ownership of a home and take care of the family with an unemployed father. The gentleman knows about 50 percent of them do that now.

Mr. CAREY. Mr. Chairman, will the gentleman yield?

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

Mr. CAREY. I wish to commend the gentleman in the well, the Chairman, for the way in which he has exonerated my reasoning and rationale on the old bill, the 1967 amendments that you brought forth. At that time I had a colloquy with the distinguished chairman and I predicted that with the rate of increase of beneficiaries coming on the rolls in New York City, the cost of the program would triple. I wish I had not been so accurate.

Mr. MILLS. I wish it had merely tripled. It is more than that.

Mr. CAREY. We could foresee that.

Mr. MILLS. We did not offer enough incentive, I guess, for the city to refer welfare recipients to work and training programs.

Mr. CAREY. Let me indicate why I think we are on the right track on this bill.

Mr. MILLS. Mr. Chairman, I yield to the gentleman from New York.

Mr. CAREY. Mr. Chairman, aside from the experiment the chairman referred to, in New York City, acting on our own initiative, faced with an increase of 20,000 new cases a month coming on the rolls, we undertook some experiments in allowing the workers to keep certain income from the welfare benefit, coupled with an incentive to work, and the requirement to take upgrading training. We found the flow of cases to the welfare rolls was beginning to decrease from 20,000 to 7,000 a month. We have seen movement off the rolls for the first time.

So much of what the gentleman is describing has been experimented with favorably in New York City. Therefore I think it deserves a chance.

Mr. MILLS. Mr. Chairman, let us see where we would be if we decided not to pass this legislation in the House, and I will leave it in the hands of Members and to their good judgment. We will be without any change in the present welfare system, because the committee and those on the outside, in looking at this whole matter, have been unable to come up with any other changes that we could make that would offer any hope of curtailing the rising costs of some of these programs. This is all we could think of.

We could not possibly get back to the floor any time this year with something new unless somebody who has not talked about it in the past would come forward with something new.

I think we ought to give them a chance to have this program. I think it can work. As I said to those in the administration, I hope they will give it the amount of attention required. They must see to it that the employment offices give to it the amount of attention needed in counseling these people and in diagnosing them and in training them and in offering them a job.

But, as we told the departments, let us not train these people for employment that does not exist. Let us not train them for jobs that have disappeared. Let us take the business community into this and let us find out what jobs within an area are going begging—and they are going begging, my friends. Let us find out what they are. Let us train people for these jobs. The worst thing we can do from the point of view of the morale of these people is to spend 6 months training them only to have them find, when they walk up and down the streets, that nobody will employ them. Let us not have that happen. If we do not let it happen, then the program can succeed.

The CHAIRMAN. The Chairman advises the gentleman from Arkansas he has consumed 58 minutes.

The Chair recognizes the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 15 minutes. Mr. Chairman, I know of no more complex or serious problem, among the numerous problems that require solution, than the problem of dealing with our present Federal-State-local welfare program.

If we could find the perfect solution by waving a magic wand to insure that no families with children remain below the poverty level, we would all feel much happier. But that is not the situation we face. Instead, we have the existing program of aid to families with dependent children—AFDC—that was designed to assist families with children who have been deprived of parental support by death, incapacity, or continued absence from the home and who do not have sufficient income or resources to keep body and soul together, to provide food, clothing, and shelter. But we know that this AFDC program is a mess, is a can of worms.

This program is out of hand. It is accomplishing little while experiencing dramatic increases in the number of recipients and the costs incurred by the Federal, States, and local governments.

I would repeat what the chairman has said. I do not believe there is a single individual in this House who would defend the continuation of the program as it is

now constituted. I do dot believe there is a soul who would defend the status quo.

Those who oppose this bill certainly are not doing so on the theory that what we have is sound, that we need not be concerned about the present program, that we should not adopt this legislation because what we have is appropriate, also let us recognize that we are going to be able to find questions and to be concerned about any new approach. I was concerned from the beginning. I am still concerned about the need to make this program work.

But my first concern prescinds from my knowledge that the present system will not work, because it does not reflect the philosophy that people should be transferred from the welfare rolls to the employment rolls and that individual efforts to achieve self-sufficiency should be a prerequisite to assistance.

What is the underlying philosophy of the present AFDC program? It is simply a guaranteed annual income. The States simply establish need levels for various family sizes and pay each family a cash payment equal to all or part of its needs. These payments, which today range from a low of $828 to a high of $4,164 annually for a family of four, are made with little or no regard for the efforts of the adult family members to achieve self-sufficiency through work or training.

This, Mr. Chairman, is a guaranteed annual income. The amount of the guarantee varies from State to State in accordance with the standards they have established. Let me give you some examples to illustrate the level of the present income we are guaranteeing. A family of four presently receives a guaranteed annual income of $2,220 in Alaska, $2,124 in Arizona, $2,292 in Colorado, $3,684 in Massachusetts, $3,468 in Minnesota, and $2,376 in my own State of Wisconsin.

We have all of the States listed, and this is available to the Members. That is the level of guaranteed income that we now have. If the Family Assistance Act simply extended the guaranteed annual income to more people, we would not be making any progress at all, and I would be unalterably opposed to the bill. Instead we are converting the present guaranteed annual income our welfare program provides to a system that condition assistance on individual efforts to work and take training.

This is an entirely different proposal from the one recommended by the commission that Mr. LANDRUM referred to. He was the gentleman who said that a commission under the last administration made a proposal that was the genesis of this bill. Were there any conditions imposed on the cash assistance provided under that proposal. Absolutely not. There was no condition that able-bodied adults had to take training or go to work. The basic concept involved a guaranteed income whereby the Government would make up the difference between the families income and their needs over a given period of time.

Our program is fundamentally different from both that proposal and existing law. Under this program we are no longer going to have a guaranteed annual income. Under this bill, society's assistance will be conditioned on the head of a family doing everything to help himself and his family that he is capable of doing. He must take training; get a job, and go to work.

If we are going to be honest with ourselves and with the public, we should stop talking about this bill making a radical change by introducing a guaranteed annual income. People who favor a guaranteed annual income may think the work requirements in this bill are a step backwards, and we have heard this position argued. The work and training requirements, which form the backbone of this legislation, are the big difference.

Let me say to you if this bill were only for the purpose of paying more money to more people, I would be up here opposing it with as much sincerity as I come here to support it today. But that is not the philosophy of this bill. The philosophy of this bill is to get people off the treadmill of welfare—dependency upon a government check—and enable them to become self-sufficient participants in the American economic system.

Nearly everyone from whom I have heard during our consideration of this bill has agreed that we should put the emphasis on work. I agree 100 percent.

Mr. Chairman, one of the opponents of this legislation, in a speech before this House, uttered words that I would adopt as my own. He said:

> It is essential that we recognize that occupational rehabilitation is the only corrective mutually beneficial solution to the problem of able-bodied, needy American adults with a work potential, and the conclusion is that only a program leading to a job and self sufficiency can succeed in reducing the welfare burden.

Mr. Chairman, that is the objective of this bill. That is where this legislation differs from the programs we have today.

Mr. Chairman, let me review with the Members some of my reasoning in becoming convinced that the present system is unworkable. The present system simply keeps people on the welfare treadmill, receiving welfare checks into the second and third generations. In my opinion it is the worst thing in the world for a child to grow up in a household where no one gets up and goes to work in the morning, but just goes down to a welfare office and picks up a check once a week. That is the poorest example you can establish. The best individual and family therapy in the world for these children is to imbue them with the American philosophy that there is a correlation between individual effort and economic well-being.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 additional minutes.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 10 additional minutes.

Mr. BYRNES of Wisconsin. Mr. Chairman, I became convinced that the concept of work is a fundamental ingredient in welfare reform. The present system rewards idleness and penalizes work.

If you are in a nonworking poor family, if you do not work, if you do not have a job, you are eligible for assistance in these States—about half of them—that cover the unemployed parent.

But if the family head is working, then the family is not eligible for benefits in any jurisdiction, even though the family income is below the needs standard established for welfare in the State.

How can you encourage unemployed people, to whom you are paying assistance, to go to work if you are going to penalize them by making them ineligible for assistance when they do go to work? If you want to move people from the nonworking poor into employment, you have to provide them with assistance or your attempts will be futile.

The present program keeps an individual and his family welfare as long as they are unemployed. But if they get up in the morning, go through the extra expense of working and come home tired at night, they are no longer eligible for assistance. They are no longer nonworking poor individuals, they are earning something, and the present law says we are not going to take care of them.

Now that issue—providing coverage for the working poor—is the fundamental issue before us today.

This is the group of additional individuals we will be providing assistance to—some 19 million who would be under the new program as against 7 million individuals who are covered through the aid to families with dependent children program. This added group is fundamentally what we call the working poor.

Failing to cover the working poor results in two inherent defects of the present system. The first defect is the incentive for family break-up, the father leaving the home, if he was the breadwinner there, because his family would be economically better off if he deserted them and qualified them for assistance as an AFDC family. The second defect is the disincentive to work for those intact families where the father is unemployed—the problem I discussed earlier.

Let me just ask why a poor family with minor children should be ineligible for any assistance just because there is a man in the house who is working? Why should that automatically make a family ineligible for any assistance, even though their income is less than the need standard the State has established for AFDC families, to enable them to keep body and soul together.

Why should work make you ineligible for assistance in meeting your needs? We cannot give an answer to that. No one can give an answer to that.

That is why we covered the working poor. That is why I became convinced of the need to cover this group—to discourage family disintegration, to foster family stability, and to encourage work.

Let me take a simple illustrative case, using figures from a conservative and moderate State, the State of Wisconsin. The figures in States like New Jersey would provide a more compelling cure, because their welfare payments are higher, but I am selecting a moderate State to illustrate my point.

Take a family in the State of Wisconsin, with the male in the home working

at $1.50 an hour. He has a wife and three children. His gross income at $1.50 an hour on a monthly basis is $260. If you deduct from these earnings his work expenses—such as transportation costs, social security tax, and special clothes that he has to have, all of which are estimated by the Department of Labor to be about $60 a month—he will have a net income of $200 a month for himself, his wife, and his three children. He is not eligible for any assistance under the aid to families with dependent children program.

But the AFDC family consisting of a mother and three children would get $189 a month from welfare under the Wisconsin program of aid to families with dependent children. This is practically as much as the family with the employed male gets in net income at the end of the month. Yet, the family with the mother and three children, receiving $189, has one less mouth to feed, one less person to shelter, and one less person to clothe. Economically, they are better off?

The family with the employed male would be ahead economically, if the father left and qualified them for AFDC.

This is the family breakup incentive the present program provides. There is an economic inducement for the father to leave. Certainly this is not the only reason for family breakups, but we are on unsound ground to continue a program which provides an economic incentive to the breadwinner to leave home, creating a fatherless household with no one working.

If we take the case of an individual with a wife and three children who is working at below the minimum wage—and there are between 6 and 7 million individuals working full time at below the minimum wage in this country—the incentive for family breakup is even greater. A man earning $1.25 per hour would have gross monthly wages of $215, and an economic income, after deducting work expenses, of $155 a month. He is not eligible for assistance because we do not cover the working poor. In this particular case the family is $48 better off if he leaves home, and there is still one mouth less to feed, one person less to clothe, and one person less to shelter. Can we continue a program that has these kinds of results? I do not think we can.

Let me give you some figures as to what an individual must earn in various States in order for his family of four to be as well off as a family of four on welfare.

In Illinois he must be earning $1.85 an hour for his family of four to be better off than a family of four on welfare. In Massachusetts, it is $2.16; Michigan, $1.95. In Wisconsin, as I indicated, it is $1.50. This is the encouragement we provide today for family disintegration. And these are the disincentives we provide for work. We must cover the working poor if we are going to avoid this.

Let me give you another case in my own State, and this could occur in about half of the States. Consider that intact family, which we have already discussed, with the father earning, after work expenses, $200 a month. The family is not eligible for assistance because the father is working. Then consider another family of four, with the father unemployed. Yet because he is not working, he becomes eligible immediately for a family benefit, in the State of Wisconsin, of $220. In this case it put $20 into his pocket to be unemployed.

Where is the incentive to work when we penalize work in a simple case like this? As I said, you can make cases in some States with higher welfare standards that involve a greater disincentive to work.

Does this system make sense? Of course not. What do we have to do? I think we have to adopt the underlying philosophy of this bill. We have to cover the working poor.

Additionally, we have to provide incentive to the individual to work. We do that in this bill in two ways. First, we let him keep the first $720 he earns annually—or $60 per month—without suffering a diminution in benefits in order to cover his work expenses.

Second, we let the man keep 50 cents out of every additional dollar he earns, reducing his assistance by only 50 percent of his earnings up to the break-even point—$3,920 for a family of four receiving a basic benefit of $1,600. This provides encouragement for him to get a job and go to work, and to continue working and improving himself.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, this is a little bit technical business, which the gentleman knows more about than I do, so I hope the gentleman bears with me. But the work incentive is one of the very important things in this bill.

Mr. BYRNES of Wisconsin. In my judgment, it is very important.

Mr. DENNIS. All right. That comes basically from the idea that after this first $720, the man is allowed to keep 50 percent of whatever additional he may earn? Is that correct?

Mr. BYRNES of Wisconsin. That is correct. Yes, a 50-percent income disregard is provided.

Mr. DENNIS. Is it correct, according to the people in this field, that we have to have the rate that low at least, that we cannot take away from him much more than 50 percent and retain any substantial incentive?

Mr. BYRNES of Wisconsin. Let me be honest with the gentleman. I do not know that we can say with any certainty that there is anything magic about the 50 percent.

Mr. DENNIS. At any rate, the gentleman will agree with that?

Mr. BYRNES of Wisconsin. There are those who contend, as we have heard the gentleman from Ohio (Mr. ASHBROOK), that the income disregard is too low, that we do not provide enough incentive, particularly when we calculate the disregard under cases that will involve State supplementation. If the limitation in the value of food stamps with increased income is included, the disregard is somewhat smaller, or conversely, the "marginal rate" is somewhat higher.

Mr. DENNIS. But at any rate, if we take away more than half of what he earns in addition, this reduces his incentive to work. We have to agree on that.

Mr. BYRNES of Wisconsin. Yes, or it increases his incentive to become unemployed, if he is working.

Mr. DENNIS. Yes. This is the technical part, but is it not a fact that under the provisions of the bill where the allotment for food stamps and so forth is affected and is reduced by the amount he is allowed to keep, that as a matter of fact, although we talk about 50 percent, we are keeping him from retaining substantially more than that?

Mr. BYRNES of Wisconsin. That is why I responded that there are those who suggest that the total incentive may be insufficient. But the incentives provided in the disregard included in this bill are an improvement over existing law, so that the bill cannot be challenged because we have not gone far enough in taking care of the working poor.

Mr. DENNIS. Mr. Chairman, will the gentleman yield further?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, is it true that actually the rate gets up in the seventies and above rather than in the fifties when we calculate the food stamp allowance?

Mr. BYRNES of Wisconsin. There are cases where that will be true, but again we cannot generalize because in the first place food stamps are not available in all areas. For instance, I have many counties in my congressional district that do not have food stamps. I do not know if or when they will have them, but not every area has food stamps. We cannot fault this legislation because of provisions that are in the Food Stamp Act.

Mr. DENNIS. But we have to consider everything together to find out what we are talking about taking away from the man and what our taxes come to.

Mr. BYRNES of Wisconsin. I will agree there are cases where the marginal rate is above 70 percent, but for most income levels it is substantially below that. We must compare that with the greater disincentives found in present law.

Mr. DENNIS. But the gentleman is more than doubling the welfare rolls, to begin with. His hope of a future reduction—that is all it can be now, a hope—depends on this incentive. I am suggesting to the gentleman, if the incentive is in fact much less than we generally contend, the hope decreases materially.

I believe it is fair to point out that certain knowledgeable people, such as Professor Friedman, testified to that effect before the committee.

Mr. BYRNES of Wisconsin. Professor Friedman did feel that we were taking away too much of the individual's earnings that we had not made the disregard high enough when we included food stamps and other factors.

What is done by this is to fault the bill on the basis that we are not spending more money than is proposed under this bill, that we are not enlarging it beyond what the bill calls for, that we are not doing more for the working poor than what we have done in this bill. But some individuals are contending we should not

even cover the working poor. We must do this, it seems to me, if we are to get rid of the underlying concept of the present program and implement the philosophy that people should go to work.

That is the only argument I can make in favor of the incentive we have here, that it is much more than we have today.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

I want to compliment the gentleman on this very clear statement and the description of this legislation. I agree generally with the philosophy in the bill.

There is one question I have. In connection with the inducements to secure employment and to receive training for employment I question the provision with regard to the exemption of women who have children under 6 years of age. I wonder whether it is not possible that a woman might continue to have children one after another so that she would have one or more children under 6 years of age for an extended period of time, and thus defeat this inducement we are trying to develop through this legislation.

Mr. BYRNES of Wisconsin. I doubt that we will find many people who will think they can come out ahead at the end of the year on a basis of a $300 bonus, if that is what one wants to call it, for an additional child.

We have had a lot of correspondence recently saying that a $600 deduction in the income tax was not enough to take care of the cost of a child and that we were not making the proper allowance. So in the last tax bill we did try to move in the direction of an improvement in that situation.

I do not believe we will find that anyone is going to look at it as an economic incentive to have more children to get the amount of the allowance we provide in this bill for each individual child.

The CHAIRMAN. The time yielded by the gentleman from Wisconsin has expired.

The Chair advises the gentleman from Wisconsin that he has consumed 40 minutes.

Mr. MILLS. Mr. Chairman, I hope before he concludes the gentleman will allude to one matter in the bill I did not refer to; that is, these special works projects we have included in the bill for the purpose of seeing that people who do not find jobs in regular employment may have the opportunity to get work in those projects.

The CHAIRMAN. Does the gentleman from Arkansas yield time to the gentleman from Wisconsin?

Mr. MILLS. I will yield time to the gentleman, Mr. Chairman.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 5 additional minutes.

The CHAIRMAN. The gentleman from Wisconsin is recognized for an additional 5 minutes.

I dwelt on the work incentives because this is tied in to the fact that you cannot just deal with the problem of the nonworking poor. If you are going to move in the direction of getting people to work, to become self-sufficient, you cannot then turn your back on them as soon as they become working poor. That is why we have this incentive and this encouragement to work built into the bill.

Let me point out another important provision in this bill that is not in present law. Under present law we require the States to refer "appropriate individuals" to the employment service for work training and work. Who makes that determinations? The social worker, the welfare worker. What has been the result? It has varied all over the lot between States, but in too many cases the social worker has decided that it was not appropriate, for a mother with children to work. Not only have they said, I would say to my good friend from Illinois, that it is not appropriate for a woman with preschool children to work, but they say it is not appropriate for any woman with children to work.

We do not use the word "appropriate" in this bill to determine who shall be referred for work and training. We say everyone shall be required to register and take training and work, with a few exceptions specifically written into the law—such as mothers with children under 6 and the disabled. But even in the case of the disabled we require them to register with the rehabilitation agency to see if their disability can be corrected.

We encourage mothers of preschool children to volunteer and provide them with child care. We direct the employment service and the Department of Labor to train these people and to give them equal opportunities even though their participation is voluntary.

By spelling out the exceptions in the statute we do not leave to the discretion of some welfare worker whether an individual should be referred to work and training. The emphasis in this bill is on employment, so we charge the employment service with this responsibility under carefully specified conditions. The responsibility is with our principal manpower and employment agency—right where it belongs.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. CLEVELAND. I thank the gentleman for yielding. I have some questions concerning this legislation. I have been told the only pilot project which has been conducted for precisely this type of program for workers on welfare is one in New Jersey. I understand it was carried on under the auspices of the Office of Economic Opportunity. I was further informed it was based on an enrollment of 80 to 90 families and that only 1 year of the project was considered, and it had another 2 years to go. Is that rather sketchy information correct?

Mr. BYRNES of Wisconsin. Not entirely. I do not recognize the figures you refer to as being those associated with that study. We can make available to the gentleman the conclusions of this study, because we did call in the group that conducted the study, and they are developing further information now.

But this study was not concerned with welfare cases. It had to do with the person who is currently working, and whether a supplement to these families would discourage them from working and improving themselves. Their conclusion was that there was an incentive to work even though there was some assistance being given to this individual.

Mr. CLEVELAND. Am I right that this was a New Jersey study under the auspices of the Office of Economic Opportunity?

Mr. BYRNES of Wisconsin. The Office of Economic Opportunity participated in it and the overall contract was under their auspices.

Mr. CLEVELAND. Mr. Chairman, if the gentleman will yield further, am I correctly advised that the study has not been fully completed?

Mr. BYRNES of Wisconsin. Oh, no, it has not been fully completed, but it has gone to the point that they were able to draw conclusions.

Mr. COLLIER. Mr. Chairman, will the gentleman yield to me at that point?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Illinois.

Mr. COLLIER. I would like to add something to that. The idea of providing incentive and encouraging people to work is not new. This is not a new program. For years out in my State where general welfare assistance and welfare programs were conducted by the various township supervisors and administrators of general assistance, this was a common practice. I happened to have served in that capacity for 4 years in a township. It was not unusual at all to help a lower income family by getting them either a part-time job or by getting them training, whether it was to work in a local gas station or what not. It worked, I can tell you that. It worked in more than one town. This is not a new concept. It is just as basic as apple pie.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield further,

Mr. BYRNES of Wisconsin. Yes, I yield further to the gentleman.

Mr. CLEVELAND. I do not wish to get into a debate on this precise point. But I have had experiences with the earning limitation on social security. I know about that and I hope to goodness that the members of the Committee on Ways and Means know that many people when they get up to the earnings limitation, they stop work even if they could still get $1 out of every $2 earned after that limitation.

Another question; what would be the chance of a college student who is married and, perhaps, has one or two children, with no earnings income or no assets? Would he or would he not qualify as one of the families under this program?

Mr. BYRNES of Wisconsin. The individual, if my memory serves me correctly, and correct me if I am wrong here—would probably be eligible on the basis that he was the head of a household taking training.

Mr. CLEVELAND. And this would be so regardless of whether his father was a millionaire or not? In other words, do you go into the family background to see if there is sufficient income to take care of this particular situation? Do you

stop right there with the new young family itself?

Mr. BYRNES of Wisconsin. We do not impose a father's responsibility for an adult child. But we do have a minor child provision. In fact, there is a new provision in this bill. To the degree that that the Federal Government is paying family assistance to any child or the wife of an individual, he now has a financial liability to the Federal Government for the amount that has been paid by the Federal Government to support his family. I assume this is an independent household with, perhaps, a child. We would look into that individual's resources.

Mr. CLEVELAND. I am talking about the family case where the college student is married and has a couple of children and maybe is in postgraduate school because his family has been able to arrange for him to continue education, start a family, and stay out of the draft by providing postgraduate training. There he sits as an independent family. I am wondering whether he is entitled to these benefits or not.

Mr. BYRNES of Wisconsin. The question is, are the resources of this parent available to this child. If they are, then this child will not be eligible.

Mr. MILLS. Mr. Chairman, would the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the distinguished Chairman.

Mr. MILLS. Mr. Chairman, on the point raised by the gentleman from New Hampshire (Mr. CLEVELAND), first of all I would say to the gentleman from Wisconsin (Mr. BYRNES), that we must bear in mind that the individual was required to make himself available through the employment office, to call there for a job. Of course, he most likely would not be in need of any training, and if they found a job for him he would have to take that job. If he could not earn enough to bring his income up to the standard he might get some supplementation but in that particular case I do not think there is any real possibility that he would be eligible for benefits.

Mr. BYRNES of Wisconsin. I do not think a graduate student would be covered, but the individual who is still an undergraduate might be, because he might be considered in training.

Mr. CLEVELAND. And would it be true for a technical or vocational school or how about college or an engineering school?

Mr. BYRNES of Wisconsin. If it is considered to be part of the appropriate training for this individual.

Mr. MILLS. That is right.

Mr. BYRNES of Wisconsin. For work.

Mr. CLEVELAND. That is why people want to go to college, and why we want everybody to go to college, to get an education and prepare for work.

Another question; how about a couple on social security, and they adopt a grandchild or even have had a child? Would they be eligible for relief under this?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, in reply to the gentleman from New Hampshire, I think that they could be.

Mr. CLEVELAND. My reading of the bill, which I admit is somewhat cursory, leads me to believe they might be, because if the person were in need and had a dependent in the family under 21 years of age, and that would be the adopted person or child I am referring to, they would be eligible.

Mr. BYRNES of Wisconsin. I think the gentleman is correct. Of course, their social security income would reduce their family assistance benefit dollar for dollar, as there is no income disregard applicable to unearned income. The registration and work requirements would also be applicable to this individual unless he was unable to engage in work by reason of his advanced age.

Mr. MILLS. Mr. Chairman, if the gentleman will yield further, even though a person may be in training he cannot prescribe his own type of training and then run down to the welfare office, and say "I am in training, so send me a check." He must undertake that course of training prescribed by the employment office. The employment office must say to the fellow that as part of the training we think appropriate for him he is going to the vocational school. If he does not go, then he would not be eligible.

Mr. CLEVELAND. Continuing the suggestion that the chairman has given us, if we take this young married person, if he has two children and a wife, and he goes down to the employment office, and if he tells the employment office "I might be able to go to college if I can get a little help for the family," are you telling me the employment office would not approve that, as going into training?

Mr. MILLS. I do not know what they would do because it is not intended to supply money for those in school. Let us get that point clear. But it might be that the employment office would decide that in order to train a person who is already on AFDC that it would be necessary for them to at least complete another year of school, but this program is not intended to apply to people going to college, whatsoever.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman says this has no application to a person to go to college?

Mr. MILLS. That is right.

Mr. GROSS. No application whatever to the person under this program?

Mr. MILLS. They are not available for full-time work in the first place.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

My BYRNES of Wisconsin. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, I would like to point out in regard to the question raised by the gentleman from New Hampshire that you just cannot do it under this program, there is not enough money in this whole project. We are talking about 80 cents a day to feed a child. You are not going to be able to feed one for that price unless you are willing to do something else to earn income. And we are only talking about for adults a little more than that per day, so there is just not enough money in the whole program to do the kind of things the gentleman is pointing out even if it were legally possible.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Ohio.

Mr. LATTA. To me, the gentleman's argument on this bill is based on the fact that you are attempting to keep the father in the home and keep the family together so that he does not have to absent himself from the family in order for them to get some relief. Is that not one of the purposes of the bill?

Mr. BYRNES of Wisconsin. That is one of the problems encouraged by the present law and this bill attempts to correct it.

Mr. LATTA. Let me give you a hypothetical situation under this bill and see whether or not by splitting up a family of a husband and wife and four children, the way this bill is now written, you would not come up with more money.

Take a family of a husband, wife, and four children. Under the terms of this bill, they would get $2,200. It would be easy to figure under the composition of a family as set forth on page 11 and 12. If you are really looking out for dollars and cents, which you are trying to get away from through the present system, under the provision of this bill the father could take two children and the mother could take two children and each set up a home and so get $2,600 as opposed to $2,200.

Mr. BYRNES of Wisconsin. As a matter of economics, if you get down to the precise figures there are additional costs in setting up a completely separate household rather than staying in one household. I do not think you have a very good case when you consider the additional cost they are going to incur.

Mr. LATTA. That is the same argument, however, that the gentleman is using and that the proponents of this bill are using against the present welfare system, where the husband would stay away from his home State or go to another place to live and go where he could get more money. But now you are saying you cannot use those same arguments against this situation. I would suggest to the gentleman to clear up the language of this bill and prevent this situation from happening when it goes to conference.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS. The gentleman from Ohio in the Committee on Rules raised the question about the language of the bill.

As I said in my opening remarks, I am certainly not going to contend that every word in this bill is perfect. But I do not see, if we made even one mistake or two in the bill, that that is any excuse for killing the whole theory of the redirection of this program.

Actually, I do not think we have made

all these mistakes. But, if we have, this legislation will be amended just as all other legislation is amended.

In the instance that the gentleman mentions where the father is in the household, he would have to register for work and employment. Whereas now both the father and the mother would have to do that.

Mr. BYRNES of Wisconsin. Additionally, the father would have a liability to Uncle Sam for the amount of Federal funds paid to his wife and child as a result of the father leaving them. I doubt that he would find this would be a very advantageous situation.

Mr. LATTA. Is the gentleman inferring that there is no liability now?

Mr. BYRNES of Wisconsin. There is no Federal liability.

Mr. LATTA. I know that. But how about State liability?

Mr. BYRNES of Wisconsin. There is to the extent the State enforces it. But now we make it a Federal responsibility. We do this to make sure that there is proper enforcement and also to assist in the problem that occurs when a father absents himself from the State and it becomes difficult for the local authorities to trace him into another State. This is new under this legislation—the imposition of the Federal responsibility.

Mr. LATTA. If the gentleman will yield for just one further question—as has been pointed out by the gentleman from Arkansas and the gentleman from Wisconsin, that this not only requires the husband to go out and seek employment but also puts the responsibility on the mother in the case where she has children above the age of 6.

Mr. BYRNES of Wisconsin. Right.

Mr. LATTA. As I pointed out before the Committee on Rules, as the gentleman remembers, I am very much opposed to this because I think a mother's place is in the home when they have children 6 and 7 years of age.

Mr. BYRNES of Wisconsin. Well, you differ with the gentleman from Illinois who is criticising the bill because we do not make the mother with children under 6 register. That shows the difficulty we have in trying to reach a happy medium.

Mr. LATTA. My friend, the gentleman from Illinois, does not cast my vote nor does he think for me.

Mr. BYRNES of Wisconsin. I know that.

Mr. LATTA. But I am stressing the fact, and I am hoping your great committee, when you get this matter into conference will give a little thought about keeping the mother in the home, as well as the father.

Mr. BYRNES of Wisconsin. I think it is most important to respond to that. First, if there are no children under 6 it means that the children are in school during the daytime. The mother in this case does not have to be there during the daytime to take care of these children. Why should she not be at work.

Second, it seems to me the greatest therapy for these kids is to have them see somebody get up in the morning and go to work and not just grow up in a family that has had to rely on a welfare check. So as far as my particular viewpoint is concerned, I see nothing wrong at all in requiring mothers with children who are over 6 years old to register to take training and to take work. That is why I disagree with the gentleman.

I must yield the floor at this time.

Mr. Chairman, I yield to the gentleman from Virginia (Mr. BROYHILL) such time as he may require.

(Mr. BROYHILL of Virginia asked and was given permission to revise and extend his remarks.)

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of H.R. 16311 because I believe it is a move in the right direction.

If there appears to be a suggestion of some hesitancy in my voice, there is. But the engulfing welfare mess we are now in has convinced us all that the present welfare system has failed. While I do not have the confidence that the family assistance plan will lead us quickly from our dilemma, it is a new approach, a new hope, that can lead those caught in welfare and the poverty cycle to the greener pasture of self-sufficiency and off welfare rolls onto tax rolls.

For those who are concerned, as I am, about guaranteed annual wage, the family assistance plan is not that. It adds to the current "guaranteed income," if you will, of present welfare handouts, the condition that qualified ablebodied members register—take training—and get to work or improve themselves for a better job. By contrast, the Heineman Commission report contains no such condition to its income maintenance payments.

I am convinced that too long we have heard the voice of the social theorists overpersuading poverty level persons that they have a right to welfare, that the almighty Government owes them a living whether they work or not. I am against force that destroys human dignity as much as the social theorists. But studies now bear me out that this coddling attitude has been wrong all along. If we listen to the mothers on welfare and to the majority in the poverty cycle, they want to work, if they can have some help on child-care needs and training.

Even in this bill, mothers with children under age 6 are exempt from the registration requirement, though such persons may voluntarily register and enter a training program, utilizing day-care assistance.

How many of us know families in the middle income, and even affluent group, who have working parents, with children under age 6 at home or in special facilities? Why must we continue to force a coddling attitude on those on welfare, when they prefer to respond to opportunity. A survey in New York City among welfare mothers showed that six out of 10, who had children under age 6, said they would prefer to work if they had child-care help.

We need to get rid of the overkill approach to welfare. Even in the family assistance plan there is this lurking element in the day-care plan. Federal funds will provide 100 percent of the rehabilitation and renovation of the proposed day-care centers. The emphasis in meeting the day-care needs appears to be directed toward elaborate centers with specially qualified professional persons.

But it does not require a genius to take care of a child. One study showed that retarded children reared by women with IQ of less than 80, became productive workers, while a controlled group of similar retarded children left behind in the care of an institution never became productive in their lifetime.

Without denying the value and need of such day-care centers, it is my apprehension that the emphasis of the administrative professionals is to go heavy in this direction. This is despite the fact a majority of welfare and working mothers would prefer to make their own child-care arrangements, either with a relative or neighbor, rather than transport their child to a more distant elaborate center. The working families who live in your neighborhood and my neighborhood do not have a day-care supervisor for their children with a master's degree.

What the poverty families want is not overkill. They are not demanding a Cadillac, but they could use a compact. They want basic help, opportunity for training for a job that exists after taking that opportunity, and some financial help with day care while taking that training and working.

I also am concerned that disappointment may set in when it is realized that the task of providing training for jobs that exist cannot be met overnight for all those for whom this program is intended to serve. We are taking a big bite that will take us longer than we think to digest.

But I do like the more positive approach to this program. It has been shown that rising economy itself reduces gradually the number of persons in the poverty levels of income, yet our welfare rolls have increased with this burdgeoning economy.

I am glad that this plan recognizes the working poor—the folks who have been wearing the white hats. It is time that we give a helping hand to those who have not shirked in their effort to break out of the poverty cycle, despite the present incentive to join their more affluent neighbors on welfare.

It is a program designed to help families stay together.

It establishes Federal standards to reduce the flow of welfare-oriented families to the urban areas.

It seeks to do something about holding deserting fathers—and mothers—financially responsible for their families.

It raises the level of adult assistance for the aged, blind, and disabled to $110 a month.

It brings a measure of financial relief to the States.

And, importantly, it places a lid on the ceilingless Federal payments that have been growing by leaps and bounds for aid to families of dependent children.

Mr. Chairman, I recommend the bill.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. GILBERT).

(Mr. GILBERT asked and was given

permission to revise and extend his remarks.)

Mr. GILBERT. Mr. Chairman, I rise in full and complete support of the Family Assistance Act of 1970. As a member of the Committee on Ways and Means who helped formulate the bill before us today, I commend my chairman (Mr. MILLS), as well as the ranking minority member (Mr. BYRNES). I believe the bill as it is before us today represents a substantial improvement in the proposal submitted by President Nixon to Congress last year.

The bill offers a meaningful step forward toward easing the burdens of welfare in this Nation, not only for those who desperately need assistance but for those citizens who must pay the bill.

I commend the committee particularly for important improvements in categories relating to assistance for the aged, the ill, the handicapped, and the blind.

Mr. Chairman, none of us are ever completely satisfied with a bill when it leaves the committee, and this bill, no matter how revolutionary, is no exception. I, among others, strongly urged the committee to raise the minimum levels per family. I believe the proposed allotments now in the bill of $500 for the first two members of a family and $300 for each additional member, are simply not adequate to provide a satisfactory base.

I would hope that once this program is implemented, it will become clear to the administration that minimum levels must be raised in the next fiscal budget. Nevertheless, I view the bill in its present form as an important first step that must be taken and I am hopeful that a majority of the House will so agree.

This bill is, of course, as controversial as any that will come before this body this year. But let me discuss briefly just several of the provisions in the bill that, to me, make its passage essential.

The bill will extend family assistance coverage from 7 million persons to 20 million Americans. And in the critical area of programs for the aged, the blind, and the handicapped, coverage will be extended from 3 million to 4 million persons.

And for the first time, our social welfare program will encourage, rather than discourage, a male head of household to remain in the home and help provide needed balance to his family.

For the first time, welfare is recognized as a national rather than a local problem. This bill will not only ease the overwhelming financial burden on local governments, it will at last put an end to the need for the heartbreaking migration of untrained rural citizens to our Nation's cities.

Mr. Chairman, my own city of New York has long carried out the most liberal of family assistance programs. And as the costs grew ever more awesome, attempts were made periodically to "weed out" the so-called welfare cheats. But, even though there have been some spectacular exceptions, the general conclusions of these investigations proved simply that a great many people had valid cause to be on welfare rolls.

The inescapable fact is that a great many of our citizens do need assistance if they are to survive. I believe it is the responsibility of Government to offer that assistance until such time as they can be helped to become self-supporting citizens once again.

If I may, Mr. Chairman, let me close with these simple thoughts. Our Nation is one of wealth and abundance. In less than 200 years we have fashioned the most progressive, forward-looking Nation ever to exist. We believe devoutly in fundamental freedoms, in justice, equality, and opportunity. We have shared our riches with many nations; indeed, we have often been more generous abroad than we have at home. Let us now use part of our resources to help our own people. I believe it is an investment this Nation will look back on with pride, for after all, it is an investment in our own future.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, it grieves me to find myself in opposition to my chairman and my friend from Wisconsin. The chairman was reminiscing to me the other day about the two greatest mistakes he made since he was in the Congress, and I would say to the chairman that, compared to what you are doing today, those others will fade into insignificance.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the distinguished chairman.

Mr. MILLS. I have been praying the Lord that he will deliver me from all of these many mistakes I have made.

Mr. ULLMAN. I am hopeful, too, Mr. Chairman.

The chairman very eloquently pointed out the deficiencies of the present welfare system, and I think most of us would concur. But I would say you do not have to adopt this remedy to cure the deficiencies that he pointed out. For example, the problem of the family breakup. All it would take would be a simple Federal standard requiring unemployed fathers to be covered in all States. Obviously that would cure that problem.

With respect to the problem of the WIN program referrals, all we would have to require here is the Federal standard making it mandatory to refer whomever we saw fit to the employment agencies. But at any rate, the big problem we have here today is trying to understand a complex piece of legislation. I hope this Committee will not, just because there are deficiencies in the present program, go headlong into a new program that is so totally untried and so full of pitfalls that I will attempt to outline very briefly here today.

Mr. Chairman, today we are considering one of the most far-reaching pieces of legislation to come before Congress in recent years.

Passage of this welfare reform bill would mark a turning point in American social and economic history. The Federal Government would embrace the philosophy that American citizens are entitled to a guaranteed annual income. It is true that we limit that guarantee to those with limited assets, those with families and those who register at the employment office. But within those limitations the taxpayers of the Nation will be charged with permanent income maintenance for all.

Because I disagree with this basic concept as well as many specific provisions of the bill, I oppose its passage. I am not, however, an opponent of welfare reform. In my judgment, it is possible to devise an effective Federal program that will bring meaningful help to the poor. It is not, however, possible through this bill. I have great compassion for the poor. I believe that we can eliminate poverty and that should be one objective.

The action of this bill is to dispense cash. There is a great deal of talk about work incentives. But the bill offers little that is new in the employment area except the basic proposition that everybody on welfare who is eligible to work must register to work. Once registered, the poor will face most of the same frustrations and disillusionments they now encounter under the present welfare-work system. Few improvements would be instituted. The significant difference is that 3 million more heads of families would be registered for the course in frustration and disillusionment.

The administration indicates that it will provide for an increase in funding for job training and child care in the first full year of the family assistance program. But the increase is not enough to overcome the inadequacies of the existing programs, much less enough to meet the demands of a greatly expanded new program.

Mr. Chairman, we have before us a bill with imposing consequences and serious deficiencies. It deserves the full understanding and careful consideration of the Congress before action is taken.

We cannot afford to say simply: "Anything is better than the present system." The stakes are too high.

I will vote for a straight recommittal of the bill. The committee can produce a bill that is responsive to the need, yet preserves the integrity of the system.

I would like to take a few minutes now to describe some of the questions that this bill has raised in my mind during the 6 months it has been before the committee. In my judgment, these questions still need to be answered.

Before us is a complex bill that overnight would nearly triple the size of the Nation's welfare rolls to 25 million and double the Federal cost of welfare to more than $8 billion a year.

The cost of the family assistance program is to be met by open-ended appropriation of the Congress from general tax revenues. The administration says the first-year cost of the new program to the Federal Government will be an added $4.4 billion. The committee proposes legislation that on top of total coverage of the Federal floor, would commit the Federal Government to pay 30 percent of the supplemental costs of the States, up to the limits of the poverty level.

This, of course, is only a beginning. An extra $4 billion for Federal floor benefits in the early 1970's will easily become an extra $8 billion by the late 1970's. A 30-percent share in supplemental payments will undoubtedly be increased to 60 percent or higher within a few years. Congress will face annual pressure until

the total cost of the welfare system is assumed by the Federal Government. This bill goes a long way toward federalizing the cost of the welfare system. The few steps remaining after its passage would merely be a matter of time.

The bill places a Federal floor under the adult categories in the system—the aged, the blind, and the disabled. Here there is no controversy. The increases in benefits that will result from the new floor are necessary to help those locked into a fixed income to meet the erosions of inflation on their benefit dollar. The system will continue to be operated in a conventional manner by the States.

Beneficiaries in these adult categories comprise less than 30 percent of the total number of persons receiving welfare checks. Their number has remained relatively level in recent years.

In the other major welfare category, family assistance, families are strictly defined. A minimum family requires two persons, an adult and a child under 18 or if he is a student, under 21. Single persons and couples without children are not eligible under the bill. This provision, incidentally, strikes me as one of the bill's most glaring anomalies. How can one accept the principle of guaranteed income for families and refuse to do it for single persons and couples?

Aid to families, of course, is the source of our mushrooming welfare costs, with the number of persons enrolled under the existing program having nearly tripled in the past decade. Later I will discuss how this total cost will mushroom in the future. But cost alone is not a sufficient reason for opposition.

What does this program do? First and, of course, the most important significant thing that it does, and the thing that has most of the Members of the Congress greatly concerned, within certain limitations it does prescribe for the first time in the history of this country a guaranteed family income program. I am going to cover that in a bit of detail later on. But we have never had this kind of family guaranteed income program under any circumstances in this country before.

Second—and I think this is very important—the United States under this program does directly assume the full responsibility for the welfare program, for determination of basic eligibility for all family welfare recipients.

That goes to the determination of income, to the determination of assets. The U.S. Government will administer the means test to the family status, and any other requirements under the program.

In assuming this responsibility the United States will be charged with the responsibility for that welfare determination, the determination of eligibility, as well as making the payments. These welfare payments across the land in every community and in every State will be paid directly out of the Federal Treasury. This includes all the 1.7 million families now on the AFDC program as well as this broad new designation that we call the working poor. So this bill would add 2.9 million new families—and that amounts to 15 million new people—to the welfare rolls in this country on a 100 percent Federal basis.

I was horrified in the committee in listening to the witnesses from the administration tell us how this program will work. I want to say it is an administrative monstrosity, that it does not eliminate any of the bureaucracy, but it just adds another layer. This, I think, is tremendously significant. I had hoped, personally, that when we had a proposal to reform welfare, we would use that opportunity to clean up the mess of bureaucracy we have operating in this whole area of poverty.

The Family Assistance Act moves toward nationalization of the welfare system, but it does not simplify the administration of the system.

A new Federal agency will have to be established in the Department of Health, Education, and Welfare to administer the family assistance plan. A whole new bureaucracy would be born.

The payment program would operate essentially on a declaration basis. The prospective beneficiary would declare his basis for eligibility under the uniform standards, and once approved and registered in the employment office, he would begin to receive a benefit check. The declaration system is already in use at some New York City welfare centers, replacing personal interviews and investigation as the basis for eligibility. It is viewed by many welfare experts as a major step in the shift from a work-oriented welfare system to an income maintenance system.

Spot checking of a sampling of initial declarations is planned to ensure accurate reporting of income. This is clearly an inadequate safeguard against abuse of the system.

The Federal Government will have its hands full coping with the high turnover of families in need, and the fluctuation of income in the poverty level. Under the existing program, in 1968 some eight million separate persons received welfare checks, even though the average monthly number of recipients in that year was only 5.7 million. Determining the amount of the monthly check for the working poor will be extremely difficult. As one expert witness told the committee during hearings:

> There is a very large amount of up and down in the income of people in these lower income levels, and in percentage terms it is immense. Fifty percent, 60% variations are not at all uncommon.

There will be critical administrative problems under the work registration requirements of the bill, too. The Secretary of Labor has the full responsibility under the bill to develop programs for manpower services, training, and employment, and is expected to utilize State employment services in many cases to implement these programs. According to the Secretary of Labor's own description before the committee, his department would work on a joint basis with State and local agencies to develop manpower and employability plans for recipients. The Secretary would get guidelines for these plans, but actual implementation, in his words, would go "office by office." The failure of State agencies to use imaginative, innovative approaches in placing welfare beneficiaries in training programs is a major source of concern about the existing system.

The food stamp program, which is billed as an integral part of FAP's attack on poverty, will in fact remain very much outside FAP for administrative purposes, continuing under the direction of the Department of Agriculture. The committee recognizes the inefficiency and potential ineffectiveness of this division of the poverty program.

Thus, we will keep much of the bureaucratic mess we have. On top of it we will add a new layer of Federal bureaucracy operating both in Washington and in hundreds of American cities.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, the gentleman had some testimony before his committee on the administration of this program. I just wonder if the gentleman had any testimony on how much it will cost to administer this program.

Mr. ULLMAN. It would be a guess, whatever we said. The administration had some figures as to what it would cost, but they are not based upon anything in the world of reality at all. If we are talking about proper administration, if we are talking about a real determination of assets and not just opening up the Federal Treasury to everybody who fills out a form, then the administration costs would be completely beyond anything that has been proposed by the administration.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Chairman, I think the gentleman is making a fine statement. My major concern about this whole procedure is this. The first time the matter came before the Congress which would try to enforce making a person work before she or he could get welfare, I am convinced this body would turn its back on the philosophy of this program and say we just cannot force a person to go to work to get welfare, and we would be right back where we were except we will have the guaranteed annual wage on top of this program.

Mr. ULLMAN. I think the gentleman is absolutely right.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, do I understand from my friend, the gentleman from Iowa, that he is disappointed because the bill requires these people to take training, to go to work?

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Chairman, what I am saying is with the social system in the United States and with the court system working as it is in the United States, no one is going to force anyone in the final analysis to go to work, no matter how lofty or honorable a goal it would be.

Mr. MILLS. The gentleman assures us that is not the case, that there are 3 million, 200 thousand of these people who either possess training or are capable of training and after training go to work. Would the gentleman like to see them working?

Mr. KYL. Mr. Chairman, if the gentleman will yield further, I would ask the gentleman from Arkansas this question: Did not this Congress a few years ago adopt a policy which would have forced the ADC mothers, for instance, to go to work?

Mr. MILLS. No, we did not. We put the onus on the States to see to it that they had training.

The States decided that none of them were "appropriate for training." They got out of it in practically every State.

Now we are taking over the program, and we will have Federal employees making that decision under the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare must assume the responsibility if the program is not administered properly.

Mr. ULLMAN. Mr. Chairman, let me proceed with an analysis very quickly of this work requirement. In my judgment this is the most overrated provision in this whole bill.

The administration has sold the family assistance plan on the proposition that its program will achieve this goal. The fanfare for "workfare" raises the expectations of hundreds of thousands of Americans that new and better jobs will develop under FAP. But the program neither lays the foundation for these jobs nor provides adequate funding for training and child care to make working feasible.

This is the problem. It takes money to train people. There is not that kind of money in the President's budget, to even break the surface of the overall problem.

I have a chart here indicating 1969, 1970, 1971, and 1972, indicating what the funding provisions in the bill are, and at the break what the problem is. We are not even beginning to cope with the problem of training these people. It is an extremely expensive proposition.

When we say we are going to refer them to the Employment Bureau, the employment agencies will have a hard time just handling the paperwork of registering them. Insofar as the training and work placement are concerned, I see nothing in the bill that would implement those programs.

The key work program for welfare beneficiaries now is the work incentive program—WIN. Authorized in 1967 by Congress, WIN got off to a slow start but has gained momentum steadily in the recent months. Although there are many defects in the program, WIN has its strong supporters. The director of California's WIN program, Aaron Levin, who is a veteran administrator of four succeeding Federal manpower programs, told the committee that WIN is "to me the most heart warming, the most comprehensive, the most flexible program I have ever seen for training and employment of welfare recipients."

Levin observed that WIN brings together the three major systems required for a successful program—education, labor and welfare. It is tailored at the State and local level to meet the special needs of local and regional problems. It employs a unique team approach to solving individual cases, including coaching by other welfare beneficiaries already enrolled in the program.

An important deficiency in WIN has been the lack of adequate funding for the program.

In fiscal 1969, Federal outlays for WIN totals only $33 million to cover 81,000 slots. Budgets for fiscal 1970 and 1971 call for sizable increases but not nearly enough to meet demand in many areas. For example, New York City has 9,600 training slots in fiscal 1970. But officials told the committee that the need is for 48,000 slots.

Nothing like this kind of a quantum jump is planned under FAP. WIN is to be repealed by FAP, and replaced apparently by a program much like it. The administration plans in the first full year to open up 150,000 new training slots and to provide training to upgrade skills of 75,000 of the 3 million newly registered working poor at a total cost of $210 million. The scope of the proposed program is clearly inadequate.

There are, in fact, a long list of problems with FAP that must be solved if work incentives are to be anything but hollow rhetoric. These include:

First. Transportation. A marked shift in the makeup of the welfare population will occur under FAP from urban to rural, largely because of the addition of the working poor. Most of the working poor live in nonurban areas.

Among the existing welfare population, 73 percent live in urban areas, 27 percent in nonurban areas. According to one study presented before the committee, the FAP population will break down almost 50–50 between urban and nonurban. Among the nonurban FAP population, 75 percent will live in towns of less than 2,500 population.

Besides making job training programs more uneconomical, the shift in the welfare population toward nonurban areas presents a transportation problem. Lack of adequate transportation is already a serious concern under existing programs. In rural areas, enrollees in the WIN program are stranded miles from program centers without cars or access to public transportation facilities.

FAP's nonsolution is a cruel one. Persons living in rural areas where private or public transportation opportunities are not available will be required to register for FAP, but will not be required to participate in the program. These people will not be considered priority cases under FAP. Government public transportation services will receive low-priority attention, Labor Department officials admit.

Special works projects: This current program could be one of the most fruitful in finding jobs in the public sector when they are not available in private industry. The program would employ welfare recipients through Federal, State, and local public and nonprofit agencies, offering particular usefulness in times of high unemployment in the private sector.

Adequate financial incentives to participate in this program have not been forthcoming, and public agencies have virtually ignored the program. Only about 765 slots have been activated, with 750 in one State, West Virginia. Funding is running below $1 million a year.

The committee calls for a renewed emphasis on this program in its report, and expresses the hope that there will henceforth be "wide implementation of special work projects."

But it should be noted that the administration's original bill barely mentioned special projects, and no estimates of future funding are available. In my judgment, there are no grounds for optimism that this important vehicle for expanding employment opportunities for welfare workers will be utilized any more effectively than it has been in the past.

CHILD CARE

A critical area if any new welfare program is to succeed is child care. FAP would expand the federally aided day-care program by adding 450,000 more children. This is an important step forward.

But more can and should be done in child care. Among the adult family welfare population, there are 750,000 women with recent full- or part-time work experience. This Labor Department statistic suggests the need for at least a further doubling of day-care slots and funding beyond the FAP proposal.

The FAP annual unit costs allocated per child of $1,600 for full-time day care and $400 for part-time care fall below the "acceptable" level of child care as defined by experts before the committee. These unit costs are only marginally above the minimum level of care, where the health and safety of the child are the primary concerns, and little attention can be given to developmental needs. Many experts in this field observe that the disadvantages to children of a minimum level of care far outweigh the advantages of having mothers work.

Token funds of $24 million would be authorized in the first full year for renovation and remodeling of child-care centers. No money is earmarked for construction of new day-care facilities. This is considered a serious shortcoming under the present program, and will obviously prove more serious under a greatly expanded program.

Beyond these specific problems, there are broad defects in the job provisions of FAP. A basic fault of this entire exercise in so-called fundamental welfare reform is the administration's failure to attempt some streamlining of the myriad numer of Federal programs now operating, and daily overlapping, in the manpower development area.

The Department of Labor presented an exhibit to the committee that showed there are 24 federally assisted manpower number of Federal programs now operaterating—some under the Labor Department, others under HEW, Defense, Commerce, and HUD.

Critics of this bureaucratic nightmare

who appeared before the committee spoke of "unproductive competition among manpower programs," and "redundant calls to personnel managers," to mention only a couple of comments.

The provisions of the FAP program aimed at consolidation amount to fine tuning, not major adjustment. In my judgment, most of the 24 programs should be consolidated under a single welfare-experienced agency.

Another major problem area that FAP does not solve is where the new and improved jobs will be found at the end of the training programs.

A study by the Auerbach Corp. of Philadelphia presented to the committee stressed that "much more needs to be known about the actual availability" of jobs related to Federal manpower programs. The study recommended that a job analysis, on a site-by-site basis, should be made with particular emphasis on the relative potential of the public and private sectors of the economy to supply jobs.

A manpower program for the poor has to be developed around the existing market, not merely assumptions that jobs will be available at the end of the training program. The size of local welfare manpower programs is presently determined by the size of the welfare population. As the Auerbach study rightfully points out;

It would make some sense to let the project size be governed by actual job availability.

The study adds:

Labor market analysis would also ensure that training programs were suitable for existing jobs.

There is no hint that FAP will correct these errors. There is only every indication that the program will carry the Nation further into the mire by a massive expansion of the work-registration rolls without any knowledge of the possibilities for placement in new or improved jobs.

We have had some talk about the penalties, that if one does not work he will lose his welfare payment. What is the situation? If the family head refuses to work the only penalty here that we impose upon him is a loss of $300 a year in the amount of the payment. His wife would then get $500 and the first child would get $500, and it would be $300 for each child beyond that. So the only penalty we are imposing for refusing to work is $300 a year.

I have a chart here I will show in a moment which indicates the magnitude of what we are talking about in terms of Federal assistance.

Let us look very briefly at how this guaranteed income program works. I want to point out, this is something new. We have never had it under any guise as a program in this country.

I believe the best way to illustrate how it would work is to show the Members a table. I am sorry you are not able to read the numbers. I will insert it in the RECORD for your study. This is the kind of table that will obviously be available to every so-called working-poor family in this country. All one has to do is to get a copy of it.

SCHEDULE OF ANNUAL FEDERAL BENEFITS UNDER FAP

Annual earned income	0	1	2	3	4	5	6	7	8	9	10
$9,000											$110
$8,500										$60	360
$8,000									$10	310	610
$7,500								$210	260	560	860
$7,000							$160	460	510	810	1,110
$6,500						$110	410	710	760	1,060	1,360
$6,000					$60	360	660	960	1,010	1,310	1,610
$5,500				$10	310	610	910	1,210	1,260	1,560	1,860
$5,000			$210	260	560	860	1,160	1,460	1,510	1,810	2,110
$4,500			460	510	810	1,110	1,410	1,710	1,760	2,060	2,360
$4,000		$160	710	760	1,060	1,360	1,660	1,960	2,010	2,310	2,610
$3,500		410	960	1,010	1,310	1,610	1,910	2,210	2,260	2,560	2,860
$3,000		660	1,210	1,260	1,560	1,860	2,160	2,460	2,510	2,810	3,110
$2,500		910	1,460	1,510	1,810	2,110	2,410	2,710	2,760	3,060	3,360
$2,000		1,160	1,710	1,760	2,060	2,360	2,660	2,960	3,010	3,310	3,610
$1,500		1,300	1,960	2,010	2,310	2,610	2,910	3,210	3,260	3,560	3,860
$1,000		1,300	1,600	2,260	2,560	2,860	3,160	3,460	3,510	3,810	4,110
$720		1,300	1,600	1,900	2,210	2,510	2,810	3,110	3,460	3,760	4,060
$500		1,300	1,600	1,900	2,200	2,500	2,800	3,100	3,400	3,700	4,000
		1,300	1,600	1,900	2,200	2,500	2,800	3,100	3,400	3,700	4,000

Number of children

Let us take a couple of examples. First let us go down to the $720 level. Anyone in the country could earn $720 and still get 100 percent of family assistance payments under this program. So a family of two would get $1,300 and a family of three $1,600, and on up to a family of 10, which would get $4,000 under this program, assuming all they earned was $720. But where it gets more complicated is the 2.9 million new families of working poor that we are putting under the program. We assume a lot of them have never been on welfare. But suppose they are making $2,500 a year and have a family of six children. You go up the column and you find the Federal Government then would start paying them $1,910 every year. They would start getting a check for that amount the next month. If you will take a larger family, you could go up to $5,000 in income. Take a family of nine children. The Federal Government would pay them $1,560 every year. They would start getting that check the next month. Of course, this assumes the means test will be passed, which is $1,500 in assets. Remember, though, that the home is exempt and whatever assets are required to hold down a job. Presumably an automobile that would be used to travel back and forth to the job would be also exempt.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. GRIFFITHS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ULLMAN. Insofar as the State supplements are concerned, we are going to pay up to the poverty level 30 percent of all of the costs of State supplementation on top of this all-Federal program. Adding it up, this program opens up the Treasury of the United States in a way that it has never been opened up before in our history. An individual fills out a form and says "I have $1,500 of assets and I have so much income." He fills it out and sends the form in to Washington. It presumably runs through a computer to see if the man has reported his income correctly or not. Then this table is consulted to determine how much he is eligible for. Then the check goes out. Every 100 persons or some such figure will be spot checked. However, I want to remind you that it is terribly expensive in a program like this to check. There is not sufficient money here for any kind of adequate check on the payments. Remember we are talking about 2.9 million new family heads that will begin receiving checks from the Federal Government on top of the existing 1.7 million welfare recipients already receiving checks from the State.

Mr. HUNGATE. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. Yes. I yield to the gentleman.

Mr. HUNGATE. The report mentioned reform in here. Is there any place that this would reduce the number of those on welfare? Is there any contention by the gentleman to that effect?

Mr. ULLMAN. Of course this would not reduce it. This would add 2.9 million families. And the people who talk about an incentive to get off of welfare are just talking about pie in the sky. Everybody who is a realist knows that it will not happen. If you look at this kind of a table, there is nothing in there to induce anybody to get off of it, in my judgment.

Mr. HUNGATE. On that issue of reform, is there any place that you can reduce the cost of the welfare programs to the Government?

Mr. ULLMAN. In this program?

Mr. HUNGATE. Yes.

Mr. ULLMAN. No. This would add on top of all the welfare costs we have today well over $4 billion, but I think it would be far beyond that by the time the program gets into operation.

Let me go on very quickly.

Let us look at the integrity of social security. For years we have had a basic principle that you do not mix welfare and social security.

The CHAIRMAN. The time of the gentleman from Oregon has again expired.

Mrs. GRIFFITHS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ULLMAN. But, under this program we are putting the Social Security Administration into the welfare business.

Further, and contrary to what has been said, it will not stop desertions or reunite families. The statistics are very clear. Many States that do include un-

employed fathers like New York have a much higher rate of desertion than States that do not include them. You cannot find a correlation between the two.

The work requirement is a delusion. There is not any question about it. You would have to give the poor $2 billion that you have for the working poor and put it all into work training and child care to even make a dent in the problem of taking care of the people already on welfare, let alone these 2.9 million new families that we are adding to the welfare rolls.

Now, Mr. Chairman, there are all kinds of loose ends in this program. The first thing that I think Members are beginning to feel already is the pressure to increase the $1,600 base.

These pressures are going to grow by leaps and bounds. There is no anchor in this program. We have got a movable feast of figures. There is no rationale. Once we pass this bill, then I think all the stops are out, and we are on our way, and in place of a $5 billion program, this is going to wind up a $20 billion program.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, I do not want to interrupt the train of thought of the gentleman, but I understand the gentleman says that this is going to be administered as part of the Social Security Old-Age and Survivors Insurance Act, or Social Security Administration, as we think of it in those terms.

Mr. ULLMAN. I said by the Social Security Administration. The Social Security Administration will administer the act.

Mr. BYRNES of Wisconsin. But I think the gentleman should recognize that the committee made it clear that is exactly what we do not want done. If the gentleman will turn to page 27 of the report, he will see where we say:

> It is the intent of your committee that a new agency would be established in the Department of Health, Education, and Welfare to administer the family assistance plan.

We also say—and I will not read the whole paragraph, but we also say:

> For example, while the administration of the family assistance plan would be completely separate and distinct from the social insurance programs, the committee would expect that the computer equipment and other capabilities of the Social Security Administration would be utilized in the administration of the family assistance plan to the extent it is economical and efficient to do so.

So we make it very clear it is not going to be administered by the Social Security Administration.

Mr. ULLMAN. I will say to the gentleman——

Mr. BYRNES of Wisconsin. If the gentleman will yield further, I say that, as I think the gentleman remembers, that I, too, had that concern if you would intermingle this plan with the administration of the old-age and survivors insurance system by the Social Security Administration, and that it would be inadvisable. And it was the result of those concerns that I had, and others had, that we put this language specifically into the report.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ULLMAN. Mr. Chairman, I wonder if I may have 2 additional minutes to respond?

Mr. MILLS. Mr. Chairman, I yield 3 additional minutes to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I thank the gentleman for the additional time.

Mr. Chairman, all I can say is this: Time after time in our hearings, and in our executive sessions, Mr. Ball, the Administrator of the Social Security Administration, indicated that in some instances this would be handled in the social security offices, and others it would not. Be that as it may, then that you are saying is that we are going to have a completely new welfare office in every community across this land.

Now, on top of everything else, on top of all the bureaucratic mess, we have these new welfare offices all across the land.

Mr. Chairman, let me summarize:

First. The bill does not achieve fundamental reform. Reform should be built on the solid foundation of experience, and should be backed by clearly defined principles understood by all. In my judgment, the bill is deceptive in nature and clearly understood by very few. The heart of welfare reform should be human rehabilitation. There is little of that in this bill.

Second. The bill does not provide a sound work incentive program. It raises the expectations of the poor for jobs through a universal work registration requirement, and then dashes them by grossly underfinancing the programs needed to make the jobs possible.

Third. The bill means more bureaucracy, not less. It gives sweeping authority to the Secretaries of Health, Education, and Welfare and of Labor to direct the new program, but provides little guidance for administrative reform. The mess of the existing system will be compounded under the new program.

Fourth. The bill establishes the basis for a guaranteed annual income through a negative tax formula. It would permanently consign more than 10 percent of our national population to welfare handouts.

The expansion of the Federal welfare rolls to include 3 million families classified as the "working poor" is a risky experiment based on an untried formula. We know next to nothing about the effects of guaranteeing the annual income of low-wage earners. The administration has trumpeted results of tests it has conducted in this area as evidence that the effect is positive, and that the desire to work is not destroyed by supplemental cash handouts.

While there are some encouraging aspects to these tests, it would be a grave mistake to use them as any kind of precedent for this legislation. The evidence so far is at best fragmentary. The OEO project in New Jersey involves a few hundred families and has been underway for only about a year. The director of this project, Harold Watts, told the committee earlier this year that his team has so far achieved "very incomplete and preliminary findings about low-income work behavior." He uses completely different criteria and the program is overburdened with administrative costs.

He also told the committee that the $64 question remains unanswered: Will cash handouts motivate low-income workers to increase their skills and make it on their own after the payments end? Much more research is needed on matters of this magnitude.

In my judgment, there is a strong possibility that the grand design for the working poor under FAP may go badly awry, and in fact result in a disincentive rather than an incentive to work. Cash handouts from the Federal Government to raise their earned incomes could replace the desire to earn additional wages. Tax-free Federal benefits and access to food stamps could in many cases provide a strong incentive for remaining in the low-income group and on the welfare rolls.

Without question, there is need for real reform of our welfare system. We need to make a real effort to streamline and consolidate the administrative network that operates the national welfare system. When we have cut down the bureaucracy, we could hope to apply successfully uniform standards for welfare eligibility and uniform procedures for dispensing benefits.

Above all, we need to expand greatly our federally aided programs aimed at employing welfare workers. These include the work incentive program, the special projects program for employment in the public sector, the JOBS program coordinated with the business community, and child care. We need to launch an organized effort to ensure that jobs for the trained welfare beneficiary will be available when he is ready to go to work.

The extra billions to be spent on welfare should go in this direction, not toward larger and larger cash payments for millions of Americans. This bill would pretend to go both ways at the same time. This is impossible. If work is to be emphasized, we cannot also underwrite a broad system of cash payments. If we accept the cash payment approach as proposed by this bill, then we have begun to move away irrevocably from work incentives to solve our poverty problems. A choice of this magnitude should not be made lightly.

I would say in conclusion that this bill should be recommitted. This bill will not eliminate poverty. It is only going to institutionalize it, and it is going to lead to unending problems year after year for every Member of this body.

Mr. MATSUNAGA. Mr. Chairman, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman.

Mr. MATSUNAGA. Mr. Chairman, as a member of the Rules Committee, I was privileged to listen to the pros and cons on the bill (H.R. 16311) to authorize a

family assistance program providing basic benefits to low-income families with children, to an extensive degree.

I voted to grant a rule to permit the consideration of this measure by the full House. I will vote again for the passage of H.R. 16311 because I believe that in theory it is a step in the right direction. I am especially pleased to note the inclusion of an incentive program designed to encourage those now on the welfare rolls to seek employment, and where not trained for employment to be prepared for employment under a proposed training program. However, as I observed during the Rules Committee hearings, I doubt very much that the program as outlined in the pending bill will succeed. I say this because the administration appears to be headed in the opposite direction where the unemployment situation is concerned.

On the one hand, the administration is proposing that those now on relief be trained for jobs to become self-sustaining. On the other hand, the administration appears bent on increasing the unemployment rate to as much as 5.5 percent in its effort to stem the tide of inflation. In the view of many economists, with whom I agree, the administration is acting on a mistaken theory. How can the administration hope to place newly trained workers into jobs when it is doing nothing to create jobs into which they can be placed. Instead, the administration, by its economic policy, is now eliminating jobs and increasing the unemployment roll to such an extent that those previously employed will be competing with the newly trained former welfare recipients for the limited number of jobs available, if any.

Mr. Chairman, unless the President reverses his present position, in the realization that his policy of stemming inflation through increased unemployment is a failure, and unless the President awakens to the fact that inflation is not a necessary complement to full employment, his so-called workfare program embodied in the pending bill can never be successfully launched. I repeat, Mr. Chairman, H.R. 16311 is a step in the right direction in theory, but in practice the program which it proposes will fail miserably unless the President's policy on unemployment is altered. In voting for this measure, I will do so in the fervent hope that the President will take immediate action to alter his policy to insure the success of this program.

Mr. BETTS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I hesitate to follow my chairman and my ranking minority leader. After the very brilliant and comprehensive statements they have made in support of this bill, I feel that anything I may say will be anticlimax. I certainly want to associate myself with their remarks.

Mr. Chairman, to me some of the problems we have had in trying to resolve this issue is the same we have had with respect to any number of bills. In other words, the complaints I get are, "I am for welfare reform, except—." It is the same situation we had on the tax reform bill—"I am for tax reform—except—." It is the same we have when it comes to economy in government—"I am for economy in government, except so long as it does not affect me."

I want to repeat what the chairman said. I sat throughout all of the hearings, and I attended a majority of the executive sessions. I failed to hear anybody present any other welfare reform measure then. The only testimony we had in our committee, so far as I am able to recall—and I am willing to be corrected if I am wrong—were statements either for the bill or against the bill and nothing constructive, so far as any substitute program is concerned.

So that makes the problem of the Committee on Ways and Means just a little bit difficult.

This is a complicated and comprehensive bill. I do not want to appear to be oversimplifying it, but my only purpose is to make a few brief observations and sort of pinpoint some of the answers to the objections that we have received along the lines the chairman and the minority leader have expressed on the floor.

The first objection we hear is that it is a guaranteed income. Let me say in response to that that it is no more a guaranteed income than present welfare programs which are simply Federal contributions to State programs, for welfare payments on the basis of poverty levels or payment levels or some other assurance that people on welfare are going to get definite relief.

Now the classic definition of guaranteed income is an income which assures income regardless of work or need or earnings. This present formula of $1,600 is exactly the opposite. In my opinion, it is a ceiling instead of an assurance of a minimum. It places a ceiling up to which the Federal Government is going to contribute, taking into consideration all the other factors of work and of earnings and need. So really, and I think the chairman made this very plain as well as the minority leader, that in no sense of the word so far as the classic definition is concerned is this a guaranteed income.

Second, there is the complaint about costs. This is in a sense repetition, but I think it is worth it and it is in the report if you have read it.

In the last 10 years the number of people on the payroll as recipients under the present welfare programs has increased from 2.4 million persons to 6 million persons—in 10 years.

Also, the cost of the present welfare program in the last 5 years has tripled to $4 billion. The plain fact is simply this: If you want to continue a program such as that, a good way to do it is to vote against this bill, because that would be assurance that you are going to continue a program which has been tripling its expenses every 4 years.

The main thrust of this bill is grafted to an attempt to reduce these costs. Some of you may have read in the last few days, or at least a couple of weeks—I think it came to the office of every Member—a statement from the National Association of Manufacturers, which is certainly not regarded as a liberal organization, analyzing, I think in a friendly way, the possibility of reducion of costs in this welfare proposal. It says, simply stated, that in spite of the fact that there will certainly be an increase in the cost of this program immediately, that it had the potential of ultimate reduction in cost.

I was very much interested and almost intrigued by a statement which appeared in the February issue of the New England Letter, which is put out by the First National Bank of Boston, and which I assume also is certainly not a liberal organization. I wish to quote from it:

> The goal of employment rather than dependency is widely acclaimed, as is the prospect that welfare families would stay put rather than flock to the states and cities with the most generous payments. The present system is so hated by recipient and taxpayer alike that the estimated cost of an added $4 billion per year is less of a hurdle even at this time of budget stringency. As the plan moves into Congressional debate much sniping can be expected, and such adjuncts or alternatives as family allowances and a negative income tax or promise of a small guaranteed income will receive attention. Liberals and conservatives will find it difficult to oppose these improvements in a welfare system which has become increasingly out of step with reality.

The third objection is the one of adding the working poor. I think the figure usually given is 12 million without taking into consideration the fact that these are simply temporary additions until the program gets underway, after which the whole philosophy, the whole purpose, the whole main thrust is to remove people from the welfare programs and reduce the cost.

I took it upon myself last Monday to take the floor and to address myself to the opposition, which I think was pretty widespread, and all Members of Congress were well aware of it, of the U.S. Chamber of Commerce to this bill. I pointed out in a 1-minute speech last Monday that the chamber of commerce last fall had taken a poll of its members and 86 percent of them had responded in favor of this bill, citing the work incentive program as the reason for their support. I said I did that on Monday so, in fairness, the chamber of commerce could reply before the bill was brought up for debate. And they did, in a letter to me dated April 14, which I have permission to put into the RECORD at the end of my remarks.

But I want to read this one paragraph from this letter, which I think is important from the point of view of the House Members considering who is and who is not in opposition to this bill and how much.

> The National Chamber supports welfare reform and believes that some parts of the House bill are progressive. Our objection is directed only at the part of the bill that commits taxpayers to begin guaranteeing an income to families with fully employed fathers. Once this concept is established, we can visualize it would not be long before one-third or more of the National population would be receiving income supplements, at a cost of $20 billion or more annually.

As I read this letter from an organization which was widely reputed to have been in opposition to this bill. But, and I repeat, it says that its opposition is

limited to the concept of the guaranteed income as it applies only to the working father or to the working poor.

The concept of the working poor, as has been well explained by the chairman and by the ranking minority member, is part of the main thrust of this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman from Ohio 10 additional minutes.

Mr. BETTS. Mr. Chairman, the bulk of all the complaints I have received over the years to welfare programs is that too many people under the present programs are allowed to work and receive welfare at the same time. It is this current exclusion of the working poor families which makes it possible for the working people to be better off by getting welfare than by working. The very thing this bill does, is to remove this objection.

The third objection is, of course, the work incentive, and there seems to have been a great deal of comment about a New Jersey plan and about this work incentives program is a complete failure. As I sat in the committee and listened to all these people testify, as far as I know nobody spoke against the program. They did explain—and I can be corrected if I am wrong—that there are many aspects that could be improved.

That is the main thrust of their testimony, but nobody as I can recall has said that the WIN program is a failure.

Let me call the attention of Members, to a statement made by the Ohio Governor, James A. Rhodes, not long ago, and I am reading now from a clipping which appeared in a newspaper circulated widely in Ohio.

Governor James A. Rhodes last week praised the 20 counties which are making use of the Work Incentive Program to help get individuals in jobs and families off welfare rolls.

The Governor said that from Jan. 1, 1969, through Jan. 25, 1970, these counties have placed 892 enrollees of the Work Incentive (WIN) Program in meaningful employment and that welfare rolls have been reduced as a result by a total of 4,480 persons.

This has resulted in a monthly savings of $247,643 in welfare payments, he noted.

I mention this, not only because it comes from my State but also because it is pretty concrete proof that if this WIN program is given an opportunity to work, it will.

As I said, I do not want to oversimplify the issues here, but I simply want to try to pinpoint some of the answers to the objections to the bill.

In conclusion I want to point out this to the Members of the House. The President of the United States and two executive departments, the Department of Health, Eduction, and Welfare and the Department of Labor, have spent hours and months trying to come up with some solution to the age-old complaints about the present welfare programs. This is their answer. The Ways and Means Committee has spent hours and days and weeks of deliberations and has, with refining amendments, approved this proposal overwhelmingly.

On the basis of this tremendous amount of work, honest and conscientious effort to answer the objections which have been made to the present welfare program over the years, I do not hesitate to ask the House to support this bill.

Mr. Chairman, at this point I insert the letter I referred to earlier from the Chamber of Commerce dated April 14, 1970:

CHAMBER OF COMERCE OF THE UNITED STATES,
Washington, D.C., April 14, 1970.

Hon. JACKSON E. BETTS,
House of Representatives,
Washington, D.C.

DEAR MR. BETTS: I was sorry to learn, from your statement in the Congressional Record of April 13, that you apparently have some trouble reconciling the National Chamber's current opposition to H.R. 16311 with the results of the informal poll conducted last fall at our Urban Action Forums in 15 cities, which seemed to show support for the President's welfare reform proposal.

Actually, the poll did not deal with the welfare issue as it stands today.

The poll, taken of our members and others in atendance at the meetings, showed 86.5% in favor of "welfare reforms" promised by the Administration. But at that time, the Administration's program was not recognized as something that would guarantee on income for many families with fully employed fathers.

Of the 2,163 persons poled, 47% said that what they wanted most was "to require welfare recipients who can do so, to take work or take training." Another 31% said they wanted most "to make taxpayers out of many welfare recipients." Clearly, majority opinion in the poll was for substituting workfare for welfare, where possible.

But when the legislation came along, it provided for welfare expansion, not reform, by tripling the number of persons on welfare. It would add to the welfare rolls some 3 million more families (15 million persons), all headed by fathers already working full time.

This provision had been thoroughly camouflaged in earlier discussions of the program, and no wonder, because it's the entry wedge for the guaranteed annual income. It extends the guarantee, as a starter, to families with fully employed fathers. If any head of such a family refused to work, or to take a better paying job if he was already working, his share ($300 a year) would be deducted from the family welfare allotment, but the rest of the family allotment is guaranteed, with nothing required and no questions asked about how the money is spent.

Once a program like that got started, where would it end? Even at the outset, large families with incomes of more than $7,000 would qualify for this new federal relief. The average worker's pay is $6,000. A family with seven children, earning $6,000 would get $460 a year in tax-free welfare. Businessmen polled last fall had no hint that anything like this was in the works.

Our position relative to the pending welfare issue was developed only after long and careful consideration. It was recommended by a Special Committee on Welfare Programs and Income Maintenance, made up of 14 distinguished top business executives who studied the welfare problem for more than a year. Our Board of Directors, whose 64 members come from all types of business in all parts of the country, formulated our policy, based on the committee's recommendations, in February, 1969. Our Board received a progress report in November, 1969 and reaffirmed our position in February, 1970.

The National Chamber Federation comprises 2,700 local, state and regional chambers and American chambers abroad, 1,100 trade and professional associations and 37,000 business firms and individuals.

It should be no surprise that the Chamber opposes the concept of a guaranteed income. We believe this is in accord with public sentiment. A Gallup Poll in 1968 revealed 58% opposed, 36% in favor, and 6% with no opinion.

The National Chamber supports welfare reform and believes that some parts of the House bill are progressive. Our objection is directed only at the part of the bill that commits taxpayers to begin guaranteeing an income to families with fully employed fathers. Once this concept is established, we visualize it would not be long before one-third or more of the National population would be receiving income supplements, at a cost of $20 billion or more annually.

Considering the potential impact of this legislation on taxpayers, it does seem appropriate that the bill come before the House on April 15 or thereabouts.

I would appreciate your placing this letter in the Congressional Record, as our answer to your statement.

Cordially,

HILTON DAVIS,
General Manager, Legislative Action.

Mr. BUSH. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman.

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

Mr. BUSH. Mr. Chairman, in my view the family assistance bill reported out of the Ways and Means Committee is a meaningful breakthrough in welfare legislation. It addresses itself to the ethical and financial realities of work in America today. The heritage of this country emphasizes the importance, fullfilment, and goodness of work. Yet we find ourselves today with a system of welfare under which people are better off manipulating the system and getting onto welfare than in working at a low wage job.

One of the most common complaints I hear from people back home is "How can people be out of work when the want ads are full of jobs?" They are disturbed that people take welfare when they could be working and they have a right to be disturbed. It is their tax dollars that are supporting the welfare program.

It is time we did something to help the man who is working for a living, trying to educate his children and trying to feed them as costs rise out of sight. The Ways and Means Committee kept this problem in mind and tried to find a better way of taking care of those who cannot help themselves while at the same time building work incentives into the program for those who are unemployed or now hold low-paying jobs and may be thinking of "going to welfare."

In designing an effective welfare program we cannot ignore the movement between the working poor and welfare status for there is a positive statistical correlation here. In Texas, for example, a man with a family of four is entitled to a welfare payment equal to $179 per month. For a nonwelfare family of four to do as well, the head of the household must earn the equivalent to $221 per month and this adds up to an hourly wage of $1.25. In Michigan it comes out to $1.94 per hour; in Massachusetts, $2.16; and in New York, $2.23. Why should a man or woman take a job for anything less? Yet most do. And this is

one of the wonderful things about this country—people would rather work than not work.

Yet, we are endangering this important national characteristic by perpetuating a system that actually encourages people not to work. We have encouraged individuals who expect the Government to take care of them. The incentives in the present program that encourage this should be changed and I think this bill can do the job—I think it should be tried. It provides positive incentives by requiring those who accept welfare to register for work or work training; by permitting those who work to keep substantial portions of their earned income; and by expanding job training and day-care opportunities.

There are those who feel that this program is too expensive and I, for one, believe they have a valid point. But the alternative—the present Federal-State-local welfare system is even more expensive. If we do nothing, the costs of the program will be $12 billion by 1975 and we will have spawned a new generation of welfare recipients and broken homes.

There are others who feel that the program will only provide the framework for an even more expensive welfare system—one that in the future would provide a $5,500 guaranteed annual income for everyone. If this were a characteristic of this program, it would not have my support, the support of the Ways and Means Committee or the support of President Nixon. The family assistance plan, reported by the committee, is oriented toward work and is aimed only at families—these are not characteristics of a guaranteed annual income plan. Further, the present Federal-State welfare system comes a great deal closer to being a guaranteed annual income as it encourages idleness by making it more profitable to be on welfare than to work and provides no method by which the States may limit the number of individuals added to the rolls.

I must confess that I have one major worry about the program and that is that the work incentive provisions will not be enforced. In order to be successful, it is essential that the program be administered as visualized by the Ways and Means Committee; namely, if an individual does not work, he will not receive funds. Enforcement is essential; if the work requirement is not enforced it could simply lead to another boondoggle.

In conclusion, Mr. Chairman, we need to reform the welfare system, build work incentives into it, help with job training, provide day-care centers and job placement and, in short, permit families to work their way off welfare. The family assistance plan can do this.

The handout approach has failed. The existing system strips a man of his dignity. Let us reform the welfare system with work incentives—not crush it further by more giveaways.

Mr. MORTON. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield to the gentleman.

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

Mr. MORTON. Mr. Chairman, President Nixon has submitted to the Congress several innovative proposals which provide a needed new direction toward what he calls the "new federalism."

This Family Assistance Act of 1970 is a major piece of legislation which I believe will help achieve that objective. It is a bold move to effect a more significant coordination of effort between the Federal, State, and local governments. With the Federal Government providing the uniform floor for eligibility and payment requirements and absorbing the necessary increased costs, we are moving toward an equitable and efficient reform of our troubled welfare system.

In his message to the Congress proposing the transformation of welfare into "workfare," a new work-rewarding system, the President stressed that the effect of his plan would be:

For the first time, all dependent families with children in America, regardless of where they live, would be assured of minimum standard payments based upon uniform and single eligibility standards.

For the first time, the more than two million families who make up the "working poor" would be helped toward self-sufficiency and away from future welfare dependency.

For the first time, training and work opportunity with effective incentives would be given millions of families who would otherwise be locked into a welfare system for generations.

For the first time, the Fderal Government would make a strong contribution toward relieving the financial burden of welfare payments from State governments.

For the first time, every dependent family in America would be encouraged to stay together, free from economic pressure to split apart.

The bill before us, H.R. 16311, would bring about those effects.

Mr. Chairman, President Nixon stated in his message proposing a comprehensive Manpower Training Act, which I hope will soon be coming before us for enactment, that such a manpower program "is a good example of a new direction in making federalism work." I feel that the same applies to the pending Family Assistance Act of 1970.

The President stated further in his manpower program message:

We can relate substantial Federal-State manpower efforts to other efforts, tax sharing and economic opportunity, marshaling the resources of the departments and agencies involved to accomplish a broad mission.

I quote that statement to emphasize that aid to and greater cooperation with the cost-beleaguered States is one of the foremost needs which the Federal Government must meet. In attacking the social ills of the day, the new federalism is going to the root causes of poverty.

The Family Assistance Act of 1970 will tackle one of the most troublesome problems confronting our State and local governments. Those governments are crying for financial relief, and the needy people of the Nation are struggling against the ever-increasing cost of living. They will all be helped—the State and local governments and the dependent Americans—by enactment of this bill. They and the country's taxpayers will be helped further toward improvement in our economic climate when President Nixon's manpower and tax sharing programs are translated into law.

Let us, therefore, Mr. Chairman, take that first big step, make that start-up cost investment in a better America for all, by the expeditious passage of H.R. 16311.

The CHAIRMAN. The Chair advises that the minority side has consumed 1 hour and 43 minutes and the majority side has consumed 1 hour and 33 minutes.

Mr. MILLS. Mr. Chairman, I yield 7 minutes to the gentleman from Ohio (Mr. VANIK), a member of the committee. The gentleman is our last speaker for the day on this side.

Mr. VANIK. Mr. Chairman, the Family Assistance Act of 1970 which we are considering today is an imperfect bill, designed to deal with circumstances and conditions which have developed in our imperfect society. The proposal is unique in that it draws support from these forces which seek to restrain welfare expenditures as well as from those who are determined to improve the life of those who are unemployed, underemployed, and on welfare.

In any event, the legislation moves toward the federalization of welfare, establishing minimum standards of family support without geographical discrimination and provide a uniform system of review of work eligibility of the unemployed.

Insofar as the Federal contribution toward welfare will be increased, it constitutes a revenue sharing with the States.

There has been and there will continue to be extensive discussion as to the cost of the family assistance program. It is difficult to estimate costs when economic conditions make it so difficult to forecast the extent of unemployment and the resulting need for family assistance or the potential need for adjusting family assistance allocations to meet the escalating cost of living.

The chart on additional costs of this program submitted by the Department of Health, Education, and Welfare and set forth in the committee report on page 53, is incredibly naive and unrealistic. Although the table assumes a 4-percent growth, no provision is made for the increase in the cost of living or the effect of increased eligibility resulting from further and mounting unemployment which lurks in the wings. These etsimates are optimistic beyond reason.

We must relate the family assistance program to the fearful contingency of increased unemployment which appears to be designed in our economic structure.

I cannot share the feeling of security which prevails on the present condition of the unemployment compensation fund and its capacity to face up to a difficult economic challenge.

At the resent time, there are 50.9 million workers covered under State unemployment compensation laws. The wages of these workers in 1968 totaled $331,562,-437,000. Can we assume that 3.5 percent of the total wages of 1 year is a sufficient reserve? This reserve is sufficient for only the mildest of attacks of unemployment.

For each of the almost 51 million workers in the insured work force of the United States, there is about $262 in the unemployment insurance fund. Six percent unemployment of insured workers would cost the unemployment insurance fund $6 to $7 billion per year. Two years of 6 percent unemployment of insured workers, a rate which prevailed in 1958, would completely deplete the unemployment insurance fund. It certainly would not carry us through anything more than a mild recession.

What we must realize in considering the Family Assistance Act is that it may be extensivly used to back up and reinforce the unemployment compensation program which is rapidly becoming unresponsive to its avowed purpose of income support for the unemployed.

The family assistance program may very well constitute a huge dip into General Treasury funds to assume an obligation we thought would be undertaken by employers under the Unemployment Compensation Act. In a great measure, the burden of responsibility for income maintenance for the trained but unemployed worker will shift from the employer to the general taxpayer. We must understand what we are about.

If a fully trained insured worker with three dependents is unemployed in Ohio for 1 year, he receives $61 per week for 26 weeks or $1,586. In Florida, such a worker would receive a maximum of $40 per week for 26 weeks, or a total of $1,040, while in New York State such a worker would receive $65 per week for 26 weeks or a total of 1,690. All of these situati$ons are entitled to supplementation under the family assistance program—at an open-end cost. Do we really intend to use the family assistance program as a substitute for a meaningful unemployment compensation program which provides income maintenance for a trained insured worker during a period of prolonged unemployment?

As presently constituted the unemployment compensation program is a most inadequate law—designed only for the best of times. It is incapable of performing as an income maintenance system during conditions of growing and persistant unemployment. The needs of the unemployment compensation system should not be dependent upon the family assistance program.

During our discussions on this proposal, we also studied the comparative effect of family assistance under this program with family assistance for military dependents under prevailing military wage scales.

It appears that a family of four sustained by a member of the armed services in the lower three grades is compelled to exist on resources below poverty levels and below what we provide under this bill. Today, almost 150,000 military dependents live below the income levels provided under this bill. It is incredible that our Nation should conscript a citizen and then order his family to live on public welfare—but such is the case for many. To meet this problem, we must insure an adequate increase in dependency allowances for military dependents, particularly in the lower grades.

The recent postal employees strike in New York demonstrated the error of income levels which make no allowance for cost-of-living differentials. The same problem is built into this legislation and I hope that our oversight will be corrected by the other body. It is readily apparent that the income maintenance needs are certainly higher in my community and other high-cost urban areas than they are in rural or small-town communities.

In full knowledge of the great shortcomings and uncertainties which are present in this proposal, I give it my support because it improves what we have, it moves in the right direction and represents an effort to meet the challenge.

Mr. BURKE of Florida. Mr. Chairman, I join with those that feel that no American family should go hungry and that no child should suffer—certainly, that every individual should have the opportunity to gain self respect and family security—are facts that I certainly do not contest. However, I am worried about the new concept of welfare that we consider today. I endorse its intent to train and put the unemployed into the field of employable and productive jobholders, but, I fear that if this legislation passes we will create instead a new class of welfare recipients. While the President's laudable proposals to bring order to the present chaotic conglomerate of welfare programs are commendable and desperately needed, the prospect of 12 million Americans becoming new members of the growing welfare state appalls me.

We have seen welfare grow into a professional and practical way of life, for some and to become intermeshed as a part of our Nation's economy and social character. When it was begun in the depression days of the 1930's under the New Deal, it was considered only a stopgap, and President Roosevelt himself then admitted that the Nation "must and shall quit this business of relief"—and, he further added:

> To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

His advice was not followed and hence we have what is today called the welfare mess.

President Nixon properly proposes that we reverse the direction of the welfare system. His proposals to establish training programs through work incentives and a means to credit higher education are a commendable step in the right direction. But a further step in this direction and one that I believe would have a more practical result without additional cost to the taxpayer is the proposal—H.R. 2067—known as the Human Investment Act that I introduced and which would give a tax credit to business firms for inplant training of workers.

I do not believe that the bill before us—H.R. 16311—which, under the rule, we are asked to consider without opportunity to offer amendments, achieves the goals that are needed today or even that President Nixon has set. Instead it seems inevitable that the number of those added to the roles of the profitably unemployed—those who seek a reason not to work will increase even more with the years than it has in the past.

In this day of inflation and ever increasing taxes we are faced with the fact that this bill before us will increase the Federal budget some $5 billion or more. The proposed Federal contribution to family assistance in the first year is expected to cost $3.8 billion plus $386 million which is allocated for day care. In addition, we may add to this the extra costs of job training and increased benefits to the blind, aged, and disabled who cannot work. But the important factors are that we can envision in the next 3 to 4 years a proposed increase of 12 million plus new welfare recipients at possible skyrocketing future costs. An outpouring of more and more money from the pockets of the active hard-working wage earners of the country bring questions from them.

My State of Florida is today faced with a severe test of its ability to absorb an ever growing population and further State participation in today's welfare programs. We must accept the recent Supreme Court ruling that residence requirements no longer apply when applying for welfare benefits. The number of needy who could move into Florida because of our natural attractions may mount an alarming rate. It would greatly affect and imperil Florida's overall economy and strain its present tax structure beyond limits.

I feel the biggest factor we must consider in this legislation is that the proposal begins for all practical purposes the creation of a "minimum income" for all Americans. Expanded socialism, if you please. It does so through establishment of full benefits for a family of four at a $1,600 level and it even increases this schedule despite 50 percent earnings retention provisions to $3,920 for the same family. It is inevitable that in the years that will follow these limits might be the target of some demagog or ambitious politician who, through such socialistic measures, could attempt to control and run from Washington the lives of every man, woman, and child in America.

In this program for the benefit of poverty families with dependent children there also lurks the insidious and dangerous creation of another powerful voting political bloc—that of those on the relief roles—a bloc that could easily number into the millions. Indeed, it has already begun with the formation of the National Welfare Rights Organization, whose first demand is elimination of all requirements for a work-training program, increase of proposed benefits, and raising of the poverty level determination. In these days, such requests could lead to more marches, disruptions, disorder, and division within our country.

I hope this Congress can, and I expect it will, move quickly to help those families which are truly needy and deserving who require the assistance of both the State and Federal Governments. But I suggest that my colleagues in the Congress will recognize that self-help, job training, education, and above all pride of the family are the important

factors required in America today. Poverty must not be accepted with pride. It must be overcome with compassion and understanding without creating the ogre of a national welfare state.

Mr. Chairman, I wish that I could support the President by voting for this legislation but unfortunately I cannot. I do not believe that this legislation is anything more than an extension of socialism in our country. Even if it is, as some would like us to believe, better than our present welfare system, it is, at the most, a poor substitute. I hope it will work if it becomes law, but as for me I cannot support it, because I do not think it is the answer that America needs. We need a full review of the entire welfare program with the intent to help the needy—including the American workingman who will be called upon to pay the bill.

Mr. MINISH. Mr. Chairman, I rise in qualified support of H.R. 16311, the Family Assistance Act of 1970. While the legislation contains many shortcomings and inadequacies, which I will deal with, it does represent a worthwhile attempt to reorder the Nation's antiquated methods of assistance for her less fortunate citizens.

As a Representative from one of the Nation's most highly urbanized and densely populated areas, I have been greatly concerned by the growing welfare crisis and its adverse impact upon both welfare recipients and overburdened taxpayers. My home county in New Jersey, Essex, contains less than one-seventh of the population of the State, yet its welfare expenditures represent over one-third of the statewide cost. More than a quarter of a million persons now receive AFDC assistance in New Jersey—83,900 in Essex County alone. The county's welfare budget has grown from $3 million in 1958 to more than $17 million presently. It is clear the Federal Government must provide more assistance to those areas of the country, like Essex County, N.J., which are straining their resources and their taxpayers to deal with a problem which is actually national in character.

Recognizing that welfare is a national problem and that substantial relief must be granted to those parts of the Nation which have assumed a disproportionate share of the welfare burden, I introduced H.R. 11374 on May 15, 1969. This legislation would go much further than the family assistance plan to improve the lot of the average taxpayer and the family on welfare. Under my measure, AFDC would become a wholly Federal program administered by local agencies under federally prescribed terms and conditions including national minimum standards with the cost being fully borne by the Federal Government. The bill accepts the national character of the welfare problem and faces the fact that its challenge can be met most effectively and justly by the Federal Government.

The legislation before us today establishes a new Federal program to replace the aid for dependent children program. The family assistance plan would apply to all low-income persons with children and provides a $1,600 allowance for a family of four with no other income. The full allowance would go to persons earning up to $720 per year, with subsequent benefits cut by 50 cents for each dollar earned. Therefore, the beneficiaries will always find themselves with a higher income through employment. In contrast, the present welfare system allows for the deduction of earnings from benefits—a 100-percent tax.

While it is true that this bill will eliminate the inequity of very low benefits in some States and end the State-by-State variations in eligibility rules, H.R. 16311 will provide little real relief to the urban areas of our Nation so overburdened by spiraling welfare costs. A minimum floor of $1,600 for a family of four is barely enough to cover the food budget of a poor family, and certainly not enough to cover even half the amount presently paid such a family by an urban State like New Jersey.

In order to prevent a cutback from existing levels of assistance, the bill provides that States offering benefits in excess of the family assistance plan in January 1970 must supplement the Federal plan to the January figure or to the poverty level, whichever is lower. The Ways and Means Committee has made a significant improvement over the administration proposal in this section. Under the administration bill only 10 percent of the supplemental costs to the States would be paid for by Federal assistance. The committee has increased this supplemental payment to 30 percent. However, if the hard-pressed urban centers are to experience real relief from welfare costs, the Federal Government eventually assumes 100 percent of welfare costs.

Another area of concern to me in the Family Assistance Act involves the work and training requirements under section 447 and 448. I strongly believe that a wholesome home life must not be sacrificed and I am pleased the committee has included some safeguards in this area. A mother of a child under the age of 6 is not required to register for training or employment. Additionally an exclusion is provided for the mother or other female caretaker of a child if there is an adult male related to the child in the home who does register. The Secretary of Health, Education, and Welfare will be required to provide adequate and convenient day care for children of mothers who are undergoing work training or have been employed.

Unfortunately, the work and training provisions contain no specific minimum standards regarding the kinds of jobs or the levels of wages which are to be offered and accepted by FAP beneficiaries. The plan should be strengthened in this area by the formulation of explicit Federal standards governing work referral and wages.

In conclusion, I support the Family Assistance Act. If enacted, it will set national eligibility standards for benefits, help keep intact the families receiving aid, provide assistance for the working poor, encourage initiative by allowing a recipient to keep a portion of his earnings, and provide for the first time a floor, albeit modest, under family income.

The legislation comes to the House floor under the traditional closed rule for such bills and cannot be amended by this body. Hopefully the Senate will give careful consideration to the points I have raised and act to improve and strengthen the family assistance plan.

Mr. O'NEILL of Massachusetts. Mr. Chairman, I think it is of special significance that the executive heads of three major religious organizations have jointly endorsed and urged enactment of H.R. 16311, the Family Assistance Act of 1970.

The statement was signed by the Most Reverend Joseph Bernadin, general secretary of the U.S. Catholic Conference; Rabbi Henry Siegman, executive vice president of the Synagogue Council of America, and Dr. H. R. Edwin Espy, general secretary of the National Council of Churches—Protestant and Eastern Orthodox. They said, in part:

> In introducing the Family Assistance Plan last August, the President termed the present welfare system a "colossal failure".
>
> The present system—if indeed it can be called a system at all—disrupts families, often fails to provide minimal subsistence, demeans the recipients, reaches less than half of those in need, fosters dependence and is geographically inequitable.
>
> Furthermore, under present cost-sharing principles, it is straining the resources of many localities and states.
>
> The House bill would move toward correcting some of these failures. It would set national eligibility standards, aid families while still intact, extend help for the first time to the working poor, encourage initiative, establish a minimum Federal floor under family income and provide some fiscal relief to states and localities.
>
> These are important steps toward making the system more responsive to human needs and more equitable. Furthermore, the requirement that able-bodied heads of households register for and accept jobs or job training should help shatter the myth that the aspirations and ambitions of the welfare recipients somehow differ from those of the rest of society.

Mr. GOLDWATER. Mr. Chairman, after hearing so many varied comments regarding the proposed family assistance plan—FAP—H.R. 16311, I would like to urge my colleagues to recommit the bill to committee.

I urge this action because I feel that there are many unanswered questions about the FAP. Some of these questions have been raised in a comprehensive report entitled "Time for Change," a study done by the California counties welfare modernization task force. Speaking of the FAP, the report states:

> It is impossible to determine the net fiscal effect on either the state or the counties of California. The Federal Department of Health, Education and Welfare has estimated that California would have realized a net savings of $107 million, based on 1968 cost and caseload data. Discussion with HEW officials indicates that in making these estimates they did not consider earned income exemptions, work and training expense allowances, or administrative costs. Hence, we believe that the figure is questionable.

I would like, at this time, to summarize some of the other questions raised in the report and say that I do not necessarily agree or disagree with some of the implications of the criticisms, but merly offer

them as proof that there are many unanswered questions about the FAP.

The report charges that one of the "most serious deficiencies" in the FAP is the continuation of State programs to supplement Federal payments. The requirement of a State supplemental program continues the inequities which now exist in the present AFDC program.

If a major reason for establishing a federal plan of family assistance is the wide unpopularity of the present AFDC program and its inquities—

Says the report—

There is no justification for making it mandatory to continue the program under a different name.

The report further states that the problems of operating a supplemental assistance program would be "an administrative nightmare."

Cost: The disadvantages are that no one knows what the new FAP will cost or what the cost of the State supplemental program will be. For the State to contract with the Federal Government means a loss of State and local control of a program involving a great deal of money. It continues the inequities of the difference in payment levels between States.

The working poor: Although the working poor are included in the Federal program, they are not included in the supplemental program. These families are also excluded from medical benefits. For the marginal worker this means a chaotic economic situation in which he variously qualifies for and loses supplemental benefits and medical care.

There would be a strong incentive to seek the security of being unemployed or only partially employed—

Says the report.

Work incentives: The report notes that the FAP requires registration for employment as a requisite for receiving assistance, but that this is nothing new. California and several other States have had such a requirement for years. Under the FAP, there is also a penalty loss of benefits equal to the benefits of only one person. The report says:

We now have this and it has proven less effective as a device for controlling behavior and attitudes than the former policy of termination of total assistance to the family.

California is not the only State with serious reservations about the FAP. A random telephone check by my office has revealed that there are several others who also feel that there are many unanswered questions.

Mr. Morris Priebatch, chief of administration and planning for the Mississippi State Department of Public Welfare, feels that the FAP definitely is a large step toward a guaranteed income. He also feels that the estimates of how many working poor will qualify under the new program have been greatly underestimated. He told my office:

There are a lot of unanswered questions about this program. I think the total costs are going to be a lot higher than the estimates.

New York's Deputy Commissioner of Public Welfare, George W. Chesbro, addressing himself to the work training aspects of the FAP, said that of the total 1,300,000 people on welfare in New York, only 6 percent, or 82,000 are employable. Of these 82,000, he said 42,000 are now employed. The other 40,000 are employable, he noted, but are unskilled and could only work at low-paying jobs. Jobs which, I might add, would most likely not be deemed "suitable" under the provisions of the FAP.

Harold Strode, director of social welfare for the State of Nebraska, summed up his feeling about the FAP with a simple—

We don't know if the state can afford it.

Strode said that he strongly supported the concept of a pilot program on the FAP before national implementation. He advised:

We should look at what happened to Medicare.

As for the idea of getting people off welfare rolls and onto payrolls, Strode said that in Nebraska, only four-tenths of 1 percent of welfare recipients are trainable for new jobs.

Texas commissioner of social welfare, Burton Hackney, was very outspoken in his criticism of the FAP:

We were told the FAP could save Texas $73 million, but our figures now indicate that it would cost the state an additional $18 million . . . we are not going to kid ourselves about opening up the welfare rolls to other categories. Nobody knows the effect the adding of the working poor will have on the size of the welfare rolls. It is going to cost. The most expensive cost of the welfare is medical care. Who is going to pay for this additional cost? There are a lot of unanswered questions?

Denver White, director of social welfare for the State of Ohio, also had his doubts about the FAP:

It's too difficult to determine what the effect adding the working poor to the welfare rolls will have. Our real concern is how to evaluate the costs of putting these people on welfare.

On work incentives and how the WIN program has worked in Ohio, White said:

We can't brag about our success. It did not take off as well as it could have, even though we had some success.

Again the medical care issue was raised when White said:

When other states put the medically indigent on the government programs . . . many problems were caused because of unsound financing. Our concern is that this does not happen under the FAP.

Assistant to the director of public welfare in Missouri, John Pletz, voiced similar criticisms and raised similar questions; reservations about who administers the program, how medical care figures in the FAP and what happens to social services programs.

Thus, it is clear from the survey by my office of various State welfare officials, that while they may differ as to how the problem of welfare should be handled, they are all in agreement that they simply do not know enough about the FAP at this point.

It is because of these reasons that I urge my colleagues to recommit the family assistance plan, H.R. 16311, to committee.

Mr. BOLAND. Mr. Chairman, the welfare system in the United States verges on chaos.

It is a bewildering patchwork of laws—laws that vary region by region, State by State, community by community.

Welfare payments in some areas—the tidelands of Mississippi, for example, or the mountain country of West Virginia—are so heartbreakingly small that poor families live with hunger every day of their lives.

In other areas—New York City comes to mind as a striking example—payments have steadily risen to astonishingly high levels.

Yet these very same payments, in terms of actual benefits to the poor, still lag far behind what most people would consider even a minimum standard of living. But, to the rural poor, both white and black, such payments appear enormous.

They are virtually streaming into our northern cities in a futile search for a better way of life. Their hopes, of course, are dashed at once.

They exchange a country shack for a ghetto slum, a diet of dried rice and beans for one of packaged rice and canned beans.

The migration from the countryside to the city has helped turn our inner cities into teeming slums. It has helped breed the crime, the dope addiction, the street rebellions now making headlines throughout the United States.

Another problem in our welfare system—perhaps the greatest problem of all—is its tendency to discourage work.

Even the most piddling earned income disqualifies most people from receiving welfare payments. As a result, many of the poor shun jobs.

Why, a young man might ask, should I wash dishes for $60 a week when I can get $55 for doing nothing?

The Congress can show him why today.

The bill now before us promises to clear away most of the problems now hampering our welfare system.

First, the bill would set national minimum standards for welfare payments—standards that would give all welfare recipients a comparable living standard and stop the migration into our cities.

Second, the bill would encourage work by allowing poor families a sliding scale of welfare benefits as their earned income increases or decreases. It would always pay—and pay relatively well—to have a job.

Third, the bill would literally compel people on welfare to take jobs or job training.

This legislation is much more than just another welfare bill.

It is a work bill, and it is high time the Congress passed it.

Mr. MILLS. Mr. Chairman, would the Chair be kind enough to advise at this point as to the time remaining for both sides in general debate?

The CHAIRMAN. The majority has remaining 1 hour and 25 minutes. There is remaining 1 hour and 48 minutes for the minority.

Mr. MILLS. Together that is as much as 3 hours or more.

The CHAIRMAN. The Chair advises the gentleman from Arkansas that there is a total of 3 hours and 15 minutes remaining.

Mr. MILLS. Mr. Chairman, in view of that fact, it is quite evident to me that we will not be able to complete all general debate and have a vote on the bill on final passage as early tomorrow afternoon as I had hoped to be the case. I had told many Members that I was hopeful we could have the vote by not later than 2 o'clock. However, it now looks as if it might be later than that. We do not intend to use any further time this afternoon.

Mr. Chairman, in view of these circumstances, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16311) to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes, had come to no resolution thereon.

H.R. 16311—THE NEW WELFARE PROGRAM

(Mr. FOREMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FOREMAN. Mr. Speaker, I have some very serious reservations about H.R. 16311, the guaranteed annual wage welfare program. Admittedly, the present welfare program is costly and inequitable—however, I believe this bill would move us in the wrong direction because it will probably add several million more persons to the welfare rolls, more social workers, more Federal control, bureaucracy, and dependence at an estimated additional annual taxpayer cost of $4 billion or more than we are now spending. Our objective should be to seek a reduction, not an increase, of overloaded welfare rolls. We should work to reduce the cost and control of government by the enactment of programs that encourage individual work, incentive, and responsibility—not reward nonproductivity and irresponsibility. We need to work toward more jobs and permanent job security rather than permanent relief.

Welfare was originally designed as a method to aid people who were sick, disabled, or temporarily in need—however, it has gradually come to be regarded as a means of bringing about a more nearly equal distribution of income—and this is a most serious threat to individual initiative and excellence. This new program violates the basic principles of individual incentive, responsibility, and free enterprise that have built this great country.

This country has always been a work-, property-, and incentive-oriented society—and it should continue to be. Most Americans who work for their living have little sympathy for the concept that every man should be guaranteed an income by the Government regardless of whether he can or will work. A Federal Government guaranteed annual income will destroy self-reliance, individual responsibility, self-respect, and the incentive to work. Therefore, in good conscience, I cannot support or vote for this program that I sincerely believe can eventually destroy the moral fiber of the United States of America.

FAMILY ASSISTANCE ACT OF 1970

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 16311) to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 16311, with Mr. DINGELL in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Arkansas (Mr. MILLS) had 1 hour and 25 minutes remaining, and the gentleman from Wisconsin (Mr. BYRNES) had 1 hour and 48 minutes remaining.

The Chair recognizes the gentleman from Arkansas (Mr. MILLS).

Mr. MILLS. Mr. Chairman, I am pleased to yield 10 minutes to the distinguished gentlewoman from Michigan (Mrs. GRIFFITHS), a member of the committee.

Mrs. GRIFFITHS. Mr. Chairman, I rise in support of the President's bill on welfare.

I feel that it is an amendment that is long overdue. I would like for you to look at it for just a moment from a different view than others have taken.

At the present time, one of the heaviest burdens that rests upon your State or your city has been placed there by the Federal Government—and it is the burden of welfare. This is the thing that is destroying most of America's cities. As that tax burden on property becomes heavier and heavier to pay these welfare costs, more and more people move out of the city and more businesses move out. If there were no other reason for voting for this bill, the proper reason for voting for it is that welfare should not rest upon the property in cities or in States, but it should be paid for by the Federal Government out of the General Treasury of the United States.

This is the burden of every person, not merely the burden of those who live in a specific area. The Federal Government is in the best position to pay and the Federal Government should pay.

I will admit that under this bill they will not pay the full bill, but I am sure the day will come when this burden will be taken off the taxpayers in the various States as a State tax and placed where it properly belongs.

I would like to tell you some of the things that I think are wrong with the bill and that I think should be corrected and I am sure will be corrected.

In the first place, this bill pays only if you have a child. I think that is a mistake. I think that the poor, the single poor and the married childless poor should be paid also. I think it is an error to pay only if there is a child. But I am sure this problem will be taken up in later Congresses and corrected. I think additionally it is a mistake to say that a woman can stay at home as long as she has a child under 6. I do not believe the society gives her a choice. I think the social workers make that choice, and I think this was proved in the WIN program in New York City, where they found that few women were able to go out and work, and at the end of the year I believe they had trained 106 women. I think the social workers make that choice. I think most of these women want to work and they can work and they are anxious to do so. But they have to be given an opportunity to work.

I would like to explain also another amendment that I offered to this bill which was not accepted. I hope that amendment will be placed in the bill over in the Senate. I feel that a teenage girl who becomes pregnant should be required to continue in school after the birth of the child, or should be given further training.

I would like to explain to you that in New Haven, Conn., a survey was made of 100 girls who had left school because of pregnancies. At the end of 5 years, 387 children had been born to those 100 girls. That is almost a baby per year. In New York they then selected 100 girls who were pregnant. They gave them all kinds of assistance. They gave them additional training, and at the end of 2 years only 11 children had been born. There is no person in our society on whom a greater burden is going to be placed than the teenage girl who bears a child, and we are money ahead if we aid her to support herself and her child.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

FAMILY ASSISTANCE ACT OF 1970

The Committee resumed its sitting.

The CHAIRMAN. When the Committee rose informally to receive the message, the gentlewoman from Michigan had the floor. The gentlewoman will proceed.

Mrs. GRIFFITHS. I would like to point out again that while I do not believe this bill is perfect, a good start has been made. In every State in this Union there will be some saving to the local taxpayers. But this is the only possible remedy that local taxpayers can ever look forward to as saving their homes literally from condemnation to take over this welfare burden.

In the State of Massachusetts alone the welfare burden is the equivalent of 25 percent of the State budget. I repeat to each Member that this burden did not come from Massachusetts. It is not exclusively their fault that these people are on welfare. Some of them came from other States. They came there of course looking for work. But in my opinion welfare is a national responsibility. It is not the burden of a locality, and this is not the way it should be handled.

I congratulate the President. I feel he has offered a good first step. I urge every person to vote for this bill before his own community is destroyed.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa (Mr. GROSS).

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

Mr. GROSS. Mr. Chairman, I have listened with interest to the gentlewoman from Michigan. I certainly agree with her that the tax burdens of the States and local communities are onerous, but

I do not agree with her premise that the Federal Government is in better shape to solve all the problems of the States and local subdivisions of government. I cannot recall when the the Federal Government last had a balanced budget. It has been running deficits as high as $20 billion a year, piling up the Federal debt until it now approaches $385 billion. No, I cannot subscribe to the theory that the Federal Government is in better shape to take care of the problems of the entire body politic, including the entire welfare system of this country.

I regret the gentleman from Arkansas (Mr. MILLS), the sponsor of this bill, is not here because I wanted to address a question or two to him.

In the first place, I am getting all kinds of figures as to the real cost of this bill. Some say it is $4,400,000,000 more than is already on welfare. I wonder if the gentleman from Wisconsin could help me with this. I have talked with other Ways and Means Committee members and they have given me other figures, running to much higher totals than $4½ billion. I would appreciate it if the gentleman could tell us what this bill would cost in addition to what we are now spending for welfare.

I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, if the gentleman will refer to the committee report, on page 53, he will see that we included a table projecting Federal costs for the first year of operation. For that year, 1971, the basic payments of $1,600 per family, plus the 30 percent matching of State supplements, would total $4.6 billion.

Existing legislation—that is, the Federal share of AFDC—would call for a cost that year of $2.5 billion. So the additional cost, as far as that aspect of the program is concerned, is the difference between $4.6 and $2.5 billion, or $2.1 billion. That is the difference between 1971 costs of the AFDC program—aid to families with dependent children—and the cost that would be incurred under the family assistance program.

If we are dealing in dollars and cents, the cost difference involving that part of the program on which we have had most debate is this difference between $4.6 billion and $2.5 billion.

The gentleman may get confused—and it is understandable—on the overall cost of the bill, because in addition to the family assistance changes, we are changing the cost of what we call the adult assistance category; that is, our assistance to the aged, to the blind, and to the disabled.

Under the new bill, the Federal share of adult assistance will be $2.7 billion. That cost today is $2 billion. So there will be an increase of $700 million in that category.

If we combine the costs of those two facets of the bill—the one which is more controversial and the one which apparently is not so controversial—the total cost under the legislation will be $7.3 billion.

The total cost of the present legislation, projected on a full year basis, is $4.5 billion. So there will be an increase of $2.8 billion for the first year under the new bill.

Mr. GROSS. Then the figure which someone gave yesterday——

Mr. BYRNES of Wisconsin. That figure I mentioned is the cash outlay. I should add that there will be training, day care, and administrative costs, which could account for another $900 million. So the total comes to $3.7 billion, so far as the basic change in cost under this bill is concerned.

I also should call the gentleman's attention—so that he has a proper perspective on this situation—to the projections of the costs of the current program, and of the proposed legislation beyond 1971. Those figures are also shown in the table on page 53, and it is noteworthy that by 1975, according to these projections, the cost difference between this bill and the current program would drop from $2.8 billion to $1.1 billion. And much of this added sum would be recaptured, hopefully, as more and more welfare recipients turn from welfare rolls to payrolls.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield briefly to the gentleman from Pennsylvania.

Mr. WILLIAMS. I should like to say that the total additional cost of the so-called family assistance plan is beyond calculation at this time, because there is going to be a new department set up in HEW to handle the administration of this plan. Today, no one knows how many people are going to be needed to staff that new department.

In addition to that, this bill provides for the recovery of any money fraudulently collected from the Government. In my opinion this is going to mean almost a doubling of the size of our present Justice Department.

Mr. GROSS. Does the gentleman have a total figure for that?

Mr. WILLIAMS. No. In spite of my efforts to get some concrete figures on the amount of personnel which will be necessary to administer this law, I have been unable to get any figures.

Mr. GROSS. I thank both the gentlemen for their remarks. The gentleman from Pennsylvania points up the utter uncertainty as to cost.

Mr. COLMER. Mr. Chairman, will the gentleman yield to me on that particular subject?

Mr. GROSS. I am always pleased to yield to my friend, the gentleman from Mississippi.

Mr. COLMER. I asked the gentleman to yield not because I have any expertise on the matter, or any accurate figures. I tried to listen to the testimony of the various advocates as well as the opponents of this proposal before the Committee on Rules. I can safely say that there was no testimony which placed the additional cost of this program over the present program at less than $4.5 billion. Some of the estimates ran much higher.

There was a general consensus that the minimum was $4.5 billion and that it was almost impossible to get any accurate figures.

Mr. GROSS. I thank the distinguished chairman of the Rules Committee for that contribution, because that is the minimal figure which was given here yesterday. Yet, others say the add-on cost of this bill may well be above $6 billion. I am just trying to get some kind of firm answer and again I am disappointed that the chairman of the Ways and Means Committee is absent. As the sponsor of this socialistic legislation, he should be able to provide specific cost figures as well as inform the House where the revenue is to be obtained to meet the spending of additional billions.

Now, the chairman of the committee (Mr. MILLS) has been widely quoted in the newspapers as saying that if the base of $1,600 is increased in the other body he will divorce himself from support of the bill. I wish he had remained on the floor so that I might ascertain whether this is correct.

I address a question to the gentleman from Wisconsin (Mr. BYRNES) as to whether he is going to go to the other body, if this bill passes, and agree to an increase in the base figure of $1,600.

Mr. BYRNES of Wisconsin. Will the gentleman yield?

Mr. GROSS. Yes. I gladly yield to the gentleman.

Mr. BYRNES of Wisconsin. The chairman of the committee and I agreed, not only between ourselves, but publicly through an announcement before the Rules Committee that we were holding—and that we would hold—to the ceiling of $1,600. We said that was our limit, and that if the other body saw fit to go beyond that, they would face the same situation they faced on a few other occasions: We would just refuse to go to conference and there would be no legislation. I have not changed my opinion on that, and I believe I am at liberty to say that I am not advised by the chairman that he has changed his opinion. I am sure, if he had, he would have let me know.

Mr. GROSS. I am glad to have the answer from the ranking minority member of the committee, but I well recall what happened when the bill, extending certain excise taxes, was sent to the Senate. It was understood then, and without qualification, that members of the House Ways and Means Committee would not permit the Senate to write tax legislation by inserting in the excise bill a 10-percent surtax. As Members of the House well know the Senate initiated that surtax legislation and the House conferees accepted it. But even at $1,600, the door to guaranteed annual income and full blown socialism has been opened.

Mr. Chairman, passage of this legislation will put a premium on the production of more illegitimate children and encourage indolence on the part of those who have no desire to work. And the added billions of cost will mean either higher taxes or more borrowing, more debt, deficit, and inflation.

I cannot support this legislation in its present form even though I agree that reorganization of welfare is overdue. Neither President Nixon nor the Ways and Means Committee had to go to this length to attain the result of reorganization and coordination.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. FULTON of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. BURLESON).

(Mr. BURLESON of Texas asked and was given permission to revise and extend his remarks.)

Mr. BURLESON of Texas. Mr. Chairman, there have been some very able speeches made on this subject today and yesterday. Our able and distinguished chairman of the Ways and Means Committee and the ranking minority member, the gentleman from Wisconsin (Mr. BYRNES) were very convincing in presenting the case for the measure before us.

This whole proposal is convincing in theory. It sounds so good on the surface. But I remember in 1962 and in 1967 what happened. As a matter of fact, looking at child welfare, it started in 1935. This is no new program. However, in 1962 and 1967 the able chairman of the Committee on Ways and Means and the gentleman from Wisconsin, the ranking minority member, just like the vast majority of you, sold me on it and I voted for it on the proposition that "You are going to take people off of the welfare rolls and put them on the payrolls."

And here we are again today with the same slogans and cliches. You know, incidentally there is a remarkable thing about this whole business. If this had been proposed during the Kennedy administration or the Johnson administration, there would have been holes in the top of this ceiling right over here on the Republican side of the aisle. You know that as well as I do.

Now, several have inquired as to the cost of this program. Why, I say to you, there is nobody who can tell you the cost of it. We are going to be back in here before too long to ask you to raise the debt limit, and if we have any integrity in the Federal Government, we are going to be back here asking you to raise taxes. And people just got through paying them last night. There is no one who can tell you what this program is ultimately going to cost as a matter of fact there is no clear estimate of what the additional cost will be for the first year.

They talk about training. Why we have a training program on every corner in all the Federal programs already in effect. Here is a list of them.

I think there are nine or 10 training and retraining programs, and now it is proposed to create one bigger than any of them. Here they are. There are six pages of training programs under manpower training programs which come out of the Committee on Education and Labor and those programs which come out of the Committee on Interstate and Foreign Commerce as well as the Committee on Ways and Means. There is no use of my reading them, but look at them and you will find all sorts of other such programs. In addition, this bill provides for the creation of another WPA and any other make-work programs which the Federal Government may devise.

Now, Mr. Chairman, we say we are going to train people to get off the welfare rolls and onto the payroll. How good it sounds. However, do not be misled. We are going down the road of no return. This is just a start. Have you seen Federal programs of this kind shrink?

Talk about a guaranteed annual income? I heard my good friend, the gentleman from Wisconsin (Mr. BYRNES), say yesterday that we already have one. But, at least, there is some judgment exercised on the part of welfare workers and others who carry on the present program—they have some judgment and discretion as to who goes on it, but this program puts people on welfare automatically. About all they have to do is consent. The Supreme Court just a few days ago ruled that once on welfare a recipient cannot be removed until and unless a Federal court rules on the question.

Mr. Chairman, a family of four has been used in the report on this bill and as an example in most of this debate. There are many families in this country who have more than two children. There are many families of seven, eight, nine, and 10 who will qualify under this program. Face it—you know and I know that these size families are likely to be those who are more likely to qualify.

The wage earner in that family would be having to make almost $8,000 a year, or else it would be more beneficial if they went on this program. Where is the incentive in these conditions?

Mr. Chairman, great emphasis has been placed on training and retraining under the provisions of this proposal. Under this program a man can say, "I will go to work if it is a job located at a distance of not more than 1 mile, but if it is 2 miles, that is too far."

There is no definition of "suitable" employment. You cannot tell what it means. One thing we could do, however, is to send this bill back to the Committee on Ways and Means. Everyone seemingly agrees that the present program is a failure. This being the case, surely our committee will be willing to take action toward corrections.

The present program has been referred to as a "mess," and that I can agree with. I am just thankful, but it is of little consolation to me, that I have not been a part of it. I have not been a part of the Great Society's relief programs. Therefore, I am free to say about this one that it will be a mess, too. So, we are going to cut off our nose to cure our sinus. That is about what it amounts to. We are going to put one failure on top of another.

With reference to the motion to recommit this bill, it will probably contain language to change a word or two, but to be reported back "forthwith," will be meaningless.

Mr. Chairman, it is not going to make any difference whether we have a motion to recommit. It will be pretty tough to vote against this bill because it has increased the adult benefits and with that I agree. Inflation, for which the Federal is largely responsible, in my judgment, is causing hardship on people in this category.

Mr. Chairman, I propose, if the situation permits, to offer a motion at the appropriate time to strike the enacting clause and give to the members of the committee a straight vote on this measure. I believe if such a motion is adopted the Ways and Means Committee can bring you something much better than what is offered to you today.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama (Mr. DICKINSON).

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

Mr. DICKINSON. Mr. Chairman, I thank the gentleman from Wisconsin for yielding. If I may have the gentleman's attention I would like to propound a question to the gentleman, if it has not been answered already in the brief time I was away from the floor. If I may have the attention of either the ranking minority member on my side or the proponents of the legislation on the other side, as I understand it, at least, this is designed to keep families together and to keep the husband at home where he can live up to his responsibilities.

But, is there anything contained in this bill that would keep a family from splitting up, whether it be done by official act such as a divorce decree or by separation and the husband leaves taking with him two of the children and leaving three of them with his wife. Will they both become eligible if both of them set up two diffrent units or households and receive payment for these two separate households?

Would this be possible under this bill, or is there a prohibition against that?

Mr. BYRNES of Wisconsin. Mr. Chairman, if the gentleman will yield, we do not prohibit it this as such. But if they establish two homes they will have more expense than the amount of additional assistance they would receive under the provisions of this bill.

Let me also call the attention of the gentleman to the fact that there is an entirely new concept written into this bill which is not in the current law concerning the financial responsibility of the father to support their families. He can not avoid this financial responsibility by moving into a separate household or out of the State. Under this law there is a responsibility of this father to the Federal Government. The Federal Government says any money that we pay out under this program for the benefit of your children or your wife is a charge that we have against you. We can collect this directly or we can withhold funds to you at any time by the Federal Government to recoup what we have paid out on behalf of your children and wife.

We do not say that poor people have to live under the same roof, but we do say to the fathers that you cannot avoid your financial responsibility to your family by failing to do so. We do not rely on the law as it is today, I would say to the gentleman from Alabama, to enforce through a local agency the father's obligation to support. This now becomes a Federal matter, a Federal responsibility, and a responsibility of the parent to the Federal Government.

Mr. DICKINSON. I would like to say—and I thank the gentleman for his answer, and I hope that it will work, because if it does it will certainly be re-

freshing. But after over 8 years as a judge of the domestic relations court and juvenile court, and based on my personal experience, it is my opinion that you may well have a family split and a claim of part of the children both ways. There is no provision to keep checking on these people to see that they, after they have established this basis of living separately, do not move back into the same house, stay under the same roof, sleep in the same bed as husband and wife—because they do not have to be divorced—and how do we police this? How do we guard against it, and what makes it certain that it will not come about under the provisions of this bill?

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 1 additional minute to the gentleman from Alabama. I do so for the purpose of asking the gentleman from his experience if he has not found that one of the real problems that we have had is the lack of enforcement of responsibility on the parents toward the support of their children?

Mr. DICKINSON. Absolutely.

Mr. BYRNES of Wisconsin. And does not the gentleman think that we have made a good step forward where we impose a subrogation, in the sense that the Federal Government is able to go against this individual for any funds that Uncle Sam has paid out in his regard?

Mr. DICKINSON. I would say to the gentleman that I think it is fine in theory, but it just is not workable under the Uniform Reciprocal Support Act.

Mr. BYRNES of Wisconsin. That is why we made it a Federal offense, because the Reciprocal State Act, as the gentleman well knows, depends on one State getting the permission of another State, whereas in this case a Federal agent moves in, and there is no need of getting permission from a State.

Mr. DICKINSON. Who is the Federal agent who is going to move in? That is what I do not understand as to how this can be enforceable. Do we have a cadre, a police group that goes around enforcing this, or does each agency have so many enforcers and investigators?

Mr. BYRNES of Wisconsin. The Federal Government will put the responsibility, as far as turning over these cases is concerned, up to the proper prosecutors, which would be Federal, and to the Secretary of Health, Education, and Welfare, which has paid out the money. Say you have some money that you paid out. You paid it out in behalf of Mr. Jones for his children. You find Mr. Jones and prosecute him.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 1 additional minute to the gentleman from Alabama.

Mr. Chairman, let me also call the attention of the gentleman from Alabama to this case of splitting up. If the family wants to live together, then there is a responsibility on the part of the father to register. We do not insist that they both register.

Now, there are some critics who say that both the husband and wife should be required to register. That is not required in this particular case, where the two are living together. But once they separate, once they start two different households, then both the male living over in one household has to register, and the woman living in the other household has to register. And they must do more than register—they have to take jobs, so they will both go to work under this circumstance, and maybe we would save money in the long run if we had both people working.

Mr. DICKINSON. I thank the gentleman for his explanation.

Just let me say, I have heard the previous speaker in the well, the gentleman from Texas, and I wish I had said what he said because to me he summed it up very aptly and very ably. I believe in everything he said and I subscribe to his statement.

I talked with my welfare director at home and he says that this present plan will cost the State $9 million more than it is presently having to pay.

According to my director, if we are forced to match what will be available in 1971 we will be forced to spend $9 million more to match the Federal portion. Whether this is so or not, I do not know, but I do know this—no one knows exactly what it is going to cost. It is another layer on top of a layer, and I hope everyone who votes for this bill will vote for it with the firm conviction and in the sure knowledge that you are going to have to vote a tax increase to pay for this. If you are not willing to vote for a tax increase, then do not vote for this bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FULTON of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. DENT).

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

Mr. DENT. Mr. Chairman, I voted against the rule.

Last night I tried to read what I could on this legislation and I made a decision that is not one I normally make. But this being the kind of legislation—and I want to vote for some kind of legislation dealing with problems in this important area, I decided that if there is a vote that will send it back to the committee meaningfully so that we can have an opportunity to look at it, I am going to vote for that motion.

Failing in that, then I am going to vote for the bill on final passage in the hope that I will get another look at it and will get an opportunity to present my views to the Senate.

First of all, the view that I take of this is that it steps into an area that I am not so sure the Committee on Ways and Means has the expertise to discuss and present to the House, without some consideration being given to what they are doing.

There are in America today about 13 million Americans who are not covered by the minimum wage law. Automatically—and I studied this all night, I am as positive about this as I am of the fact that I am standing up here—automatically will be put under annual wages, outside of a single person, one not without a family. You are actually covering 13 million Americans at a rate of yearly minimum wages—I mean a rate of minimum pay wage that is above anything that we even try to put through this Congress or intended to try to put through this year for a worker to receive.

A worker in the $3,000 class which is roughly the minimum wage in America today, and the highest payment under the family allowance for a worker in the family of 4 group. If he has no children at all or just has a wife or it is the case of a wife with a child, they would receive—that wife with a child—would receive $160 above the minimum wage.

However, carrying that through—the four examples that I personally got this morning from the four girls who clean offices—the smallest family in that group was six and the largest was nine. In a family of nine, in addition to that girl's pay, it would amount to an added $2,560 of $5,260 total pay.

How can I, as chairman of the Committee on Minimum Wage, attempt to come before this Congress with any kind of sensible and reasonable minimum wage bill, not considering a man working full time under a positive pay plan, without considering his family?

You are now at this time, at this stage of our history, and I want it clearly understood, I hope you know what you are doing, and it may be the right thing to do. I have the greatest faith in and I have the greatest friendship for the chairman of this committee. I know he would not deliberately upset every union contract in the country and yet he may well do this if a large number of workers are added to the work force under this act.

The rate of pay under the union contracts is based upon the classification of a job and not upon the number of members in the family.

If you are basing it upon the number of members in a family, you find yourself in a position where men working alongside each other, doing exactly the same classification of job, will be earning the same set rate of pay, because that is the classification of that job under either union contract or individual job placement.

But if the employee happens to have a large family, he will receive more money for the work he performs. The only difference is that it will not cost the producer any more money. We shall now start again on the never-ending road of subsidy of the production of goods in this country. Every farm helper in America will receive a minimum pay under this bill greater than we have ever been able to give them.

It took 30 years—and during some 18 of those years I have been at the forefront of the battle—to cover every worker in America under new wage laws. We had to go to the far extreme of taking the largest farms on a limited number of days of work to pass the most minimal pay of $1 an hour, reaching to $1.25 in 1971, February 1. But this automatically changes it, and the only area that your Committee on General Labor

can function in dealing with the minimum wage will be in that area of income for an individual or a man and wife living together. It is only in that area. This bill is based upon the premise that more manpower training is going to create more jobs. Let me tell all of you right now that what most of us do not understand is that the greater bulk of the number of persons on permanent relief in this country are unemployable persons. Studies reveal, if you will look into the matter, that the average work year in America encompasses 210 days of work. Persons today with large enough a family who are making as much as $2.40 an hour will find themselves drawing a supplement.

Do you know that the average wage, under contract, of textile workers in America is $2.40 an hour? Do you know that the average wage of the clothing workers and garment workers is only 25 to 50 cents above the minimum wage? You will be establishing for the first time in the history of our Nation a new base for the payment of labor, and I remind you of the warning given many years ago that when you get into this type of legislation, keep in mind that the minimum becomes the maximum. The maximum becomes the minimum.

I just came back from Mexico. I went down there to spend 2 days on my own to look into the Proneff Territory. Fifty thousand jobs had moved over into that territory in 2 years and 7 months. There were no training programs, and every one of those industries will tell you that in the United States, if they do not have manpower training programs, they have no jobs for these people. In Mexico they take raw labor and put them to work. They have moved across the necessary production machinery, the same production machinery we have in the United States, into the Proneff Territory of Mexico, where they are paying $3 a day in the same classified jobs in electronics served $3 in the United States. I want you to look long at this bill, because the error of the 1970's is going to be the critical error in our lifetimes. The critical decade in our lifetimes will be the 1970's when the question will be decided as to whether we survive as a free-enterprise system or not. Unless I am miserably mistaken, what we are doing is to establish the base for the deterioration of the kind of free labor and free-enterprise system in which labor and management have bargained together. We are subsidizing industry the same as we subsidize agriculture. We have never been able to get out from under that, and we will never be able to get out from under this load, because if any person who has just been given a job can get $3,000 as a minimum wage and $2,600 as a Government subsidy, the employer does not pay the subsidy.

I tell you that when you are working alongside a man, doing exactly the same job he is doing and he receives only $3,000, and you receive $5,600 he does not want to know or care how many children you have. He has been brought up in an economy where you get paid for what you do, not for how many children you have. What is the use of talking about easier abortion laws; what is the use of talking about pills? What is the use of talking about cutting down the birth rate when we are introducing a program that would increase the birth rate? I do not know where to go. I do not know where to turn. Do I vote against poverty people on do I vote aye and hope for a chance to correct the inequities in the Senate.

This I do know: I am a troubled Member of this Congress this day. We have not had a chance to offer amendments because of the closed rule.

There is not any sound reason for this, because we are not going to remove people from welfare, because in this country today we still have millions of persons who are not earning this money. We have close to 13 million Americans we have tried since 1938 to put under the minimum wage law.

In the last instance, when the bill came before me, we had reached $1.60 an hour, but we had to reach it in a 3-year stretch—and in a 4-year stretch for some classifications. Why did we move in the area of minimum wages on classifications? Because we followed the historical lines of a free enterprise society, and we paid for the job that is done. We did not pay for the number of children people had. If this becomes the concept, we will find, as sure as we are in this room today in this great Congress of ours, that the minimum will become the maximum.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio (Mr. DEVINE).

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

Mr. DEVINE. Mr. Chairman, I rise with some reluctance today on this legislation.

Of course, I am not a member of the Ways and Means Committee. However, I do feel rather strongly about this bill that apparently is classified as an administration bill. I think when the ultimate vote comes, there will be a crosssection and quite a change in the thinking of a number of our colleagues, and I do not think we will find any particular coalition supporting or opposing the legislation.

When this originally was proposed a number of months ago, I visited administration offices to try to analyze just exactly what was coming off. I bow to no one in my support of our President. I think he is a great man doing a great job, but I do not consider myself a rubber stamp.

In analyzing this program as it was originally introduced—and I would stress the word "originally"—it was pointed out, first, that our current welfare programs acoss this Nation are in a shambles, in chaos, they are in a terrible situation, and they should be eliminated. I would agree 100 percent.

It was pointed out further that the so-called Nixon welfare program, that has had its name changed two or three times, changed to family assistance program and changed to workfare, or changed to anything to get away from the label of the guaranteed annual income, I would say no matter how we slice it, it is still that, guaranteed annual income.

The proposal is this, that it would not be another layer on our ADC, it would not be another layer on the food stamp program, that it would substitute for these. It would get rid of the ADC program and all problems connected with it, and the food stamp program also would be phased out.

It contained at that time work incentive provisions. I do not think there is anybody who opposes work incentive provisions. If we talk to the people across the country, if we feel their pulse, we will find the American people across this country are perfectly willing to help and assist those unable—and I underline unable—to help themselves, but there is a growing reluctance by the American people, the American taxpayer to be forced to support those unwilling to help themselves.

I look at the Members on both sides of the aisle and find that we talk about work incentives. What work incentive did Members have to get where they are and do what they were doing before they came to Congress? Most of us had the incentive that we like to eat, and most of us had the incentive that we wanted to support and educate and take care of our families to the best of our ability. That is sufficient incentive.

But the work incentives in this bill, when we get into "suitable" employment, create much concern among those of us who have misgivings about much that is in this bill.

After this matter was heard before the Committee on Ways and Means—and there were long hearings, though most of them were on social security, I admit—what happened? No longer does this substitute for the program. It does not substitute for the aid to dependent children. It does not substitute for the food stamp program. It is another layer upon them.

The sponsors of the bill say this: "Well, admittedly this will add from 12 million to perhaps 15 million additional people to the welfare rolls, but looking down the road 5 or 10 or 15 years this will be cheaper than the current welfare reform programs."

Assuming that this is correct—I doubt it very seriously, but assuming that this is correct—most of us will not be here to gain the benefits of this cheaper welfare program, because that far on down, if this welfare list goes up 12 to 15 million people higher than it is today, there will be between 12 and 15 percent of the people of the United States on welfare.

Is that not a great endorsement for this program?

It seems to me we are adopting a philosophy which is completely contrary and foreign to the basic American philosophy of the free enterprise system of rewarding incentive.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I would prefer not to yield at this time, but I yield.

Mr. HAYS. I want to get the question in now about the cost. Does the gentle-

man have any figures on the cost? I cannot get anybody to tell me that.

Mr. DEVINE. I woud say to the gentleman from Ohio, so far as the cost is concerned, the estimated cost I have seen for the first year, trying to make a study of this program, is an additional $4.4 billion for the first year.

Mr. HAYS. I wonder if they are as far wrong on that as they were on medicare, on which they just estimated the cost exactly at 30 percent of what the real cost was. If that should be true, the $4 billion would be more like $14 billion, would it not?

Mr. DEVINE. It certainly would. I agree with the gentleman. I have the same misgivings about the estimated cost on this program. It probably would be much higher than anticipated.

Mr. HAYS. I thank the gentleman. That is the first time I have been able to get anybody to tell me what they are thinking about on the cost.

Mr. DEVINE. I would hope that the members of the Committee on Ways and Means, who have made a deep study of this, would come up with some accurate figures.

Another gentleman from Ohio, Mr. ASHBROOK, worked with the minority counsel of the Ways and Means Committee in an effort to come up with a legitimate and good faith cost on this. He gave an example of a family of four with a certain income, a certain amount of money each week. They worked at great length and were unable to come up with a figure that they could agree upon.

In talking about work incentives, I would invite attention to an article which appeared March 21, 1970, in the Scripps-Howard newspaper, talking about the work-incentive program. This particular release, under the name of Robert J. Havel, out of the Plain Dealer Bureau, Cleveland, with a Washington dateline, says:

> The U.S. Department of Labor considers Ohio's work-incentive program for welfare recipients a flop and is unlikely to provide any money for the program in fiscal 1971.
>
> This is the same program, conducted in 20 Ohio counties, which Gov. James A. Rhodes recently praised as helping to get people off the welfare rolls and onto payrolls.
>
> The national program, referred to as WIN, is designed primarily to train welfare mothers for such jobs as nurse's aides and clerks.

It goes on further:

> This is basically the same program as President Nixon's "work fare" in his new welfare plan, on which the House will act soon.

That is what we are talking about today.

Mr. BETTS Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I am happy to yield to the gentleman from Ohio.

Mr. BETTS. I should like to make one comment to the gentleman. He is one of my close friends. I do not like to contradict him, but I just want to make sure the statement he read is compared with the statement I read yesterday quoting Governor Rhodes, in which he praised the program in Ohio. He stated how many had been taken off the rolls, and that the WIN program had reduced the expense of welfare in Ohio over $200,000 a month.

I just wonder whether that is not as important a consideration as the statement of some Federal official as to how he looks at it.

Mr. DEVINE. What is important is I am merely quoting an article which appeared in the Cleveland Plain Dealer.

One of the things which concerns me further is the auction game we are getting into with this legislation. I do not know whether they call it a ceiling or a floor, but they are talking about a floor of $1,600. In the next election year it will be $2,000 or $2,500. Already some are talking about $5,000. Each year they will bid higher and higher. Where will it end, and will it get everybody on here?

The senior Senator from New York spoke in the other body yesterday. I would invite the attention of our colleagues to the RECORD for April 15, published today, page S5753, in which he says:

> I shall propose an amendment exempting mothers of school-age children and other relatives who care for such children from the work and training requirements of the bill.

Then in another part he says:

> As I request cosponsorship for this amendment in the coming days, I hope that many of the Members of the Senate will join with me, whether or not they support the family assistance plan, to indicate their strong opposition to the inclusion of any such work requirement in the crucial welfare-reform legislation which will be acted upon by the Congress this year.

So if and when this matter leaves here and goes to the other body, I do not believe you will recognize it. The floor will become the ceiling and the ceiling will become the floor, and the $1,600 figure will be in the area of $5,000 or $6,000. We will be in a category where I am reminded of the old farmer when he was talking about helping people. He said, "You know, if everybody climbs in the wagon, who is going to pull it?" If we get over 10 or 12 percent of the population on welfare, do you think the rest of us will be able to pick up the load? It is a dangerous step and I think the House ought to defeat this legislation. I am opposed to it, and will vote against it, and I am convinced the Nation will regret the day this philosophy was adopted, if the House does indeed, pass this unworkable legislation.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FULTON of Tennessee. Mr. Chairman, I yield 5 minutes to a member of the committee, the gentleman from California (Mr. CORMAN).

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

Mr. CORMAN. Mr. Chairman, I rise in support of H.R. 16311, the Family Assistance Act.

Our chairman, the gentleman from Arkansas (Mr. MILLS), has explained in great detail the reforms which this bill will bring about. I would like to underline three which are of particular importance.

First, it is the work incentive provision This bill will require recipients who have the ability to work to register for training and employment as a condition to receiving benefits. I would not overstate the importance of this provision because I am convinced that almost every American wants to work, and the mandatory nature of this provision is not going to significantly change that situation.

Another incentive has to do with that portion of one's earned income which a recipient will be permitted to keep. Under the present program, a mother who goes to work may be in danger of losing her assistance payment. While at work, she has the additional disadvantage of not knowing how her children are faring without her. The reform bill will assure that her children are being cared for while she is at work, and will permit her to keep a reasonable share of her earnings, in addition to her assistance payment.

The second and certainly the most important part of this bill, as far as the State of California is concerned, is that a substantial increase in the share of welfare costs will be borne by the Federal Government. For California, this will amount to about $200 million in the first full year of the implementation of the act, assuming that the State will take advantage of the Federal Government's offer to administer the program. It would then be possible for the State government to assume the balance of California's welfare costs, thereby completely relieving the counties in the State of this financial burden.

Such a step would permit welfare costs to be shifted to the broader State and Federal tax base, leaving the local tax base free to bear the cost of educational and other municipal requirements.

The third important reform is the establishment of a Federal minimum payment. Let us take a look at this Federal minimum. Is it really dangerously high? For a family of four without income, the minimum is $2,400 a year; $1,600 in cash and $800 in food stamps. Now, it just happens that I support a family of four and it also happens that my take-home pay is approximately $2,400 a month. I assume each of us is generally in that same category. If you would like to know the adequacy of this minimum payment, take next month's paycheck home to your wife and tell her she must support your family on it for a year. I believe she will convince you that it is not excessive.

I have been surprised to hear some of my colleagues worry about the willingness of Americans to work if we remove the incentive of hunger. I cannot accept the proposition that a man works only if and when he is hungry. The fact of the matter is that the state of hunger undoubtedly diminishes one's mental and physical capacity to work. I believe that Americans are inspired to seek work for many more reasons than just the need of food. I think that we have come a long way from that rather primitive notion of why people work.

Finally, a number of Members have been critical of the Ways and Means Committee because we cannot tell the exact amount of the cost of this program. I would have to say to you that if you can tell me how many people

in the Nation will be unemployed in the next year, and the next, and the next, then I can give you a reasonably accurate figure as to the cost of this program. For instance, if we have full employment—if everyone who has the ability has the opportunity for a job—then the cost of the program will be relatively low. And, we will then be taking care only of the aged, the blind, the physically disabled, and orphaned children whose parents are dead or in prison or for some other reason are not capable of taking care of them. But, if the present trend continues and unemployment increases and we find millions of Americans willing and eager to work but unable to find jobs, then the cost of this program will be substantial.

We do not report to you that this bill will solve the Nation's economic ills. We do say that it will, in a modest way, provide some decent living standard for those who because of economic circumstances find themselves in dire straits.

Let us look at the alternatives. What happened after 1929? Americans, unable to work, stood in soup lines. Children begged or stole for food. Families were made homeless because they were unable to continue payments on their homes or were unable to pay rent. This country is not going back to those conditions and practices.

There are lots of things that need to be done in this country. We need more and better schools; more and better medical care. We need to end pollution of our streams and air. Programs such as these—and many more like them—create jobs, and jobs cut down the cost of welfare.

But, we are not authorizing such programs in this bill. All we are saying in this bill is that if there are jobs, then needy people who qualify under the bill's provisions, must be trained for jobs and required to take them. If they have the physical and mental ability to do that, then out of the generosity of the American people, they will be given enough to keep body and soul together. If jobs are not available, neither will they have to starve or steal.

I urge my colleagues to support H.R. 16311.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. CORMAN. I yield to the gentleman.

Mr. KAZEN. I agree with some of the things which the gentleman from California has said.

Mr. CORMAN. I hope the gentleman, then, will support the bill.

Mr. KAZEN. However, the point is, with reference to this bill, that it is not going to create jobs. I come from an area where there is a great degree of unemployment. The gentleman talks about a 4- or 5-percent unemployment rate. I have an 11-percent unemployment rate in some parts of my district. The reason for that is the fact that there are no jobs available. We have trained people for all kinds of work under the various programs that now exist but when all of the training was over, they did not have a job at which to work.

What in the world are we going to do with that problem?

Mr. CORMAN. There is provision in this bill for public works projects where we can federally fund certain projects in areas such as one which the gentleman has described, on the condition that the program in that area will enable some of these people to become ultimately employed in the private sector. It is in a sense a small WPA. True, it is only a short-term answer, but again we cannot take care of all the economic ills of the Nation in any welfare assistance bill. This must be taken care of under the private enterprise system and other fiscal decisions which we must make.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, the thing that worries at least this gentleman is the fact that here we are discussing guaranteeing a minimum annual income while I think what we ought to direct ourselves to is a more pressing need—that of guaranteeing a job for those able to work before we guarantee any income minimums.

Mr. CORMAN. I will say to the gentleman that there is a legitimate case which can be made for the Federal Government becoming an employer of last resort. However, I have some misgivings about that, but if unemployment continues to rise, we may find it necessary.

Mr. BETTS. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. COLLIER).

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

Mr. COLLIER. Mr. Chairman, over the past two decades, I can think of no single domestic program in this country which has been more consistently or bitterly criticized than the welfare system.

The criticism of our welfare system has come from a spectrum ranging from the man on the street to the legislative and executive leaders in the country.

The present system has been called deplorable, unfair, parasitic, and intolerable.

I have never refuted these criticisms because they properly describe the present welfare system, which is unfair and is deplorable and is intolerable. In fact, the present system breeds irresponsibility that feeds on itself.

I have also heard many of the ardent critics of the present welfare system say, "We ought to help people who are willing to help themselves," and I have heard them say, "We ought to help people help themselves." And I wholeheartedly agree.

But in listening to these same critics attack the legislation before us today, I find them strangely inconsistent.

I had hoped that there would be strong support to get rid of the present welfare system and replace it with one that conforms to the lipservice reform over the years.

Yet I do not find a single item of legislation introduced by those who have attacked the present program and are making a career out of criticizing the one which is proposed in this legislation.

If the present welfare system is so deplorable and if the proposed legislation is unacceptable, it is only logical to ask why those who find themselves in this position have not done something about offering a constructive alternative.

Yet throughout the hearings on this bill, no one came forward with anything that resembled a replacement in the broad sense for the present obsolete program.

The attacks I have heard on the proposed legislation have not been directed to the concept or the principle of this legislation, but rather to fear based on conjecture that it will not be administered in accoradnce with our legislative intent. Well, now, let me tell you that no program, no matter how carefully devised, will be any more effective than the manner in which it is administered. This is certainly obvious under any conditions.

And I have heard such arguments against this bill in the last 2 days as would provide the attitudes of the courts as a reason to oppose this legislation. And, of course, I have been around here long enough to know that when arguments based on conjecture rather than fact fail to satisfy the need for any type of reform, you can always fall back on the "foot in the door" or the "camel's nose under the tent" approach—and this has not been overlooked by the opponents—yet I think we must understand that these cliches of foreboding really fail to address themselves to the real issue.

It is all right to agree that we have a problem—but when we do it seems to me that we ought to agree that there should be some solution.

I see no need at this point in the debate to belabor the excellent presentations of Chairman MILLS and the ranking minority member of the committee, JOHN BYRNES. But I would like to summarize my own position as concisely as my remaining time permits.

We can no longer accept and condone a welfare system that has failed miserably, a welfare system that has fostered disintegration of the family unit. We can no longer accept and condone a system which frequently makes it more attractive to go on the welfare rolls than to work. We can no longer tolerate a welfare system that is a failure and one which grows worse each day.

I am convinced that if there is any solution to the growing welfare problem in this country, and if there is any hope for helping the people in the lowest economic strata of our society, it lies in the approach embraced in this legislation. To suggest it does not is to suggest there is no hope. To suggest that those who are economically depressed fall into a singular category of people who are not and do not want to help themselves is to again say we must continue the present system in the hopeless fashion of increasing welfare costs year after year.

Well, I am neither naive nor am I a dogooder. While I offer no one an insurance policy on the success of this program, I sincerely believe that on a long-term basis it will cost the people of this country a great deal less in both dollars and human resources.

And permit me to remind every Member of this House, including those who are opposed to this bill, that we are providing a structure upon which improvements can be made through the process of revision and amendment. If it is nec-

essary to provide more stringent enforcement of the work provisions, it is the responsibility of Congress to do so. And I happen to think the Congress will do so if we are able to integrate the work and training provisions with the welfare payments and correct the gross inequities in the existing program.

I urge every Member of this House to give welfare reform a chance. To do anything less is to accept the present program, with all of its present shortcomings, and its inevitable social doom.

Mr. FULTON of Tennessee. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Chairman, I would like to praise the chairman of the Committee on Ways and Means for his admirable leadership in preparing the forward-looking bill indeed, the precedent shattering bill we are considering today—and for the excellent committee report on that bill.

In the report the committee regretted that many manpower programs in the past "often emphasized work at the expense of meaningful training that would lead to the family leaving the public assistance rolls."

Of course, that is a major goal of this bill—to enable people to acquire the education and job training to become employed, financially independent, and self-supporting.

Section 431 (c) (2) of H.R. 16311, evidently a suggestion how to rectify those mistakes, mentions the following services for the trainees in manpower training and employment programs: "counseling, testing, coaching, program orientation, institutional and on-the-job training, work experience, upgrading, job development, job placement and follow up services required to assist in securing and retaining employment and opportunities for advancement."

Mr. Chairman, am I right in understanding these sections as endorsements of efforts to contribute to the broader adoption of new methods of structuring jobs and of providing career-ladder opportunities?

Mr. MILLS. Upgrading the skills of the working poor is an important part of the proposal, and it is a very important part.

Mr. SCHEUER. I thank the distinguished chairman.

Mr. Chairman, section 433 of H.R. 16311 states that the Secretary of Labor should try to "further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government" and to "make maximum use of existing manpower related programs and agencies."

Mr. Chairman, will the jobs encompassed under these programs include those designed to improve the social and economic conditions of the community by upgrading the quality of the public services in health, education, welfare, and public safety?

Mr. MILLS. Yes; I might say to the gentleman, if they are a part of an established training program.

Mr. SCHEUER. Mr. Chairman, the committee report for H.R. 16311 states:

> By requiring that the prime grantees demonstrate a capacity to work effectively with the manpower agency, the Committee believes that a greater degree of coordination of manpower and child care services can be achieved than has been the case in previous programs.

Would this improved coordination of manpower and child care services include the use of the children's parents as aides and for some of them—in time and after the proper training—as professionals at the child care centers?

Mr. MILLS. Yes; it is so intended.

Mr. SCHEUER. The distinguished chairman of the Ways and Means Committee, in my view, is to be congratulated for encouraging relief recipients to become economically independent. Recently the Washington Post had an article on the city welfare department's decision to cut off the welfare of an unwed welfare mother in her last semester of high school.

I assume that the distinguished chairman would favor helping a relief recipient to complete high school since, demonstrably, such education and high school degree is so necessary to help her get a good job and thus achieve financial independence for herself and her children. Would that be a fair statement of the intent of the House?

Mr. MILLS. The answer would depend upon the individual case. As I said earlier, this bill is not intended to support students primarily, but if a person is close to completing her education, it could be determined by the Employment Security Office that completing education is appropriate training.

Mr. SCHEUER. I very much appreciate the chairman's answer. I appreciate his candor in answering all of these questions. I wish to express my admiration for the great job the committee has done during untold months of hearings and in producing a bill and a committee report that in many respects is one of the most far-reaching, imaginative, and creative pieces of legislation we have considered in many years.

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

Mr. BETTS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. WILLIAMS).

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

Mr. WILLIAMS. Mr. Chairman, the proposed Family Assistance Act of 1970—H.R. 16311—would prove a dreadful hoax on the American people.

This so-called "family assistance program" would immediately add a minimum of $4.4 billion to Federal welfare costs, and would place additional millions of people on welfare rolls. The only welfare program that FAP would phase out would be aid to families with dependent children, on which the Federal Government now spends $2.1 billion per year.

Past experience has proved that whenever a new welfare program is created for the purpose of solving a problem, that problem is only accentuated and its cost escalated. Be assured that FAP will be no exception.

The Federal share of FAP for each family would be based on an annual $500, each, for the first two members of a family, plus $300 for each additional family member with the States required to supplement the massive Federal payment.

Obviously, it would only be a matter of time until FAP-guaranteed payments would be increased in response to well-established pressures by self-seeking officials, liberal social theorists, and hard core professional welfarists.

A major FAP weakness would be in the fact that eight types of income would be excluded from consideration before FAP payments would be determined. Since each family's payments would have to be determined individually in accordance with income earned, a virtual army of investigators and accountants would be needed for this operation alone.

FAP would require recipients to register for suitable training or employment. But FAP would conveniently exclude five classes of people from that same registration. Further, it would provide no spelling out the definition of precisely what "suitable" training or employment would really be. Nor would FAP spell out any procedure that might be applied to those who accept jobs but purposefully fail to perform properly in order to be fired and return to welfare.

FAP would provide for recovery of any funds fraudulently collected from the Federal Government, with enforcement resting with the Department of Justice. However, with the tens of thousands of fathers who have deserted their families, and with thousands of unenforced court orders already out on fathers in behalf of dependent children, it would require a doubling of the size of the Justice Department just to enforce FAP's recovery of fraudulent collection provision.

FAP would provide that a new agency be established within the Department of Health, Education, and Welfare to administer FAP's provisions. This new agency would have to employ thousands of people and, in short order, could, in fact, easily result in doubling the present size of HEW, itself.

An abundant history makes it perfectly obvious that this so-called family assistance program would prove to be nothing more than just another gigantic giveaway which would further reward the indolent and the malcontent. This would be accomplished at the expense of those who work and support their families despite the evermore oppressive odds of high taxes borne, in great part, of too many "something for nothing" schemes.

I have also heard in this Chamber this afternoon that the State of Massachusetts is using approximately 25 percent of its budget for welfare purposes and that States and other localities need help. Let me tell the Members something. We can go from one section of this country to another, and we would have to look hard to find any State in as poor financial condition as our Federal Government.

Next year alone we are going to have

to refinance over $100 billion in Federal obligations that are going to mature, and we are not prepared to pay off one penny of that $100 billion in Federal obligations that are going to mature during fiscal year 1971, which starts July 1, 1970. We are going to be fortunate to be able to refinance this $100 billion in maturing obligations at interest rates as low as 8 percent.

We have reached a point where every 3 years and 8 months we have to refinance our entire national debt, and if we have to refinance our entire national debt of over $360 billion at 8 percent, that is going to be a $30 billion a year annual payment on interest alone.

This will mean on welfare and interest on the national debt we are going to be spending far more than 25 percent of our budget, so as it turns out the States are in much, much better condition than our Federal Government.

Relief of human misery, easement of the pains of recovery, and assurance of equitable opportunity fall in one category—but to elevate and lock in professional welfarism as a part of the so-called American way of life falls into quite another category which the people of this Nation simply could not afford and would not long knowingly tolerate.

Mr. BETTS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan (Mr. CHAMBERLAIN).

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

Mr. CHAMBERLAIN. Mr. Chairman, I rise in support of H.R. 16311, a bill providing comprehensive changes in our Federal, State, and local welfare program. Everyone who has studied the present program agrees on one salient fact: that it is deficient in almost every respect.

Our present program has grown dramatically in recent years, both in terms of the individuals covered and total dollar costs. Between 1961 and 1970, the number of families and individual recipients more than doubled—to a total of 1.8 million families and 7 million individuals. During this same period total costs have nearly doubled to the present total of $4.2 billion.

This runaway pattern is expected to continue into the future unless fundamental reforms are made, with the number of recipients nearly doubling again by 1975 and the total costs more than doubling. The immense burden that this program imposes on taxpayers at all levels of government demands that we address ourselves to this chaotic situation rather than turning our heads to look the other way and hope the problem will go away.

The present program discourages work and self-sufficiency by providing a "guaranteed annual income" to individuals who qualify for welfare virtually without regard to their own efforts. In many cases individuals are financially better off on welfare than they are working. By discriminating against the working poor, the present program not only encourages idleness but provides a strong incentive for family disintegration. Only by leaving home can a working poor father qualify his family for benefits under the aid to families with dependent children program.

The bill before the House today will go a long way toward correcting these defects. Instead of an incentive for idleness, the bill will insure that individuals will always be better off if they are working. Rather than providing a "guaranteed annual income" regardless of an individual's efforts, assistance will be contingent on an individual making every effort to become self-sufficient through work, training, and employment. The incentive for family breakup under present law will be substantially diminished and in many cases eliminated by proving coverage for the working poor.

The emphasis in this new program is to help people care for themselves by developing their potential. This will, of course, cost additional money in the first few years, but it must be remembered that this is a long-range program and given time it is our hope that it will be less expensive—both in human and in dollar costs.

I would like to take this occasion to point out that the bill does create one very serious inequity for working people who will not receive benefits under this bill that, in my opinion, we cannot ignore. One of the reforms in this bill provides day care for small children in order to enable adults who would normally care for them to receive training and employment so that they may become self-sufficient. The Department of Health, Education, and Welfare intends to request $386 million for child care purposes for the first full year of operation. It is estimated that this will provide care for 300,000 school age children at an estimated cost of $400 per child, and for 150,000 preschool children at an estimated cost of $1,600 per child. These day care provisions of the bill are essential to enable individuals to move from the welfare rolls to the employment rolls, and I support them.

However, as we face up to the actual costs of child care we find that the amounts involved are much more generous than the deductions we now allow under the Internal Revenue Code for nonwelfare taxpayers who have to pay for child care themselves in order to be available to work. The Internal Revenue Code provides a child care deduction of $600 where one child is involved, and $900 where two children are involved. In addition, under the law this allowance is reduced by $1 for every dolar that the parents' income exceeds $6,000. This means that the child care deduction is eliminated when income reaches $6,600 in the case of one child and $6,900 in the case of two children.

Thus, in New Jersey, under the new bill, a welfare mother with two preschool children and one school age child, would be entitled to child care benefits approximating $3,600, as long as her income from earnings and public assistance does not exceed $6,547—the Secretary has discretion to continue paying child care expenses at even higher income levels for a period of time. Yet a working couple with three children of similar age earning $6,457 would be entitled to a child care deduction of only $343. Assuming the couple is in the 15 percent income tax bracket, this deduction would provide a net benefit of only $51.45. And if the couple should increase their income to $6,900, they would not be entitled to any deduction.

Mr. Chairman, we cannot ask the working couple to pay taxes to support not only public assistance recipients, but to provide them with child care allowances far in excess of the meager income tax deduction taxpayers are allowed. This is wrong. Current allowable deductions for child care are unrealistic. Equity requires that the child care deduction in our income tax law be liberalized to provide benefits commensurate with the current cost of child care.

In order to accomplish this, I have joined in introducing legislation that would increase the deduction for child care expenses to $1,200 in the case of one child, and to $2,400 where two or more children are involved. The legislation would also repeal the provisions of present law that phase out the deduction when the taxpayer's income exceeds $6,000. This would recognize that child care expenses that are incurred to enable a taxpayer to work, are expenses sufficiently related to the taxpayer's job to justify deduction as a business expense.

In my judgment this is a matter of high priority. In the bill we are considering today we are trying to provide incentives and opportunities for people to get off the welfare roles. In doing so we should not ignore the effort of those who have managed by one means or another to take care of themselves. We should not create or condone a dual cost approach to child care by recognizing the actual cost of this service for welfare recipients and something less than the actual cost for those who have had the initiative to get a job to help take care of themselves. How in good conscience, I ask, can we deny these working parents a realistic deduction and then use their tax money, in part, to give a benefit unavailable to them to others?

The Committee on Ways and Means is aware of this gross inequity, and I feel the members are disposed to see that it is corrected. It is my hope that our chairman will make certain that this matter receives early consideration to the end that remedial legislation may be enacted.

Mr. Chairman, I am sure that the matter which I have just discussed is not the only problem area that will be discovered as this reform measure is implemented. I well realize that the family assistance plan is not without its critics for I, too, have reservations. However, as we have worked on this bill—week after week—month after month—I have been impressed with the fact that no one seems to have a better plan to suggest. Nor have I heard anyone offer any strong defense of the present system. While I am well aware that we cannot solve our complex welfare problems by any legislative magic, I am satisfied that society's greatest hope lies in a new philosophical approach to our aggravated welfare problems . . . one which encourages work and

neither stifles nor destroys individual initiative. It is for this reason, and with this hope, that I support H.R. 16311.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. CHAMBERLAIN. I am glad to yield to the gentleman from Pennsylvania.

Mr. WILLIAMS. I would like to call to the attention of the distinguished gentleman from Michigan that in more than half of the States the father does not have to leave the household in order for the family to receive aid under the program of aid to dependent children.

However, I do want to agree with the point which has been made by the gentleman that the AFDC program is a totally insufficient program. It is inadequate and doing nothing but accentuate the problem.

Mr. CHAMBERLAIN. I believe everyone agrees with the gentleman's statement.

Mr. WILLIAMS. I would like to say to the gentleman from Michigan and to the gentleman from Illinois (Mr. COLLIER) and anyone else who is interested that I have worked on a substitute plan which I think I have fairly well refined now which would phase out AFDC over a period of time and which would produce much, much better results, while this phasing out is being accomplished.

I would welcome the opportunity to talk to the gentleman in his office at any time about this alternate plan.

Mr. CHAMBERLAIN. I would say to my colleague that I am pleased to hear this. I feel it is unfortunate that we have not had the benefit of his suggestions at an earlier date in order that they could have been considered by the committee as this matter has been under review. I think anyone who has any constructive suggestion to help us out of the mess we are in right now should come forward. We would be glad to hear from anyone who has a better plan.

Mr. WILLIAMS. Reserve your decision because you may not agree with my plan.

Mr. BETTS. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. HUTCHINSON).

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

Mr. HUTCHINSON. Mr. Chairman, we are all agreed that the present ADC program is a mess and that it is now, or soon will be, completely out of hand. It must be replaced. The administration has proposed the bill now before us as a new approach—workfare instead of welfare, it is called. Many of us have great reservations about this particular approach, but some have been able to resolve those doubts in favor of the legislation, while others, and I am one of those, have found the doubts so great that in good conscience we cannot support it. I propose to state briefly, Mr. Chairman, those questions about the bill which have persuaded me that, much as a new approach to welfare is needed, this is not the answer. Indeed, Mr. Chairman, I doubt that the situation will be one whit improved but rather worsened by the enactment of this legislation.

The ADC program will be abolished by this bill, and that is all to the good, and a family assistance program instituted in its place. But the new program of family assistance does not change much the ADC program as it applies to fatherless homes. So long as there is a child under 6—and there most usually is a child under 6 in those homes—the mother need not register for employment or take work training in order to obtain the Federal benefit, and the State in which the family is living is required to supplement the Federal program up to the level of payments that family now receives from ADC. As to that family, therefore, the ADC program continues, in everything but name. And, Mr. Chairman, the vast majority of present ADC cases fall within the category of a family without a man in the house. To all intents and purposes, the proposal in this bill carries forward the present ADC program without change. Under the present program an ADC mother is encouraged to take work training and better her lot in life thereby—on a voluntary basis. This bill carries the same approach.

As to those cases where there is a man in the house, the bill requires him to register with the employment service, receive their counsel, take their training program, and accept a job they find for him. But the proferred employment must be suitable work. Now that term, "suitable work," has acquired a meaning in the law. It is a term well understood in unemployment compensation systems. It means that an unemployed individual need not take a job beneath his skills, but only such employment as he has regularly had in the past. It is argued that in the case of the newly trained individual without work experience this unemployment compensation meaning of suitable work will not apply. I anticipate that it will mean that if a man is trained for a particular skill, no other type of employment will be deemed suitable for him, even though there may be no need for such employment in his community. I expect that the term "suitable work" will have the same narrowing meaning in the requirement for employment within the family assistance program as it has had in unemployment compensation.

But if a newly trained individual is put to work within the scope of his new training, there is no compulsion upon him to do his best to keep the job. Suppose he quits, or is fired for cause. What then? Will his eligibility under the family assistance program continue?

And even if he refuses to work, the only economic penalty upon him is a loss of $300 in family assistance benefit to his family unit. Benefits to the other members of his family continue, and if he leaves home, his wife and children can comply with the ADC requirements, with their family benefits supplemented by State grants up to the level now provided.

I doubt this family assistance plan has enough economic inducement within it to achieve that goal of keeping families together.

Mr. Chairman, the legislation we now consider is intended to meet the problem, made infinitely worse by recent Supreme Court decisions outlining residency requirements for welfare assistance, which results from a variation of benefits among the States. Some, like Michigan, have become a magnet to those people because of the generosity of their welfare payments. Some way must be found to level off the benefit structures between the States and to discourage the inmigration of welfare cases into some States where the benefits are generous—but so is the cost of living in those States high. The requirement in this bill that those States must supplement the Federal payments on ADC cases to their present levels means the inmigration of such cases will likely continue.

A fundamental change in this new approach is to embrace the working poor into the welfare system. I had hoped the solution to our welfare problems would be programs to reduce the dependence of people on welfare. This bill increases that dependence. True, it purports to contain inducements sufficient to persuade large numbers of people to lift themselves out of that dependence. The ambitious will be so encouraged. But for many if not most, I suspect they will not feel sure enough of themselves to want to completely separate themselves from the security of tax free welfare income, and the welfare system as we now it—but greatly expanded in costs and in numbers—will continue.

Much as I concur, Mr. Chairman, in the need for a complete change in our welfare system, I do not believe this legislation will accomplish it. This bill is not the answer we seek. I wish I knew the answer. I believe we must look further for it.

Mr. BETTS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio (Mr. ASHBROOK).

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

Mr. PRICE of Texas. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Texas.

(Mr. PRICE of Texas asked and was given permission to revise and extend his remarks.)

Mr. PRICE of Texas. Mr. Chairman, I rise to announce that I cannot in good conscience support the proposed Family Assistance Act of 1970.

My opposition is based on three factors: The sentiment of the voters in the 18th District of Texas, my belief that welfare reform has been turned into a political football, and my deep-seated reservations about the act itself. I would like to discuss each of these factors in turn.

The opposition of the voters in the 18th Congressional District of Texas, to the proposed Family Assistance Act is overwhelming. The message has come to me through attitudinal surveys, congressional correspondence, and numerous discussions I have had on the issue with constituents. The message is loud and clear—vote "no" on the proposed welfare reforms. I agree with this message; in addition, as the Representative of the 18th District, I feel bound by the elected

expression of the voters' views on this issue.

I also believe that the welfare reform proposed by the President have been turned into a political football, and that the issue will be used in an attempt to discredit the President's good faith effort to reform the national welfare system. By way of explanation, in the normal case, the President proposes legislation to Congress. The legislation is then introduced and referred to an appropriate committee where substantial rewriting and redrafting is affected. The reason for this is clear. It is not possible for the President to anticipate in advance what each particular committee member must have in a bill before he can support it. Consequently, the President is forced to propose legislation to Congress which presents his programs in such a manner that an appropriate committee can have the opportunity to modify it to suit its preference; hopefully, without killing the President's basic proposals in the process.

This was not the case, however, with the proposed welfare reforms. The majority on the House Ways and Means Committee approved the bill almost as it was written by the President. They then went before the Rules Committee in an effort to insure that the bill would be debated under a rule not allowing for the submission of corrective amendments from the House floor.

This is most unusual. A President's proposals usually do not receive such uniform approval from a House committee. This is especially true when the President belongs to a different political party than does the majority of committee members. The majority Members are normally too jealous of their legislative prerogatives and too partisan to bend without challenge to the Presidential will.

The President's comprehensive tax reform program is an excellent example of the tendency to which I am referring. The President submitted his proposals to Congress last year, and by the time the House Ways and Means Committee got through rewriting the proposals, their original form was hardly recognizable.

I can think of one good reason why the President's welfare reform proposals were so uniformly approved by the Ways and Means Committee. The legitimate cause of welfare reform has become fatally involved with partisan politics, and liberal members of the majority party want to fabricate a campaign issue for the November elections. They have to make up campaign issues because the President by his actions has not handed them any. He is trying in the best fashion he knows how, to lead the country into a productive and peaceful decade. The other party knows this; but more importantly, the American people know it also. That is why the issue is being fabricated. It is a lame attempt to discredit the President. I will have no part of it.

In making his proposals to Congress, President Nixon made a good faith effort to interest Congress in addressing itself to the cancerous problem of welfare; unfortunately, House liberals seem more interested in partisan politics than meaningful reform.

Finally, I have some strong reservations about the merits of the Family Assistance Act as it is presently written. I think the present welfare system is cancerous because it benefits neither the welfare recipient, the taxpayer who supports the program, nor society in general which must continue to strive for progress despite the continued drag caused by the sizeable number of individuals who would rather take a Federal relief check than a job.

Our present welfare system has made it more profitable for some people to loaf than to work. In addition to the individual and family problems this directly creates, think for a minute what it does to the incentives of an individual who works a full work week and earns for his labors only a few dollars more than does the wastrel on relief.

This is just a bare bones description of the negative effects of the present system, effects we have heard more fully described in other speeches here in the House Chamber yesterday and today. For this reason, I will not dwell on the negative parts of the welfare system at any greater lengths, but will turn to a brief explanation of why I do not think the proposed Family Assistance Act solves the Nation's welfare problem.

The act proposes that the Federal Government finance minimum annual welfare payments of $500 for each of the first two members of a family and $300 for each additional member. This means that a family of four, the statistical average American family, would be entitled to $1,600. This amount would be supplemented by State payments so that no family would receive less under the act than it presently receives. Add to this the fact that welfare recipients will be able to obtain $16 worth of federally financed food stamps for every $10 they spend on the stamps, and it works out to an additional $800 or so in welfare benefits. We are really, then talking about $2,400 in guaranteed benefits for a family of four, which is nothing more, nothing less than a guaranteed annual income. Calling it an income maintenance floor does not change anything but the name by which it is referred to.

I am unalterably opposed to a guaranteed annual income system. I believe it would wreck our incentive system of production, the system that couple with the free enterprise system, has brought the United States to the productive heights it has achieved today. People just would not work, if they could get paid for not working. This is not a blanket indictment, however, for some people would work anyway. But if people get something for nothing, it generally would erode their will to work and contribute to society.

Another objection I have to the proposed bill is that it would add about 15 million new individuals to the welfare rolls. In my mind, this would not solve our welfare problem, it would just increase it.

I also object to the $4.4 billion that the program will cost, and this is just for the first year of its operation. I do not believe that this program would be exempt from the bureaucratic pressures that accompany all other Federal efforts, pressures that turn small Federal programs into gigantic ones, and minimal Federal expenditures into excessive and wasteful ones. This is the very nature of the bureaucratic process. And this is one chief reason why I believe the Government should keep its activities to the bare irreducible minimum.

Moreover, I do not think that the Federal Government should even consider spending $4.4 billion on a new welfare program when this Nation is locked in a titanic struggle with inflation. Particularly when $2.1 billion will be allocated just to cover the welfare costs of the 15 million new welfare recipients that will be added by the act.

Finally, while public assistance certainly should be given the sick, the blind, the disabled, and the needy young, I do not think that public assistance should be given to the working poor. By including them and restructuring the welfare system along the lines of a guaranteed income approach, welfare is made more comfortable and respectable rather than less so. It gives it more of the color of a "inalienable right" rather than the true color of "temporary maintenance" as was originally envisioned by the architects of welfare.

I would think my colleagues could profit well by harking to the words of the father of the New Deal, President Franklin D. Roosevelt. He said in 1935:

> The Federal Government must and shall quit this business of relief—continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

Mr. Chairman, I believe that the Family Assistant Act, despite all its rhetoric of workfare and job incentives, is basically a program giving people "something for nothing." In my view, this is the least effective way to help people help themselves.

Mr. ASHBROOK. Mr. Chairman, I am not going to take time in outlining what I feel are some of the problems involved in this legislation and some of the shortcomings but, rather, to raise some specific questions. My basic objections have already been summarized in the RECORD.

Having worked with this for better than a month in trying to reduce the written legislation into actual dollars-and-cents figures, I can guarantee you it is a very, very difficult thing to do. It is going to be contingent upon many different interpretations in the various States and in HEW.

Mr. Chairman, I think one of the basic weaknesses I see in the program is the argument that bringing the program to the Federal level will automatically straighten out all of the problems in the States. I think most of us find that argument just a little bit hollow. We are never completely sure that HEW intends to carry out even the stated intention of the Congress, let alone straighten out the problem.

However, Mr. Chairman, I would like to raise several specific questions and I would ask the able chairman of the Committee on Ways and Means, the gentleman from Arkansas (Mr. MILLS), for

the purpose of legislative history several questions.

On page 33 of the committee report there is language which I think will be most difficult to interpret. In the middle of the page it says:

> It is not intended by your committee that these programs should provide assistance which would be supportive of firms or industries which have high rates of turnover of labor because of low wages, seasonality or other factors.

I would ask the able chairman whether or not he has some concern in the administration of this program, and the regulations that will carry it out, whether or not this in effect would not in the future likely remove the tendency for employment security offices to refer potential workers in so-called work incentive programs to what might be called marginal industries. These would include hotels, motels, laundries and restaurants which traditionally have been low-wage industries. Does the gentleman see any danger in putting language such as this in the bill? Would its effect be to make it unlikely to refer people to such low-income industries?

Mr. MILLS. If the gentleman will yield, yes, I would not deny that there is some problem. What we are trying to do in the report, as I am sure the gentleman in the well knows, is to give some clarity or better guideline to the Department of Labor in the establishment of regulations as to the feeling of the committee, at least, about these matters.

We do not want these people to be working in just seasonal jobs if we can find for them annual jobs. We do not want to put them into all of these low-paying jobs, because we think some of them as a result of training, particularly those that have as much as a high school education, can be trained for better paying jobs.

Mr. ASHBROOK. But will the gentleman agree that while it is the legislative intent to encourage getting these people the best jobs possible——

Mr. MILLS. That is right.

Mr. ASHBROOK. That it could very well give some future bureaucrat from the Office of HEW or Labor the option of saying "Wait, we are not going to send these people to the lower paying industries such as restaurants, laundries, motels, and hotels?"

Mr. MILLS. No. That is not intended.

Mr. ASHBROOK. Because these are, in the language of the committee, low-wage industries?

Mr. MILLS. No.

Mr. ASHBROOK. Everybody knows they are low-wage industries, but they might possibly form the only jobs available to them.

Mr. MILLS. If they were full-time jobs they might conform.

Mr. ASHBROOK. So it is not the intention of the committee to rule out some what might be called future employment in the low-wage industries?

Mr. MILLS. We are not overlooking the fact that some people may be assigned to low-wage jobs, and they may not be all assigned to a full-time annual job in the very beginning.

Some of them may have to take some seasonal jobs to begin with, but we hope the bulk of them will not.

Mr. BYRNES of Wisconsin. I think since we might be trying to make a little legislative history, I think first of all we do not rule out any job.

Mr. MILLS. No. No; we do not.

Mr. BYRNES of Wisconsin. It is not our intention to exclude any jobs because the whole thrust and purpose of this bill is to get people into a posture to help themselves. We want to make the job basically compatible for that individual, but there is nothing in the bill that says they can hold out for a high skilled job when there is a lower skilled opportunity available right now.

Mr. MILLS. That is correct.

Mr. ASHBROOK. I think the gentleman is correct. I certainly agree with the concept and the desire, it is obvious that everybody would like to be in high paid employment, but I think some of us have fears that in the social climate in which we live, and possibly because of bureaucratic regulations, there is a strong likelihood that people will not be referred to jobs of this type simply because they are at the lower rung of the economic ladder.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman.

Mr. BYRNES of Wisconsin. That is one of the reasons we went into detail on some of these criteria. We wanted to make sure that the Secretary could substitute his own subjective judgment for the intent of the committee and the Congress.

If this person had very little work experience or no work experience, then of course he is going to have to take a lower paying job. He is going to have to take a lower job consistent with his background. In other words, we do not rule out any jobs. He has to recognize that while maybe the job that is open is not a particularly desirable job, the person who has not had that work or experience, can fill that job and acquire work experience and discipline that will enable himself to qualify for a better job in the future.

Mr. ASHBROOK. I think the gentleman is certainly optimistic in his outlook. Having had a little more experience with HEW guidelines and Department of Labor guidelines, I would have to observe somewhat facetiously—I am afraid not as facetiously as it might seem—that I will sit back and wait for the very first person who is denied his family assistance because he refused to accept one of these lower rung jobs. If that time comes, I will frankly tell you that you are right and I am wrong—but I am not going to hold my breath until that happens, I will tell the gentleman.

Mr. BYRNES of Wisconsin. Let me say for the record that there is an additional aspect of this that we had better recognize and that the Secretary of Labor should recognize—and I think he does. The entire work incentive program has two purposes. One is the betterment of the individual. But also there will be reduction in the cost of the program that will enable us to keep it within bounds when individuals work. We cannot continue the present program because it does not encourage people to go to work at all. That is why the costs are running up as much as they are. The Secretary has a definite obligation under this bill, not only as to the welfare of these individuals, but also to the Treasury of the United States to see that these people get to work.

Mr. ASHBROOK. I thank the gentleman for that, and I appreciate the gentleman making that legislative history.

I have one last question which I would direct to the distinguished chairman or the ranking minority member.

Again, consider one of the premises that I happen to believe is a little weak in argument—although I think what the gentleman from Arkansas and the gentleman from Wisconsin are saying is accurate in concept.

Most of us worry about how it is going to work out in its actual implementation. One of the things I think is fairly weak in its premise is adding anywhere from 11 to 13 million on what might be called the welfare rolls on the theory that the program will work and they will work themselves off the welfare rolls. Another faulty premise is that the program in the long run will cost less.

I would like to ask one specific question as to whether or not either the gentleman from Arkansas or the gentleman from Wisconsin, either one, do not have some misgivings on these premises.

Does the gentleman honestly feel that over a reasonable period of time these people, the 11 or 12 million people being added, will in fact work themselves off the rolls?

I think it is clear that there is not a strong work incentive in this legislation. Anybody who has any doubt can look at page E3226 of the RECORD of yesterday. If there is not a strong built-in work incentive, can we honestly build such a superstructure on the theory that they will work themselves off the rolls and the coverage of this bill over a period of time?

Will the gentleman respond to that?

Mr. MILLS. Yes, I will be glad to.

No one, may I say to the gentleman, on the Committee on Ways and Means or anywhere in the Government can tell you with any degree of precision that we will work all of these people into better paying jobs or will work them all off of welfare.

There are two reasons, in my opinion, why we are justified in offering the working poor this incentive to take training. Those we are talking of largely are full-time employees which means they are working 40 hours or more than 30 hours a week. They apparently are not making enough to provide the income for their family sufficiently to provide them with these basic necessities of life.

There is the danger first that they may find out that their welfare program, in the State of Ohio or the State of New York or elsewhere, will pay them more money and give them more take-home pay than they can make while earning on a job.

If that is the threat, why do we not

offer them this supplemental income while they are working full time in return for their taking training? In theory, it is good. I have said all the way through the success of the program depends entirely, in my opinion, on the attention that is given these individuals on an individual basis by the employment security agencies of all of our States, but I would not want to tell you that, I could assure you. I do not believe anybody would say that. But this is legislatively an improvement, I think, in every way.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. MILLS. Mr. Chairman, I yield to the gentleman from Louisiana (Mr. WAGGONNER) such time as he desires.

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

Mr. WAGGONNER. Mr. Chairman, my August 1966 newsletter was titled, "Full Scale Socialism for All Advocated in Advisory Council Recommendation." The opening lines of that newsletter were these:

In a 148-page report the like of which no Socialist dreamer ever dared propose seriously before, a Committee of "Great Society" planners has recommended to the Secretary of Health, Education and Welfare that a program should be undertaken immediately to provide every man, woman and child in the United States a guaranteed annual income.

In August of 1966, this was only a recommendation to the Johnson administration. Less than 4 years later, today, we find this is a proposal by the Nixon administration. This dream of every Socialist of having the Government guarantee him an income is wrapped up in the bill we are now considering.

As was to be expected, the minute this guaranteed annual income feature was unveiled last year, the bandwagon started to roll. The predictable gaggle of liberals, leftists, and radicals were, at first, astounded that a supposedly conservative Republican administration was proposing national welfarism in a greater magnitude than even the most liberal Democrat in the history of the Nation. They regained their composure quickly, if not their intelligence, and began an outpouring of statements, position papers and conferences calling for increases that stagger the imagination and would empty the pocketbooks of the working public. No sum, it seems, is too much to take from the pockets of the taxpayers and dole out to those unwilling to work. I used the word "unwilling" only after making a careful choice among many words, because anyone willing to work today, except for the lame, the halt and the blind, can find a job by simply picking up a newspaper and reading the begging help wanted ads.

The proposal before us calls for a cash donation of $1,600 per year to every family of four in the United States whose income is under that figure, or whatever it takes to reach that sum plus an additional $860 in food stamps, for a total of $2,460, all of which is, of course, tax free. And it must be remembered that this is only the beginning. Each year, the demand from the welfare receivers and their liberal representatives in and out of the Congress will be irresistible. The figures will climb with the regularity of the sun in the sky.

This was made crystal clear by Mr. R. E. Patricelli, Deputy Assistant Secretary of Health, Education, and Welfare, when he addressed a meeting of Catholic Charities of the Archdiocese of New York late last year. He said:

When the budgetary situation improves, we might look toward increases in the federal base payment.

He also stated that the program "should be made universal," meaning that childless couples and single persons should also be included in the future.

No one believes more than I that the present welfare system needs a massive overhaul. I agree with the President when he says it is a failure. It has robbed a significant portion of the population of their will or interest in providing for themselves; it has made them wards of the state. But what is needed is not an overhaul which more than doubles the number now on the rolls as this proposal would—not an overhaul which adds another $4½ billion to the already staggering burden of welfare costs as this proposal would.

In the past 10 years, the number of people receiving some form of relief assistance has increased 52 percent and the cost of these programs has advanced 211 percent. All of this in only 10 years. It is now estimated that the Federal, State, and local costs exceed $72 billion per year.

And, needless to add, each of these $72 billion comes out of the pocket of the taxpayers who work for their livelihood.

Third- and fourth-generation families are now appearing on the welfare rolls, demanding higher and higher payments and less and less supervision of what they use the money for or whether or not they are even eligible for the payments. Welfare is, many now claim, their "constitutional right," an attitude which has been upheld more than once recently by various courts. The traditional concept of welfare as temporary assistance for those who are in need because of reasons beyond their control, no longer exists.

In an effort to soft-pedal the full, socialist impact of this proposal, the Nixon administration is attempting to sell it as a "work fare" proposal. If it were this, it would be more acceptable, but an examination of the facts reveals that the work requirements are almost nonexistent and those that do exist are unenforceable.

There are presently 9,600,000 persons now on welfare. Of these, exactly half are children; 1,500,000 are their mothers; 2,000,000 are aged; 728,000 are disabled; and 80,000 are blind. All of these would be exempt from work under exemptions provided by the Nixon proposal. This leaves 500,000—or one-nineteenth—who would be eligible for work. But, even then, there is another catch. These 500,000 would be required to accept only those jobs which are, in the opinion of the Secretary of Labor, "suitable." Would be, some future Secretary or some liberal adviser or employment security official consider a job as a dishwasher "suitable"? Or as a janitor, a lawncutter, maid, busboy, window cleaner or any of the other such manual labor jobs which the unemployed says are "demeaning"? I frankly doubt it.

This program, like many Federal programs, is offered up as the total answer to all the problems of the poor. Yet I cannot help but recall that, a few short years ago, the so-called poverty program was sold to the Congress and the people as being the one sure way of ending poverty and welfare in this Nation forever. Countless billions of wasted dollars later, the program is in a shambles, having done little for the poor but a great deal for the manipulators of the poor and the leeches who feed off the misery of others. Other impractical, visionary programs have likewise failed to live up to their publicity.

This proposal, in the jubilant words of liberal-leftist James Reston, "proposes more welfare, more people on public assistance than has any other President in the history of the Republic." It goes far beyond the socialist's dream of providing for each according to his needs. This proposal provides where there is no need and does not require that need even be demonstrated.

There is a need in this country for a welfare program, honestly administered, to assist the needy who are needy for no fault of their own, for the aged, the lame, the halt, and the blind. This kind of program I have supported and will always support. There is a need also for a program of temporary assistance for the willing and able-bodied who cannot find jobs; a program that requires some form of public work in the interim to pay for their support by the public. But, in this time of unparalleled prosperity, of jobs crying for workers, of opportunities for all regardless of race, sex, creed, or color, there is no justification for turning this Nation into a socialist welfare state. What's wrong with a guaranteed annual income? Nothing, if you believe in socialism. Everything, if, like me, you believe in democracy and the free enterprise system.

A number of items have appeared in the press since this proposal was first unveiled that I would like to include here at the end of my remarks because it is vital to me that the record show that there was no doubt but that this Congress knew the road it was taking this country down when it enacted this legislation. It would be convenient, in years to come, for those who are going to vote for this bill to say they had no idea that it would develop into what it will be before many years go by. I want to close that escape route so that every man who votes for this proposal will have to admit that the facts were on the table but he chose to ignore them. These are the items I have in mind.

From the February 24, 1970, issue of National Review:

THE NIXON PLAN: COMPOUNDING THE WELFARE MESS

(By Henry Hazlitt)

Ironically, the professional staff of the House Ways and Means Committee, a group controlled by the Democrats, has criticized the Republican Nixon welfare program chiefly from a conservative point of view.

The staff analysis asserts that, by extending welfare to working families, "the government, in a sense, would be telling a working father that he is officially not capable of supporting his family at what the government believes is the necessary level. One possible reaction of some fathers may be to let the government take over the job of completing supporting his family." Another criticism is that when he looks at how the plan applies to his family, a father "may soon realize that the only way for him to increase his income is to have a larger family. . . ." A third criticism is that some families might buy goods to reduce their cash assets, "a color TV, for example." A fourth is that 'government supplements to the wages of the working poor could create a subsidized pool of cheap labor to employers."

This report, however, no doubt inspired by Committee Chairman Wilbur D. Mills, by no means assures that the Democratic Congress will flatly reject the Nixon plan. More likely it will put together a welfare package that the Democrats can call their own, and outbid even the Nixon plan in total cost.

Because the President's proposal, which he first put forward on television on August 8, was couched entirely in the rhetoric of conservatism, many conservatives were misled, and it was weeks before the plan received effective criticism. By far the best analysis is the 23-page study put out by the American Conservative Union. Among the points it makes are these:

The new plan makes it more comfortable to be on welfare, both by eliminating any means test and by increasing benefits for many welfare clients while decreasing benefits for none.

Mr. Nixon proposes that the federal level be $1,600 for a family of four with no outside income. A family of ten would be eligible to receive an income of $3,400 a year from the Federal Government, with any state allowance in addition.

One great danger in federalizing welfare is the new opportunity it provides for manipulation by organized groups. Welfarists will be able to concentrate all their pressures directly on Washington. This very tactic has often been employed to force increases in Social Security benefits and minimum wage laws. Already the AFL–CIO and other pressure groups are attacking President Nixon's recommendation of $1,600 maximum annual payment to a family of four as totally inadequate. They demand no less than a full $3,500, the minimum federal poverty level income.

The program will more than double the number of welfare recipients, adding twelve million more to the nearly ten million already on the rolls.

It will cause an initial increase of $5 billion in the federal budget, and perhaps double that.

It was put forward as a "workfare" program. "Everyone," said Mr. Nixon, "who accepts benefits must accept work or training, provided suitable jobs are available. . . . The only exceptions would be those unable to work and mothers of pre-school children." But the ACU points out that after we deduct the blind, the disabled, the aged, the children and the mothers of pre-school children from the 9.6 million people now receiving aid, only about 500,000 or 5 percent, would be required to accept work or receive job training under the Nixon plan. Whether the work requirement could be enforced even for these is more than doubtful. Already the professional welfare advocates are charging that any work requirement would amount to "involuntary servitude."

The Administration itself has greatly expanded the program since it was announced. White House aides said at first that the Family Security plan would at least eliminate food stamps. A few months later they announced that food stamps would not only remain, but that the annual appropriation for them would be doubled. This means that each family of four would not receive a federally guaranteed annual income of $1,600 (not counting state payments) but an additional food stamp allotment bringing the total federally paid income to $2,380.

The Nixon plan is in fact a "guaranteed annual income." The President himself said on December 8: "All of us want the poor to have a minimum floor [under their income], and that floor to be as high as possible." In other words, a person who will not work has a "right" to live permanently off the earnings of another man who can and does.

To these cogent criticisms I would like to add one point that has been generally neglected. Mr. Nixon deplores the wide state-by-state variations in relief payments. He claims as an outstanding merit of his plan that it would provide, if not uniformity, at least a "basic national minimum payment" everwhere. But this overlooks the wide divergencies in prevailing income and living standards among the states. The 1960 census showed that the median money income of families in Connecticut was 138 per cent greater than of families in Mississippi—or inversely, that the median income of Mississippi families was only 42 per cent of that of Connecticut families, with other states diverging within this range.

This means that even a uniform minimum national income guarantee that might do relatively minor harm in California or the Northeast would be so high compared with prevailing earned incomes in the Deep South as to tempt a third or more of the population to quit their jobs and climb aboard the welfare wagon, or to draw supplemental handouts. This could put a tremendous strain on precisely the state budgets that could least afford it.

A uniform minimum national welfare handout, in a nation with divergencies of up to 138 per cent in median earned family incomes among the states, would create far more serious problems than any it might solve.

From the report, "Solution or Socialism," prepared by the American Conservative Union:

IN CONCLUSION

In any evaluation of the Nixon welfare proposals, conservatives must look beneath the rhetoric, to which they are eager to respond, and seek out the substantive purpose. Viewed in this light, the Nixon welfare reform can be seen simply as a program which will *more than double the welfare rolls*, and add 12 million new recipients of Federal welfare payments to the nearly 10 million already on the rolls.

The program will cause an initial increase of $5 billion in the Federal budget, half of which will go to direct payments to welfare families, old and new. This is a quantum jump in the number of welfare clients and in Federal spending on welfare.

Though conservatives were almost alone a few years ago as critics of the welfare system, today everyone—conservatives, liberals, radicals—can agree with President Nixon that "nowhere has the failure of government been more tragically apparent than in its efforts to aid the poor, and especially in the system of public welfare." When one gets down to the philosophy behind this statement the conservative differs markedly from the present day liberal or radical.

President Nixon is proposing not only to expand welfare, but also to establish it on a more legitimate footing by calling it "family assistance", eliminating the means test, and administering it through the Social Security Administration. Only the inclusion of a work requirement saves Nixon from advocating the complete liberal package—welfare as a right of any American.

The Nixon program, despite its doubtless sincere intentions, will in the long run greatly exacerbate the "welfare mess" for three basic reasons:

(1) It makes welfare more comfortable when it should be made less comfortable.

(2) By moving toward a guaranteed income, it makes welfare more respectable, more of a "right" when it should be made less respectable, less of a "right."

(3) It drastically increases the number of recipients, thus risking corrupting 12 million more American citizens, when desperate efforts ought to be made to decrease the number of persons receiving unearned checks from government.

In a 1935 message to Congress, President Franklin D. Roosevelt said: "The Federal government must and shall quit this business of relief—continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the national fibre. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit."

While subsequent history showed that FDR's fears were well-founded, few recall that even he had begun his "New Deal" with the good intention of getting the government out of the "business of relief." Today, few would doubt that President Nixon's intentions are the same—to get people off welfare.

Yet there is truth in a statement made by Secretary of Housing and Urban Development George Romney. In discussions about the welfare program with President Nixon, the Secretary recalls that he told the President, "You shouldn't just hand people things . . . the least effective way to help people is just to give them something." Whether this proposition is true or false is perhaps the most important question that the Congress will have to decide in acting on President Nixon's welfare proposals in 1970.

From the September 2 issue of the National Review Bulletin:

AT HOME

(By M. Stanton Evans)

Will the "new federalism" proclaimed by President Nixon in the field of social welfare cure the Nation's relief problems or make them worse?

The Nixon program starts from a commendable awareness that the present welfare system has failed, and it is apparent the President and his advisers have given a good deal of thought to the various components of that failure. In particular, they have focused closely on those aspects of the existing system which draw people out of the work force rather than into it, and break up families as a condition of relief payments.

Whether the affirmative part of the Nixon presentation will overcome these deficiencies, however, is another question. Although the stated intention is to transfer as many people as possible from the welfare rolls to positions of employment, the net effect of the "new federalism" as outlined by the President and his subordinates could easily be the reverse. As the Administration spokesmen acknowledge, everything depends on the effectiveness of various "work incentives" to be built into the program.

In its opening phases, the Nixon plan runs clearly counter to the "less relief" idea, since it would cause an estimated doubling of the number of people receiving assistance (from ten million to 22.4 million) and would almost double the cost (another $4 billion a year or so on top of the existing $5 billion). It is this development which causes liberal James Reston to rejoice that Nixon "proposes more welfare, more people on public assistance . . . than any other President in the history of the republic."

The Nixon planners argue that the increase is only a short-term matter, that the upward relief cycle will be broken by the

"work incentives." The success of the program therefore rests entirely on these provisions, which include stepladder payments whereby a portion of relief funds will be continued even if earned income is received, day-care centers to tend the children of welfare mothers who seek employment, and a requirement that able-bodied relief recipients accept offers of work or training, or else lose their benefits.

Examination of the data made available so far suggests these incentives may not be enough to overcome the contrary push of increased payments and broadened coverage. Once-guaranteed payments of $1,600 a year for a family of four are voted by Congress, the pressures for increasing the floor levels will be enormous.

It is indicative, in fact, that major criticisms of the Nixon proposal from the liberal sector have centered on the charge that payment levels are not high enough—that the plan doesn't do anything financially for relief recipients in big-city areas who are already getting as much as or more than the "floor" Nixon is urging. Given the power and persistence of the spending lobbies in many localities, it is probable that a drive will be launched in the larger states to add the federal guarantee money to high-level state benefits, rather than substituting the federal funds for them.

This would create a fat schedule of benefits running strongly counter to the work incentive idea. Recipients who can get all or most of the existing payments in certain big-city states, *plus* some portion of the federal money, would have less reason to seek employment, not more. Such an arrangement would, of course, also maintain the discrepancy between state payment levels which the program is supposed to eliminate. As explained by Nixon spokesmen in recent press briefings, there would be nothing to prevent this from occurring. The official prospectus simply says "no state . . . is required to spend more than 90%" of its existing outlay in the covered categories.

Add to these considerations the fact that "family assistance" does not affect the existence of countless other welfare provisions apart from aid to dependent children, the aged, the blind and the disabled. The Nixon guarantee, rather than becoming a complete welfare substitute as envisioned by Prof. Milton Friedman, would be laid on top of a system containing countless subsidies and restrictions which serve to discourage employment. The documented effects of the minimum wage is pushing marginal workers out of jobs, and the obvious counterincentive of high unemployment payments, suggest the nature of this difficulty.

Granted that the stepladder provisions for aid to the working poor would eliminate at least one positive incentive to idleness, the absence of negative incentives against idleness would be even more noticeable than it is today. This potential problem is accentuated by the fact that. under the Nixon program, there will be only perfunctory efforts to guard against fraud. Eligibility will be determined by a simple declaration from the relief recipient, confirmed by occasional spot checks.

Finally, there is the question of the "work requirement" provision which would deny assistance to anyone who did not accept a job or training. Will Congress actually vote a tough requirement to this effect? And if it does, who is going to make the hard-nosed and possibly unjust decision that a given individual and his family be thrown out into the cold for refusing offered opportunities?

In short, the Nixon program would make it virtually certain that the number of people receiving relief payments in the relevant categories would be more than doubled. But whether it would subsequently succeed in moving these recipients into the active work force seems very uncertain indeed.

From the January 31, 1970, issue of Human Events:

FOOT-IN-THE-DOOR WELFARE PLAN

Just days before President Nixon was touting his No. 1 legislative priority—welfare reform—in his State of the Union message, a key Administration official revealed to a pro-welfare group in New York the truly revolutionary nature of the program. Moreover, this same official indicated it would not only be extremely costly to the taxpayer, but that its passage would probably be the first step toward an even greater outpouring of lavish welfare benefits—an outpouring that the Nixon Administration appears to actually welcome.

Though this official didn't exactly say so, the thrust of his remarks suggests the Nixon package is designed to clear the way for a complete federal takeover of welfare and the start of a guaranteed annual income for every person that falls below the upward spiraling "poverty line."

Speaking to a meeting of the Catholic Charities of the Archdiocese of New York, Robert E. Patricelli, deputy assistant secretary of health, education and welfare and the Administration's chief lobbyist for the measure, frankly acknowledged the mammoth size of the "reform" package.

"The total cost in *new* federal dollars of the proposal," he stated—and some think vastly understated—"is $4.4 billion per year, and the coverage under the Family Assistance portion of the program will be some 25 million people—up from the present 10 million recipients [emphasis ours]."

While the common conception is that the federal government will provide only $1,600 yearly to a family of four, Patricelli pointed out that to "that $1,600 base must also be added the expanded food stamp subsidies which the President has proposed and which the Administration has already moved to implement as much as possible by administrative action. Under that program, a family of four receiving $1,600 in Family Assistance benefits would also receive about $860 in food stamp subsidies for a total package of $2,460 in federal income maintenance payments" And all this, of course, is to be supplemented by state payments.

Yet, suggested Patricelli, this was just the beginning. "First and quite properly," he remarked, "our critics point out that the Family Assistance Plan is not universal in its coverage. It does not provide federal assistance to non-aged childless couples or single persons. But that omission in the plan traces not to any disagreement in principle with the need to cover such persons, but rather to the need to accommodate to what we hope will be short-term budgetary limitations.

"Within the $4.4 billion available, we chose to place our emphasis upon families with children, but there is no disagreement in principle that the system should be made universal when resources permit."

Second, said Patricelli, "critics point out that $1,600 for a family of four is far from adequate. That, too, is certainly the case and we have never suggested that the Family Assistance Plan provides a guaranteed *adequate* income. It does, however, when combined with food stamps, provide over two-thirds of the amount up to the poverty line. . . . Again, when and if the budgetary situation improves, we might look toward increases in the federal base payment."

Thus, even before the legislation is launched, Administration spokesmen are selling the program to welfare pressure groups—those that can effectively lobby Congress—by stressing that the Nixon welfare package is just a foot-in- the-door proposal.

Contrary to initial impressions conveyed by the Nixon Administration, furthermore, the new welfare program is a giant leap away from the President's concept of a "New Federalism" that would return powers to the states. Patricelli himself thinks the welfare system "should ultimately be fully administered by the federal government and financed wholly or in major part by that level of government." Financial "incentives" in the Nixon proposal, in fact, would help "persuade" the state governments to turn over their own welfare programs to the federal Social Security Administration.

"This would be," said Patricelli, "to my knowledge, an unprecedented arrangement in federal-state relations—an upstream delegation by the states to the federal government for the administration of a wholly state-financed program."

Nor does this exhaust the astonishing aspects of this proposal. A central feature of the President's initiative that had a certain appeal to the public was the "workfare" formula requiring all able-bodied welfare recipients (excepting mothers of pre-school children) to accept either training or suitable jobs so they could work themselves off welfare.

Yet this ingredient is far less revolutionary than originally believed, for a similar "workfare" formula is continued in the current welfare program, the Aid to Families with Dependent Children (AFDC).

Under 1967 amendments to the Social Security Act, mothers in the AFDC program were to seek work training. The legislation provides that an attempt be made to find jobs for those who are employable and that those in need of training be trained and given $30 a month as incentive payment. Those who refuse to accept work or undertake training are to lose their welfare benefits. The legislation also provides 80 per cent federal matching funds for the cost of the work training program and day-care centers for pre-school children of mothers in training or on jobs.

Despite these supposed "workfare" provisions, however, the number of persons on AFDC has increased substantially and the federal contribution has soared more than $500 million. Patricelli himself told *Human Events* that these provisions "hadn't worked as well as anybody wanted them to work. . . ."

The Administration proposal, nevertheless, is deliberately designed to weaken the existing workfare formula. Many people, says Patricelli, have criticized the inclusion in the Nixon welfare plan of the "work requirement which they feel is regressive and punitive." In fact, says Patricelli, "President Nixon's work requirement does represent a significant liberalization of the similar requirement found in the present law, for it does exempt women with children under six from its operation, and it does require that jobs provided be 'suitable', under guidelines to be established by the secretary of labor."

As Patricelli suggests, then, the Nixon "workfare" proposal, under the guidance of a secretary of labor and a juggling of the word "suitable," will actually make it less compelling for a welfare recipient to take a job and more easy for him to take welfare than the current law provides—even though the current law has also failed to prevent the mushrooming of welfare rolls.

In short, President Nixon appears intent on fastening upon the nation and his party one of the costliest welfare programs ever devised. Thus, *Human Events* readers are advised to write their congressmen and tell them they are opposed to this "welfare reform" package. Do the Republicans, it should be asked, wish to be known as the "welfare" party, the party that added 15 million people to the relief rolls?

From the March 24, 1970, issue of National Review:

DEEPER AND DEEPER STILL

President Nixon's "Family Assistance Plan" has something for almost everyone: more

money for those on welfare, larger welfare rolls and higher taxes for the nation, and trouble for the Republican Party. Little wonder that the liberals of the House Democratic Study Group have lined up behind the bill; little wonder that Democrat Wilbur Mills has suddenly decided that it is a fine thing, eminently deserving of his services as floor manager now that it has been approved by his Ways and Means Committee.

Time was when the Nixon welfare plan had, or seemed to have, something for conservatives as well. When the plan was unveiled last August, conservatives welcomed it—because it was Richard Nixon's and because it seemed to be a giant step toward dismantling the existing Charles Addams welfare edifice and replacing it with something sane, realistic and workable. But it soon became apparent that after all, all that was contemplated was the adding of yet another wing—and that (in liberal Hugh Scott's phrase) the conservatives were getting the rhetoric while the liberals got the action.

Conservatives were soon reminded of one of their own first principles: That government programs tend inevitably to grow in size and cost. On August 8, Nixon stated clearly that "for dependent families there will be an orderly substitution of food stamps by the new direct monetary payments." By August 19, a member of the Presidential staff with a vested interest in the continuation of the food stamp program was saying "both [food stamps *and* income supplements] are essential and will continue together for some time." Came the autumn, and food stamps were officially back in; came the 1971 budget, and the Administration was asking that the appropriation for them be doubled. Similarly, Nixon began by calling for a minimum $65 monthly payment to the blind, aged and disabled. When the bill embodying his welfare plan was drawn up, the minimum was found to have jumped to $90. By the time the bill cleared Ways and Means, the figure was $110.

Indeed, when stripped of rhetoric about "workfare" and "family assistance," the Nixon welfare plan emerges as an extension of the present non-system. Where ten million people now receive $5 billion annually in federal welfare payments, 25 million will receive at least $10 billion. And no one, liberal or conservative, will seriously contend that those antes will not be upped considerably in years to come. "Work incentives"? When the aged, the disabled and mothers of preschool children are subtracted from the ten million now on relief, about 500,000 able-bodied unemployed are left; work incentive and training programs aimed at those 500,000 have so far resulted in a mere handful working themselves off the relief rolls. Helping the "working poor" (fifteen million of whom will receive government checks if the Nixon plan becomes law)? But many poor people who have hitherto managed to support themselves will decide, once the checks start coming in, to let the government carry the whole load. Most important, the principle will have been established once and for all that welfare is a way of life, a permanent condition, rather than a temporary leg-up.

And so Democrats will support the welfare bill—liberal Democrats, because it continues, on an enlarged basis, the system they love so well; all Democrats, because Nixon's welfare plan can only damage his standing with the job-holding, taxpaying majority that elected him. So far, most Republicans are lining up obediently, because the bill is a Republican President's. National Review regretfully joins others in the conservative mainstream in urging the defeat of this welfare scheme—on grounds that its passage will be a victory that neither the President nor the nation can afford.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. SCHERLE).

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

Mr. SCHERLE. Mr. Chairman, I favored an open rule on H.R. 16311 because I believe there are simply too many unanswered questions surrounding the Family Assistance Act of 1970.

My primary concern about the legislation is its workability. President Nixon last February told the National Governors Conference here in Washington that the family assistance program, and I quote here "has never been tried, not tried on a national basis. I cannot guarantee that the new family assistance program will work," he told the Governors.

As a matter of fact, a check by my office with the Department of Labor has revealed that there will be no pilot program on the family assistance program until August of this year when the entire State of Vermont will be used as a FAP guinea pig. In other words, Mr. Chairman, the passage of this sweeping welfare reform message was asked of Congress 1 year before a pilot study of the program was instituted to see if it would work. Thus, in effect, we are asked to hop aboard a plane which has never been flight-tested.

There has been a work incentive pilot program conducted in New Jersey to study the effect of Federal supplements on the so-called working poor. But this study did not address itself to the key question; that is, how many of those people receiving Federal payments in the New Jersey project ultimately worked themselves entirely off the welfare roll. I asked OEO, "Who paid for the study?" and was told that the data had not been computed and anyway it was "irrelevant."

Another note on work incentives. The White House recently sent out a booklet entitled "The Family Assistance Plan: Questions and Answers." In this publication, it was stated that FAP remedies the present WIN—work incentive—program in six ways. It then went on to enumerate the ways. I am a bit puzzled as to how anyone at this point knows what improvements to make on the present WIN program since an official government evaluation of the 1967 work incentive program is not due until July 1 of this year. Thus it seems that any program built upon a new, improved WIN program is on very shaky ground since we do not yet fully understand the inadequacies of the program which is being improved.

Two other areas which I believe require much more debate are the cost and the coverage of this program.

While we have been most solemnly assured that the "startup" costs of this program will be $4.4 billion, the record is replete with Government programs whose costs have skyrocketed out of sight. A few examples:

Medicare. A headline in the April 3, 1970, Wall Street Journal tells us: "Hospitals To Get Higher Payments Under Medicare." The story says that under heavy pressure from hospitals, the Social Security Administration has decided to liberalize its payments to hospitals and nursing homes to the tune of an extra $60 million for fiscal 1970.

If you will recall, in 1965 it was estimated that medicare's hospital insurance for the elderly would cost $3.1 billion in 1970. Latest estimates now that 1970 is here stand at about $5.8 billion. In 1946, old-age and survivors pensions under social security were forecast at $5 billion for 1970. Actual costs will be about $27 billion.

The Federal highway system. A Library of Congress study has shown that the first estimates of this program were reported in 1948 to be $11.3 billion. In 1956, when the means of financing the system were changed, the total cost was $37.6 billion. In 1968, the estimated total cost of the system was put at $56.5 billion. At the present time revised estimates for the total cost are being prepared once again.

The way welfare costs tend to grow has been written about most interestingly by Harvard professor of government, Edward C. Banfield, in a recent article in the publication the Public Interest. Professor Banfield noted:

> Those who decide about the funding of a welfare system naturally base their decisions on estimates of the number of persons who will be eligible and will apply for benefits under its terms. Characteristically they underestimate these numbers seriously. They fail to realize that the substantial increase of benefits may induce many people to take steps—often simple ones that do not constitute "chiseling" by any stretch of the imagination—to reduce their incomes enough to make themselves eligible. They tend to assume that the percentage of eligibles actually applying will be no greater in the future than in the past. As a result of these errors, the demand for welfare frequently exceeds the amount of funds available and a "crisis" exists. Obviously the "crisis" could eventually be met by increasing appropriations if benefit levels were not allowed to rise further. In practice, however, they are allowed to rise, perhaps at an even faster rate than appropriations, and so the "crisis" grows.

One need not belabor the point here. We are all familiar with the propensity of Government programs to grow.

Now, how many people will be added to the welfare rolls by FAP? Again there are doubts.

U.S. News & World Report, in an article on the family assistance program, quotes the White House estimate at 12.4 million—in addition to the 10.1 million now on the rolls—but says "other Government agencies have sharply different sets of figures."

Indeed, in a speech to a Catholic charity group in New York City, one of the brain trust behind the family assistance program indicated that the plan should be expanded as soon as the budget would allow.

Responding to criticism that FAP was not universal enough in its coverage, Assistant Secretary of Health, Education, and Welfare Robert Patricelli said, and I quote:

> Omission in the plan traces not to any disagreement in principle with the need to cover such persons (non-aged childless couples and single persons), but rather to the need to accommodate what we hope will be short-term budgetary limitations. . . . [T]here is no disagreement that the system should be made universal when resources permit.

Mr. Patricelli, in that same speech, also stated that when and if the budgetary situation improves, quote:

We might look toward increases in the Federal base payment.

How much more universality is planned when the budgetary condition improves? How much will the base payment be increased? At this point, we do not know. But it should be investigated.

Another vital question on which we must have an unequivocal answer is: Does the family assistance program constitute a guaranteed annual income? Again, to quote from the White House pamphlet, we are told that it does not. But there are disturbing indications that it is at least a large step in that direction.

In a speech to the National Jewish Welfare Board, the spiritual mentor behind FAP, Dr. Daniel P. Moynihan, described the family assistance program, and I quote:

Simply put, it is a proposal to place a floor under the income of every American family. Whether the family is working or not. United or not. Deserving or not.

The press has also described the program as a guaranteed annual income.

Knight newspaper reporter James K. Batten, in a story about FAP in the Buffalo Evening News, wrote:

We seem to be on the brink of a guaranteed income for all families.

How could it happen under a Republican President? Batten explained:

The main reason seems to be this: A President like Richard Nixon, whose conservative credentials are in good order, is able to bring off a radical reform more easily than a liberal President like Mr. Johnson. Conservative critics would have shrieked that Mr. Johnson, always a suspect liberal, had finally gone off the deep end with a wild, left-wing scheme guaranteeing handouts to everybody. But nobody can accuse Mr. Nixon of being a wild-eyed radical.

Syndicated columnist Roscoe Drummond, writing in the Christian Science Monitor, called FAP, quote, "a significant stride toward a guaranteed annual income."

The Chicago Tribune, which originally spoke favorabley of the family assistance program, editorialized on March 30, quote:

The "work incentive" element of President Nixon's welfare reform proposal was introduced as a sugar coating for the guaranteed annual income pill.

Another aspect of FAP which I think should be more fully discussed, Mr. Chairman, is how eligibility will be determined. As I understand it, spot checks will be conducted of recipients on a random basis much like the IRS checks taxpayers. I do not believe this is sufficient. Examples of high rates of welfare ineligibility abound:

A recent statewide audit of the California AFDC rolls revealed an ineligibility rate of some 15 percent, representing a loss of $59 million a year.

A 1969 GAO check of AFDC rolls in New York City showed 10.7 percent of the families ineligible and 34.1 percent receiving overpayments. The combination of these two amounted to about a $74 million loss yearly just in the city.

Mr. Chairman, there is currently a controversial little ditty making the rounds entitled "Welfare Cadillac." One of the verses goes something like this:

But things are still gonna get better, at least that's what I understand.
They tell me this new President has put in a whole new poverty plan.

Well, I for one, do not share the optimism of the songwriter that this whole new poverty plan is going to make things better. And it is for this reason that I again urge that the family assistance program be debated more fully and brought to the floor of the House of Representatives under an open rule.

WORKFARE OR WELFARE?

Practically no one has a kind word to say about the current welfare system. It is costly and complicated to administer demeaning to its recipients, and often ineffectual to help them.

President Nixon's decision to attempt a complete overhaul of the system was therefore greeted with approval in most quarters. Many people evinced considerable enthusiasm for the basic aims of the proposed reforms. The administration hopes: First, to eliminate much of the bureaucratic redtape connected with a multitude of separate assistance programs, replacing them with a single income payment, and second, to provide at the same time an incentive for the heads of welfare families to work. These are undeniably admirable goals. But the mechanics of their implementation raise some serious questions about their effectiveness.

The core of the administration's plan is the replacement of the aid to families of dependent children—AFDC—program by a single annual grant to each family: $500 for each adult and $300 for every child, or $1,600 for a family of four. With a total of 6.6 million recipients receiving $3.5 billion, the present AFDC program accounts for fully two-thirds of the national welfare case load. It is also the fastest growing of all welfare programs.

The rest of the President's proposals are intended to insure the effectiveness of the first. Day-care centers for children and training programs for adults are designed to make it possible for welfare mothers to work. All able-bodied welfare recipients, except the mothers of preschool children, will be required to accept suitable employment, if available, as a condition for receiving financial aid. A cash bonus of $30 a month for enrolling in training programs furnishes an added incentive.

On the surface this sounds like a package with something for everybody: A guaranted minimum income to please the liberals, and a simplified administration plus a work incentive plan to placate the conservatives. Upon closer examination, however, it appears that there are many pitfalls in the new arrangement.

The House Ways and Means Committee approved the bill and sent it to the House floor as a complete package; that is, not subject to amendment. Several changes were made in the bill in committee, but they do not substantially alter the proposals. They do tend, however, to increase the Federal share of the financial burden.

The main thrust of the reform program remains centered around a guaranteed minimum income or benefit floor of $1,600 for a family of four, supplemented by Federal food stamps and State grants. Marginal earnings would not disqualify the members of the family for relief. They would remain eligible for welfare payments on a gradually decreasing scale until their income exceeded the poverty line—$3,500 annually for a family of four. Thus the head of a welfare family would have an incentive to work even while on welfare..

This plan contains a number of hidden drawbacks. First, it would greatly expand the welfare rolls, from approximately 11 to about 22 million. This would amount to 11 percent of the country's total population. Included under the new plan for the first time are working poor; that is, all those families whose income is less than $3,500 a year.

Then, too, the guaranteed minimum income is not intended to exclude other forms of assistance, but only to provide a floor for them. The Federal food stamp program will be continued. A family of four, for example, would receive an additional $750 worth of stamps, bringing their income up to about $2,350 a year. The States are also encouraged by means of a revenue-sharing program to supplement the minimum payment.

The administration estimates that the cost of its reform will be $4.4 billion in the first year. One economist believes it could rise as high as $10 billion. Many Members of Congress fear that it will exceed the official estimate by at least $1 billion, if not more.

There is considerable concern in some quarters that the centralization of the welfare function under the Social Security Administration could result in more complicated bureaucracy, not less, despite the proposed simplification of investigatory procedures. All that will be required of a welfare applicant under the new system is an income statement. Followup investigations will be conducted as spot checks only. In itself, this provision could cost the taxpayer considerably in unauthorized welfare payments.

The work incentive portion of the plan raises questions, too. It has not been demonstrated to most people's satisfaction that the incentives are sufficiently strong to induce those who would not otherwise work to seek employment. Presumably the heads of working poor families are already earning as much as they can. Under the Nixon plan, a wage earner is allowed to keep a portion of every dollar he earns over $750 until his income passes the poverty line.

Further, since most of the people now on welfare are either young children, their mothers, or the old or disabled, the work requirement would actually apply to a mere fraction of the welfare rolls, some 500,000 recipients. It these applicants refuse to accept suitable employment, they would forfeit their portion of the allotment only. That is their dependents would still be entitled to their payment. Thus the hypothetical family of four could receive $1,100 plus their food stamps even if the father refused to work.

The definition of suitable employment, moreover, is anyone's guess. It is not clear whether the administration means "employment for which the applicant is qualified," or whether more subjective leeway is to be allowed in the definition and the applicant is to decide for himself what constitutes a suitable job.

In view of the problems and ambiguities inherent in the present proposals, it is doubtful whether such reforms would really improve the welfare mess. It is much more likely that they would only add to the confusion. I am therefore writing to Secretary of Health, Education, and Welfare, Robert H. Finch, to ask him to clarify the administration's position. Unless he can give some assurance that these problems will be solved, I cannot support this bill.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. OBEY).

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

Mr. OBEY. Mr. Chairman, I associate myself with the remarks of the gentleman from Arkansas, the distinguished chairman of the committee on yesterday. It seems to me that was one of the most enlightening descriptions of this proposal which I have seen anywhere.

Mr. Chairman, the present welfare system is in drastic need of overhaul, and the legislation proposed by the President and reported by the Ways and Means Committee would be an improvement over present law.

Nonetheless, I have some misgivings about what we are being asked to erect in its place. For one thing, it will cost considerably more than the President has estimated, in my judgment.

For another, the family assistance plan looks more like a cash-food-work program than a work-food-cash program, and for that reason none of us should be overly optimistic about it.

This proposal has been touted in some quarters as a workfare plan, but that is a misnomer. It is actually a guaranteed cash income plan, and I am concerned about its adequacy as a means of identifying and providing jobs.

The family assistance plan requires a head of household to take a job or enlist in a job-training program, provided a suitable one is available. This is a work incentive notion, and the Office of Economic Opportunity claims it has evidence that work incentives do what theory contends they will.

If the President really believes this evidence confirms his approach as the right one, then I will support him in it.

I believe we may need a greater emphasis on job training and job opportunities. There are several manpower development proposals in the House—among them, a bill I am cosponsoring with the gentleman from Michigan (Mr. O'HARA).

Our welfare system is in great need of overhaul, and I will certainly not stand in the way of efforts to improve it. For that reason I will support the President's proposal. It is an improvement over present law, and I congratulate the President and the members of the Ways and Means Committee for taking the first step toward welfare reform.

But after it passes, I would hope that the President will back legislation to beef up this country's manpower development program. I regard welfare reform as a two-step process.

The first is a better and soundly administered welfare system, and the second is a strong and much improved manpower training program. We need both if we are to effectively reduce our welfare rolls.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Mississippi, the chairman of the Rules Committee (Mr. COLMER).

Mr. COLMER. Mr. Chairman, I thank the gentleman from Arkansas for yielding me this time, which I chose rather than to use time I could have had under the rule. I am grateful, I repeat, to the gracious gentlemen of the Ways and Means Committee for yielding me this time.

Mr. Chairman, I wish I had the capability, I wish I had whatever it requires—I should say maybe the ability of the able gentleman from Arkansas, for whom I have the greatest admiration—to express my feelings about this proposal we have here today.

Unquestionably it is the most controversial, it is the most important, it is the most complex and disturbing piece of legislation that I have had occasion to consider possibly in my whole career here as a Member of this body.

I am very much disturbed about this bill. I am very much disturbed about the threat that it poses to our system of government, to our way of life.

I am more disturbed about this when I realize that my able friend from Arkansas is one of the chief proponents of this bill, as well as my friend the President of the United States, for whom I also have a very high regard and much respect. When these two gentlemen advocate this type of legislation it does not necessarily mean that I am casting any reflections or aspersions on either of them, and certainly that is not the purpose of my remarks.

But here we have one of the greatest innovations that has ever been proposed in the domestic affairs of this Government of ours. What we do here is to propose that we are going to guarantee—and nobody can deny that—to every working man, a man who is willing to work, a guaranteed income, under conditions of family life such as the figures that are used of a family of man and wife and two children, which the able chairman and most of the Members of the committee have placed at $1,600 a year.

One member of the distinguished Ways and Means Committee says that that is an error. He says that it is $2,600. I do not know who is right, but the principle is there regardless of the amount.

Now, as disturbed as I am about the threat that this philosophy of legislation poses to our country, I recognize, and other Members have to recognize, that this is just the beginning. We have seen these programs enacted here by the Congress with popular political appeal time after time on a modest level, and yet we have never seen one of them repealed, nor have we ever seen one maintained at that level. They are always accelerated. The demands are ever greater and greater, and the Congress succumbs to them.

Now, this utopian proposal is made at a time when the administration is talking about a surplus in the budget. It must be obvious to all who observe the additional costs of this and other programs, old and new, that we will not have a surplus nor a balanced budget but, on the contrary, we will again put the Government's budget in the red. Again. Mr. Chairman, one member of the Ways and Means Committee, who voted against the bill in committee, estimates that 43 percent of the budget now is for welfare as against 34 percent for national defense, even with the Vietnam war going on. All of this adds up to more and more inflation when the greatest problem confronting our people is inflation. No one can successfully contend that to the contrary.

I say that this thing, like all of the others that have been established, will grow, just as the fictional Topsy grew on schedule.

Now, what is the cost of it? Well, that has been discussed here today as it was yesterday. Frankly, I do not know what the cost is. I might add that frankly I do not believe anybody else knows what the cost is going to be, not even the proponents of the bill, because everyone who has discussed this matter in my presence, either on the Committee on Rules or on the floor of this House, has said that it was difficult to estimate and an estimate was the only way you could arrive at a figure. The best and the lowest estimate that has been made is $4.5 billion additional cost—and if I am not correct about this, I would like to be corrected—over the present program for the fiscal year that this goes into effect. This will be a minimum of $4.5 billion. There are estimates of up to $10 billion over the present cost of this program. Again I want to emphasize that this is but the beginning.

Mr. Chairman, this is a political body. Thank God it comes up for reelection every 2 years. I am talking about the House. I have never subscribed to the theory that the House of Representatives should have more than 2 years, because I think, as the Founding Fathers thought, that the people should have an opportunity every 2 years, if I may use an expression of my own, to turn the rascals out.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I yield to my good friend from Iowa.

Mr. GROSS. First, I want to commend the gentleman from Mississippi for his splendid remarks. The gentleman never ceases to warn the House of the financial peril that is facing this country. Yesterday the chairman of the Committee on Ways and Means, Mr. MILLS, was asked the question, "Where are you going to get the money to pay for these additional billions of costs of this legislation? Do you propose to raise taxes?" The gentleman from Arkansas (Mr. MILLS), said

that he did not propose to sponsor a bill increasing taxes. Now, where is the money to come from to finance this vastly expanded program, and when is it expected we return to some financial sanity in this Government, either by stopping the expansion of programs or abandoning some of the programs already in existence? It cannot be both ways.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COLMER. I thank my friend, the able chairman, for this additional time.

Let me say to my friend from Iowa and to any and all others who might be interested that there is an old trite saying that we still are operating under a system where the people have to support the Government and the Government cannot support the people.

Mr. Chairman, there is only one way for the Government to get money with which to pay for these appealing programs and that is through taxes.

Now, we are confronted here with a national debt greater than all the rest of the free world put together. We will be faced before the final gavel is sounded here in this Congress with a request to increase that national debt limitation. We have scheduled a repeal of the surtax. The gentleman from Iowa and most of the others who give thought to this subject know that if we continue with these programs, even with this program, that we are not only going to have a surplus as the administration hopes, but we are going to be in the red again and we are going to have to retain all of the present taxes and probably add more.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. COLMER. I would be happy to yield to my friend, but my time is rather limited. Would the gentleman make his question brief?

Mr. COLLIER. I shall do so.

What will the present program cost 10 years from now? Does anyone know? I do not know.

Mr. COLMER. I am not an expert in this field. I would prefer that the gentleman ask someone on the Ways and Means Committee that question.

Now, Mr. Chairman, the whole thrust and the objective of this bill is placed in the pious hope that this bill is going to put people to work and take them off welfare. Well, that is a nice thought and I think everyone of us would subscribe to that 100 percent. But I challenge that that will be done under this bill.

I do not have time to go into that, but there are entirely too many loopholes in this thing as to how you are going to make it work and get off welfare. Are you going to train a man for a job that does not exist, for instance?

Are you going to train a man for a job that is in another area? Is the Government going to take these people and remove them from Colorado to New York or some other State? It just simply is not going to work. The best that you can say for it is that there is a great gray area in there where it is impractical for it to work.

Now, let me say that with deference to all and disrespect for none.

I tried my best in my limited way and capacity as chairman of the Rules Committee, No. 1, to see that hearings were continued there for a reasonable time so that the people, the Congress particularly, would have an opportunity to know what was in this bill other than the present and appealing slogan of taking people off the dole and putting them on the payroll.

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. MILLS. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. COLMER. I thank the distinguished chairman of the Committee on Ways and Means and I appreciate the very gracious action of the chairman.

Mr. Chairman, I confess that I have used my best efforts to see that our committee had unusually extensive and thorough hearings on this bill which I regard as containing many inequities and impracticalities. I feel that we have succeeded at least to a degree. I think the public, and particularly this House, have benefited from those hearings. At the risk of seemingly being guilty of self-serving statements, I would like to add that I used my best efforts to bring this bill out under a modified closed rule, realizing that an open rule under present circumstances was unobtainable. I wanted to see a rule that would make it in order for the House to pass its will and use its discretion as to whether this guaranteed income phase of the bill should remain therein or be stricken out. Unfortunately, under the precedents of this House in the matter of closed versus open rules, plus the activities of the leadership on both sides of the aisle, as well as the able chairman of the Ways and Means Committee, and his opposite member, the ranking minority member, my efforts proved fruitless.

I have always maintained since I have had the privilege of being a member of the Rules Committee that the Members of this body are as capable of legislating as the Members on the north wing of this Capitol who legislate in a free atmosphere and without gag rules. Unfortunately, the efforts of those who share my views in this parliamentary procedure were unable to overcome this combined opposition to which I have just referred and, as this bill is being considered under a closed rule which not only denies an amendment that would strike this provision but denies any and all other amendments that any of the elected Members of this House might desire to offer other than amendments from the Ways and Means Committee. I think it is important here to note that the vote on the adoption of the rule, in spite of the fact that no organized effort was made against it, was very close—204 for and 183 against. Certainly this is indicative of the feeling of the membership of this House on this type of a gag rule. Again, are we in the House admitting that we are not as capable of legislating as the Members of the other House, the Senate? In fact, are we not implying that we are second-class legislators?

I used my best efforts to try to bring you out a rule here that would make in order the consideration of a bill that would give you all of the benefits that are in this bill, but would strike out this impractical provision that you have here which is the beginning, if not the end, of a guaranteed income for all of our citizens.

But who am I, when arraigned against the powers that be, the leadership on both sides, not to mention the persuasiveness of the able gentleman from Arkansas and the able gentleman from Wisconsin, so we failed.

And it is interesting to note that a majority of the Committee on Rules voted against this rule yesterday on the floor. I impugn the motives of no one: And I say, looking back, had I known that the House was as cognizant of what was involved in this bill yesterday, as I think I know now, we might have defeated this rule.

So what are we left here with? Under this closed rule whereby we indicate that we are second-class legislators, that we are not capable of legislating, we are second-class to the other body which can legislate in a free atmosphere. We are left now with two options, the option that the minority has over here to recommit and the option to defeat the bill on final passage.

Mr. DINGELL. The time of the gentleman has again expired.

Mr. MILLS. Mr. Chairman, I yield 2 additional minutes to the gentleman from Mississippi.

Mr. COLMER. Mr. Chairman, again I thank the gentleman.

So we are left with these options.

Now, I understand that a motion will be made by the minority—and the powers that be of course on the minority side will see that the most advantageous motion to recommit from their viewpoint will be made. I am assuming, rather than running the risk of permitting somebody over here on this side of the aisle to offer a motion to recommit with instructions, that they will exercise their prerogative which, under the Rules of the House, the minority justly has.

So you will have an opportunity, then, to recommit the bill which frankly, I think, would be better than just voting it down. Let it go back to this distinguished Committee on Ways and Means and have them give further consideration to it and come up with something that would be more palatable to get us out of the admitted mess that we are in in this welfare program.

Now, Mr. Chairman, I cannot impose upon the few faithful here, and upon my gracious friend. But just let me wind up where I started.

I am worried—I am concerned about the future of this Republic and the future of the enterprise system that we enjoy, the liberties that we enjoy, and their perpetuation for future generations.

I wonder how many of you recall the letter that Lord McCauley wrote to his friend Henry S. Randall some 113 years ago in which he said that he had studied our American system of government and he was sorry to say that it could not prevail; that it was all sail and no anchor;

that the day would come—and this is in substance what he said and not a verbatim quote—that the day would come when the demands of the people upon their elected Representatives would be so great that they could not be met and the whole American dream would collapse.

Mr. Chairman, I think this bill should be recommitted.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana (Mr. DENNIS).

Mr. DENNIS. Mr. Chairman, I am under no illusion that anything I say here today is likely to sway the course or to affect the result of this debate; nor do I claim any expertise in the welfare field; but this is a landmark piece of legislation, I have to vote upon it, and I feel impelled to say a few words which express my feelings and my doubts and reservations on this matter, and which set forth my point of view.

This is a bill for welfare reform which commences by more than doubling the number of persons on the welfare rolls; certainly a somewhat anomalous situation. The argument is that, in the end, the number on these rolls will be decreased, by reason of the incentives built into the measure, which are designed to encourage recipients to become employed and to support themselves.

Whether this will in fact prove to be the case has to remain, in the nature of things, within the realm of speculation; while the immediate increase in number of recipients, in dollar costs, and in the necessity of taxation to meet these costs, is a palpable and present fact.

At this point two queries at least cross my mind: Why do we not make further efforts than we yet have at the use of incentives for self-removal from welfare programs in respect to those already on the welfare rolls, before we add millions to their number? And why do we not undertake and, for some reasonable and significant number of years, observe, evaluate, and, where we can, improve, a true pilot program in one or two localities, before we undertake this sweeping and costly experiment on a national basis?

All are agreed, I think, that the heart of the matter, the justification for this legislation, is the so-called workfare provisions of the bill. It is these provisions which are designed to encourage and to bring about voluntary self-removal from the welfare rolls; and it is one the effectiveness of these provisions, in practice, that the claimed virtues of this legislation must depend.

These workfare provisions, in turn, have two aspects. One is the work requirement; the other is the work incentive. A basic query here is, how efficient and how effective are this work requirement and this work incentive likely to be?

The work requirement is, basically, that, in order to qualify for the family assistance payment, a man must register and must accept, if it is available, suitable employment in which he is able to engage. If he refuses, without good cause, to accept such employment his assistance payment is forfeited—and, under the bill as drawn, this amounts to a loss of $300 per year. Aside from the fact that the penalty hardly seems to be a very large one, I think that I can foresee all kinds of trouble with the word "suitable"—particularly when it is further statutorily defined, in part, as it is, by reference to a man's past training and experience. I raise the question why the word "suitable"—at least as presently defined—should be retained in this legislation, if there is truly a desire to provide a strong work requirement. I do not believe that it is too much to require—or that it is hardhearted or reactionary to require—that, if an able-bodied man is to be subsidized by the American taxpayer, he should be required, as a condition precedent to receiving that subsidization, to accept any employment in which he is physically able to engage—and, if the word "suitable" is to be retained, that it should be defined as meaning and including any type of employment in which the recipient is, physically, reasonably able to engage. To do less, it seems to me, emasculates this work requirement provision.

The work incentive provision in this bill is, basically, that a welfare recipient shall be able to keep for himself half of what he earns; that is, that his welfare benefits shall be reduced by only 50 cents for each $1 he earns for himself. However, as was brought out in my colloquy with the gentleman from Wisconsin (Mr. BYRNES) yesterday, when all factors are considered, such as the effect on food stamp eligibility of the provisions of this legislation and other factors, the actual percentage of earnings which a recipient is able to keep without a decrease of his benefits is, in many cases, not 50 percent but more like 40 or 30 percent or below; or, putting it in more technical language, the so-called marginal tax rate goes up to 60 and 70 percent, or more. Thus the incentive which we hear about is, in fact in this legislation, substantially watered down and decreased.

When one considers, in addition, that many of those on welfare are minor children, the aged, and the ill, and that many others are the mothers of preschool children to whom the work-fare provisions and requirements do not apply, one cannot but wonder how effective these incentive-to-work provisions can prove to be in practice.

Again I say that we start out by more than doubling the welfare rolls, while the efficacy of the provisions relied on to, in time, offset this fact are certainly subject to debate and doubt.

The social implications of public subsidy to the working poor—including statutorily defined "poverty" and widespread use of public day-care centers for the rearing of children, and other factors—which I have not attempted to discuss—are also clearly open to very serious question.

It has been said that our present welfare system is a mess. It has also been said that, up to date, no satisfactory alternative for the plan proposed in H.R. 16311 has been suggested.

All this may be so, but these are scarcely arguments for the adoption, at this time, of this particular measure regardless of its own merits or its lack thereof. The real question before us is whether this bill will do the job.

We may well, indeed, need to pause, to wait, to study the problem, and to seek further.

What we do know is that, with the adoption of this bill, we place millions more of our fellow Americans on the public dole; and, say what you will, we guarantee these Americans a stipend from the Public Treasury. What we emphatically do not know is how, or whether, we will ever get them off the dole again; or how, or to what extent, this bill will operate to do so.

I fear we may well wind up with a bad situation merely magnified.

I believe that we may well be dashing off too hastily down a road which leads we know not where; and along which it may prove difficult or impossible ever to return, should the need arise.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR. Mr. Chairman, we all recognize the need for reform in welfare legislation. The work-training provisions of the bill are proper and have my support. But why not apply these work-training regulations to the 10 million people already on welfare rolls and see how successful we are in removing them from welfare rolls to payrolls as the first step. If the work-training programs operate successfully with these people, we could then consider bringing additional millions under a welfare program which is working effectively. The welfare structure needs housecleaning and tightening, but not expanding.

My objection to this bill is that it clearly puts cash payments from the Government first. It consigns some 15 million additional American citizens to welfare handouts. It would increase the cost of welfare for the first year by about $4.5 billion and probably cost $14 or $15 billion per year in a few years.

When we pass this law, we are going down the road of no return by guaranteeing a minimum income to people who are employed and people who are not employed. With each session of Congress, the demands will be for more and more. The tendency of welfare rolls is to go up—never down. When we adopt this bill, we will more than double the number receiving welfare checks from the Government. This will probably prove to be the most inflationary legislation considered since I became a Member of Congress.

Government spending is a question of priorities. Today, the Nixon administration is reducing the money to operate veterans hospitals, providing fewer Hill-Burton funds for badly needed local and regional hospitals, has recommended no money for the agricultural conservation program, has not provided enough funds to open the national forest campgrounds this spring as in the past, has approved less money than Congress recommended for education; yet it recommends this costly guaranteed income program which, in my opinion, should have a lower priority for Federal spending than any of the items mentioned above.

At present, welfare recipients receive guidance from a trained counselor. Many people need this guidance as much as they need money, but under this proposal in many cases the guidance would be gone and checks would just be mailed out from Washington.

This bill would encourage large families to be supported at public expense at a time when we need to work toward population control and family planning.

I favor working toward guaranteed employment, rather than a guaranteed income. The best way to end poverty is to go all out in providing all workers with needed skills and provide enough good jobs to go around. I cannot help but believe that welfare payments in many cases stifle the initiative and the pride of the recipients and perpetuate their poverty by destroying their get-up-and-go and their ambition.

We all favor providing adequately for the disabled and for those who are unable to provide for themselves, but for able-bodied people, I favor a route which encourages training and employment.

We are telling a workingman who is now supporting himself and his family with pride, that he is in poverty, that the Government is going to support his family and guarantee him a minimum family income. Such would destroy his self-respect and initiative. To obtain true economic independence, the initiative and the pride of the poor must not be stifled. Changing the name of a program does not change the fact that it is unwise to encourage our citizens to depend upon the Government for the support of their families.

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

Mr. MILLS. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. RYAN).

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

Mr. RYAN. Mr. Chairman, income maintenance is an idea whose time has come. Two years ago when I introduced in the Congress the first bill to provide for a guaranteed annual income, the idea was accepted in academic circles and by theorists, but it was dismissed by so-called pragmatists as politically impractical. Today the idea is respectable, and I think the administration deserves credit for making it respectable. Today it is endorsed by both political parties on the floor of this House through the action of the distinguished chairman of the Committee on Ways and Means (Mr. MILLS) and the distinguished ranking minority member of the committee (Mr. BYRNES) in reporting out H.R. 16311—the Family Assistance Act of 1970—which establishes a guaranteed annual income for at least a portion of the people in this country who desperately and deservedly need this income, and who are looking to us to responsibly meet that need.

I believe the Ways and Means Committee and all the members who supported this in the committee deserve credit for bringing it to the floor and making it possible for the Congress to face up to the failure of the present welfare system and to begin to lay the groundwork for an adequate guaranteed annual income.

Despite the efforts of the Ways and Means Committee, I believe there are a number of deficiencies in this bill to which I would like to address myself. I regret that, because of the parliamentary situation, there is not an opportunity to offer amendments to improve this bill. I testified on April 14 before the Rules Committee in favor of a rule which would make it possible to offer specific amendments to improve because it can be decidedly improved, although it is a step in the right direction, a first step, but one which it is essential this Congress take.

Let us recognize to begin with that a guaranteed annual income is not a privilege. It should be a right to which every American is entitled. No country as affluent as ours can allow any citizen or his family not to have an adequate diet, not to have adequate housing, not to have adequate health services and not to have adequate educational opportunity—in short, not to be able to have a life with dignity.

While there may be differences as to the mechanics of implementing an income maintenance system, there should be no dispute as to its need. There can be no dispute that poverty in the midst of this affluent country is insufferable and unconscionable.

Certainly, an improvement over both the administration bill and the bill reported out of the Ways and Means Committee would be the Income Maintenance Act which I first introduced in the 90th Congress, and which I reintroduced in revised form in the 91st Congress as H.R. 14773. It is this bill on which I testified before the Ways and Means Committee last November 13. Obviously, H.R. 14773 was not adopted by the Ways and Means Committee.

Accepting the concept of income maintenance, and establishing the mechanics for implementing that concept are two far different things. We do well to embrace the concept; but at the same time we are being presented with a plan for its implementation which is seriously flawed. It is these flaws which I want to address, so that they will be clearly perceived, and so that we will be clear as to what improvements must be made after this bill is passed.

Let us look at some of the areas where H.R. 16311 is deficient. Some of the deficiencies were in the original administration bill (H.R. 14173). Some are new.

First, I think it is essential that the benefit levels provided for in H.R. 16311 be raised. Under this bill, the basic allowance payable to a family of four with no other income is $1,600 annually. This amount is totally inadequate. Even given the fact that some States will provide supplementary benefits, there can be no acceptance of a $1,600 level for a family of four without accepting as well that this would be a failure to provide meaningful help to the poor. That this is, in fact, the case is demonstrated by the statistics showing that only in 8 States will families experience a rise in assistance levels.

While the benefit levels for the aged, blind, and disabled have been improved by H.R. 16311, the levels for families remain the same as in the administration bill. And the figures prepared by the Department of Health, Education, and Welfare show how few families are adequately aided under these benefit levels.[1] Only 301,000 families will rise above the poverty line; 2,708,000 families will remain below it. In addition, 2,082,000 families whose incomes now fall between the poverty line and the low-income line will remain there. Only 77,000 families will rise above the income line. The administration's estimates further reveal that of 9,556,000 children now below the poverty line, 8,416,000 will remain there under the presently proposed benefit levels. And of the 6,946,000 children whose families' incomes now fall between the poverty line and the low-income line, only 341,000 will rise above it; 6,605,000 will not.

Yet, according to the Bureau of Labor Statistics, it costs a family of four living on a lower budget $6,771 a year in New York City. Nationally, the National Welfare Rights Organization is calling for a $5,500 level. And according to the Gallup poll of January 25, 1970—

> The average American believes a family of four needs a minimum of $120 per week ($6,240 per year) to make ends meet.

In brief, the benefit levels for the family assistance plan proposed by H.R. 16311 are totally inadequate. In addition, while the committee is to be commended for raising benefits for the aged, blind and disabled, the increases are not sufficient to provide a decent income.

Second, H.R. 16311 should be modified to cover single adults and childless couples. At present, the bill only applies to families with children. Yet, the need of families, without children, and single adults, is no less dire.

Third, a higher percentage of the costs for state supplementary benefits should be borne by the Federal Government. The Ways and Means Committee bill provides for 30 percent Federal matching funds. At the least, the matching provision should be raised to 50 percent and, instead of matching State supplemental payments only up to the poverty line, the matching provision should apply to those State payments made in excess of the poverty line, as well.

What is more, the matching provision should not in any way penalize the poor. As H.R. 16311 was reported out, it abolished the provision in the administration proposal permitting disregard of one-half unearned income. The money—$600 million—thereby saved was offset by the added expenditures incurred in providing for matching Federal funds. The consequence is to take money from the poor. While the aim of alleviating the burden borne by the States is commendable, it cannot justify denying the poor.

Actually, the solution is to provide for full federalization of income maintenance. Under the present scheme, States

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[1] Selected Characteristics of Families Eligible for the Family Assistance Plan: 1971 Projections, Department of Health, Education, and Welfare, February 2, 1970.

which already have made the effort to meet their obligations to their disadvantaged citizens by providing relatively better AFDC benefits, such as New York, are penalized. Their burden is lightened by 30 percent Federal matching, but the remaining load of 70 percent is an onerous one.

It is clear that Federal matching, if it is to really aid those States which most need Federal moneys because they are most responsibly meeting their obligations, must be far greater than the 30 percent provided in H.R. 16311.

Fourth, the matching provision for State supplementary benefits should be expanded to apply to those benefits paid to the working poor. Section 453 of H.R. 16311 precludes Federal sharing in the cost of these benefits. This limitation is unjustifiable for several reasons. For one thing, one of the objectives of the Family Assistance Act is to do away with the distinction between the working and the nonworking poor. This objective stems from the penalization which has been imposed upon the working poor by virtue of their being ineligible for welfare benefits in most States. This bill institutionalizes the distinction, rather than obliterating it.

In addition, once again those progressive States which have implemented welfare programs for the working poor—such as New York—even though they received no Federal assistance for such programs, are penalized. They still will not be receiving any Federal funds for these programs.

Fifth, the Federal Government should assume 100 percent of the costs of the programs for the aged, disabled, and blind.

Again, as I said earlier, only the Federal Government has the resources to assume this burden. The States simply are not financially able to readily meet the welfare needs of their citizens. Full federalization, not only of the programs for the aged, disabled, and blind, but of the entire income maintenance program, is urgently needed. Provision should be made for a 3- to 5-year phasing-in transition to this end.

6. Sixth, the coercive work requirement embodied in H.R. 16311 is undesirable. Philosophically, it is objectionable; forced work is alien to individual choice and freedom. Pragmatically, the fact is that there really are very few persons who would work, but who do not. The coercive work requirement is a misguided approach to a problem which really lies in the failure of the economy to provide places for these potential workers, and the failure of government—Federal, State, and local—to provide adequate job training to enable these people to develop skills which will make them attractive to employers.

Seventh, the work requirement for mothers with school age children is especially egregious. Again, this is a philosophically objectionable requirement. No mother should be required to substitute day care custodians for her care and love. We certainly would not conceive of requiring that of mothers with adequate incomes, and there can be no justification for penalizing mothers who have the misfortune—a misfortune thrust upon them, not chosen—to suffer inadequate incomes.

H.R. 16311 is even discriminatory as between recipient mothers. Those who have husband receiving benefits are not required to take suitable employment. Those who have the misfortune of being without a husband are subjected to this requirement.

Moreover, practicality instructs us that such a provision cannot work; mothers who object simply will not comply with this requirement that they take suitable employment. Mitchell Ginsberg, administrator of New York City's Human Resources Administration, clearly attested to this fact in his speech before the National League of Cities Conference on March 10, 1970.

Finally, this coercive work requirement levied against mothers with school age children is unnecessary. Most mothers do, in fact, seek work, if there are jobs for them and day care facilities for their youngsters. The April, 1970 issue of Nation's Business, certainly not a noted liberal magazine, states in an article entitled, "The Great Welfare Debate:"

Survey after survey has shown that most welfare mothers prefer to work but have been thwarted by the welfare bureaucracy, lack of training opportunities, lack of day care centers for children and lack of knowledge about job opportunities. (p. 60).

It is obvious from the deficiencies which are incorporated in H.R. 16311 that passage of this bill—which at least does achieve the commendable end of making a guaranteed annual income a reality—is only the beginning. Many provisions will have to be amended; many improvements will have to be made.

Because of this, I want to briefly detail the bill which I introduced, H.R. 14173, the Income Maintenance Act. By way of preface I would point to what I consider three of the most important differences between it and the Ways and Means Committee bill. First, the Income Maintenance Act provides for significantly higher benefits than does H.R. 16311—benefits for a family of four with no outside income reach $3,228 by the fifth year. Second, the Income Maintenance Act includes within its coverage married couples without children, and single adults. Third, the act contains no work requirement.

Now, I want to outline more extensively various aspects of the Income Maintenance Act.

First. Eligibility. The Income Maintenance Act, H.R. 14773, provides that all individuals and families are covered, with the exception of unmarried children under age 18 who are not members of an eligible family. This contrasts with H.R. 16311, which limits benefit eligibility under the family assistance plan to families with children.

Second. Benefits. The Income Maintenance Act provides for increasing payments over a period of 4 years. In the first year, a family of four with no other income would receive an annual benefit amount of $2,004. This breaks down to a monthly rate of $50 for the family head and $39 for each dependent—which includes the spouse. The maximum family benefit for families of seven or more persons is $284 monthly, or $3,408 annually.

By the fifth year, the maximum level of benefits would be reached. The benefits for a family of four would be $3,228. The maximum family benefit, for families of seven or more persons, would be $5,472.

An additional factor in this equation is cost of living adjustments. Benefits are adjusted to reflect variations in living costs, including regional housing cost differentials.

Third. Reduction of benefits. The Income Maintenance Act which I introduced provides for a sliding scale of reduced benefits, so that as outside earned income increases the percentage decrease in benefits rises. The purpose is a simple one. If there is a large reduction in benefits following upon a comparatively small amount of earned income, there will be a substantial work disincentive.

Thus, for the first and second years of the act's existence, earned income in an amount equal to one-fourth of the maximum benefit will cause benefits to be reduced by an amount equal to 25 percent of that income. Earned income in excess of one-fourth of the maximum benefit will cause benefits to be reduced by 50 percent of the income. For the third year of the act's existence, and thereafter, the same 25 percent tax, so to speak, will apply. Similarly, the 50 percent reduction will apply, but will be limited to earned income in excess of one-fourth of the maximum benefit but less than 1½ times the maximum benefit. All earned income above that will cause benefits to be reduced by 75 percent of the amount of the income.

In other words, there is a three-step tax, so to speak—25 percent, 50 percent, and 75 percent, applied to different proportions of earned income.

The way this works in dollar amounts is detmonstrated by looking at the break-even point: that is, the point at which outside income reduces the income maintenance benefits to zero. For a four-member family, for example, outside earned income in the first year of the Income Maintenance Act amounting to $4,259 would reduce benefits to zero. But the fifth year, when benefit payments reach their maximum, and the 75 percent reduction has come into effect, a four-member family would have to have outside income of $6,186 before reaching zero benefit payments.

Fourth. Coordination with present welfare. The assumption of my bill is that in States which now have higher average AFDC benefits than the base benefits provided by H.R. 14773, the State and Federal governments would make up the difference according to the present AFDC formula. Therefore, the present welfare recipient in those States would never be worse off than he is now. And, of course, where welfare benefits are below the standards of H.R. 14773, the recipients would be considerably better off.

Where the Federal income maintenance benefit is supplemented, my bill provides for State maintenance of present effort. The standards of need and the percentage of need provided are not to be reduced.

Fifth. Supplemental State programs. Under the Income Maintenance Act States may establish supplemental income maintenance programs patterned

after the Federal program. Fifty percent of State expenditures under such a program would be reimbused by the Federal Government. As a condition of such Federal payment, however, eligibility under the State programs would have to be extended to all persons eligible under the Federal program.

Sixth. Work requirements. The Income Maintenance Act has no work requirement. Beneficiaries on a voluntary basis may request referral for participation in a work incentive program. Individuals actually participating in such programs would receive an additional allowance of $30 per month. Obviously, this is one of the chief differences from the Ways and Means Committee bill—H.R. 16311—which has a coercive work requirement, whose objectionable features I have already detailed.

Seventh. Assets. As for treatment of assets, under H.R. 14773, the Income Maintenance Act, there is no limitation on the amount of assets a family can own. While income would be imputed to each family on the basis of its assets, at a rate of 5 percent of their value, no income would be imputed on the basis of the family's personal effects, tools, home, household goods, or automobile except to the extent that the total value of such assets exceeds $30,000.

Eighth. Administration. As for administration, the Income Maintenance Act establishes a newly created Bureau of Income Maintenance within the Treasury Department. Investigations—other than routine examination of applications—would be limited to no more than 5 percent of the number of applicants, randomly selected except where there existed probable cause to doubt eligibility. Appeal rights would include the right to a hearing and also judicial review in cases where the results of a hearing were disputed. Overpayments could be recovered by withholding from future benefits or by direct recovery from the assets of the overpaid individual. However, no more than 50 percent of the overpayment could be recouped by recovery from assets unless the overpayment had been obtained by fraud.

I have devoted this time to outlining the bill which I introduced 2 years ago, not to complain about the fact that the rule under which this debate is being conducted precludes my offering an amendment so that the House may consider its merits, but because I believe H.R. 16311 to be deficient in many respects, and I want to make clear that alternatives and improvements are possible.

Those who reject the concept of a guaranteed annual income will certainly find no merit in either the bill I introduced, the administration bill, or in the bill reported out of the Ways and Means Committee. But to those who intend to support H.R. 16311, I urge diligent consideration of the improvements which must be made.

By accepting the concept of income maintenance, the administration has defined poverty and welfare as national problems which require national solutions. The Federal Government should move as rapidly as possible to assume the full costs of public assistance through an income maintenance program with an adequate level of benefits.

Of course—and this must be clearly understood—income maintenance is not the final answer. We must deploy a multi-faceted strategy to break the cycle of poverty. That strategy must include job creation and training; it must include expanded programs in education, health, and social services. Above all, this strategy to defeat poverty must be based on a firm, unremitting commitment to assure every American a life of dignity.

The CHAIRMAN. The Chair advises the Committee that the time remaining to the gentleman from Wisconsin (Mr. BYRNES) is 32 minutes, and the time remaining to the gentleman from Arkansas (Mr. MILLS) is 24 minutes.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, it has been clear for some time that this Nation's approach to the task of providing a living income for all Americans who cannot reasonably be expected to earn one on their own has been in trouble. Both the recipients of income assistance, and the taxpayers who pay the bill, have grown deeply dissatisfied. It is, therefore, most encouraging that the House finally has before it legislation that offers a major overhaul of our entire welfare system. This may well be the most important bill to come before the 91st Congress.

I was among the first Members of Congress to introduce legislation to provide a living income for all Americans. The National Living Income Act, which I introduced last August along with Mr. CONYERS, Mr. WHALEN, and Mr. RYAN, was designed to solve the glaring weaknesses in our current welfare system which many of us in Congress, and citizens across the country, have long criticized. It was designed to improve both the adequacy of the income provided to the poor, and the conditions under which assistance is made available. It raised the minimum income for a family of four to $3,200. It greatly increased the Federal contribution for welfare, which has become such an impossible financial burden for areas like New York City where more is now spent on welfare than on education. It would have established more uniform national welfare standards making the program more equitable for recipients and removing the temptation for the poor to migrate to already overcrowded urban areas in the North.

The welfare reform program originally proposed by the President offered many of the same iprovements proposed in the national living income program, including the concept of assistance for the working poor, but fell short on others. It excluded, for example, the childless poor, and it proposed work requirements that have already proved impossible to enforce and questionable in value. It failed to make provision for regional variation in benefits to reflect regional cost-of-living differences, and the basic benefits were most inadequate—only $1,600 minimum for a family of four.

The modified version of the President's plan reported out by the Ways and Means Committee and now before the House would effect many of the changes in the welfare system I have long urged and which were essential ingredients of the National Living Income Act. In many respects, it is a great improvement over the President's proposal, for which I want to commend and thank the distinguished and very able chairman of the Ways and Means Committee, as well as the members of that committee. On the whole, this legislation offers a considerable improvement over existing approaches to income assistance, and I urge my colleagues to vote for it.

However, Mr. Chairman, we cannot afford to make the mistake of deluding ourselves by thinking that this bill makes all the improvements in our welfare programs that need to be made. On the contrary it contains many of the weaknesses contained in President Nixon's program. For example, the so-called family assistance program ignores the childless poor—giving disadvantaged young couples an incentive to have children to qualify for welfare when they cannot afford children—and this at a time when we ought to be doing everything we can to hold down our population.

Most importantly, however, the income level assured by this legislation is far from adequate. It will assure increased benefits in only eight States, and only a fraction of the families who qualify for assistance will be raised above the poverty level. Adding the $864 worth of food which a welfare family of four could receive, along with the minimum $1,600 in income which this bill provides, means that a family of four is assured of only $2,464 under this legislation—not including the States' contributions. But the Federal Government's poverty level for a family of four is currently set at $3,720—an average figure that does not account for the higher costs-of-living in urban areas. The low budget needed by a family of four living in an urban area, as determined by the Bureau of Labor Statistics, is $5,500.

A guarantee of $5,500 for a family of four as a goal for our welfare programs is viewed in many quarters as unrealistic—a radical demand not to be taken seriously. In my judgment, such a view is a tragically mistaken one. Not only have a number of welfare groups, including most prominently the National Welfare Rights Organization, made a strong case for a $5,500 basic welfare benefit, but such a large and representative distinguished group as the White House Conference on Food, Nutrition, and Health, called together by the White House to advise the President on problems of hunger and poverty in America, adopted a final action resolution calling for a $5,500 annual income floor.

Mr. Chairman, so that the Members of the House may be reminded of the specific recommendations of the White House Conference on Food, Nutrition, and Health with regard to income levels in relation to this legislation, I have earlier asked unanimous consent to include the "Task Force Action Statement" adopted by the Conference in the RECORD following my remarks.

This bill comes before us under a closed rule, with no amendments permitted. This is a procedure which I deplore. How can the poor people of this country be expected to understand that Members of this House have no chance to vote for example, for an increase in the benefits provided?

I was opposed to the form of the resolution—or rule—bringing the bill before us and would have supported amendments to permit the bill to be opened up for amendment. But by vote of the House in closing off debate on the rule, no amendments to it could be considered either. Mr. Chairman, these practices are seen by the general public as undemocratic; they demean the House. It is time they were changed. It is time the Members of the House were treated as intelligent adults, capable of voting amendments to a bill up or down on the merits, instead of being told they must accept or reject the bill exactly as it emerged from committee.

I hope that the needed improvements in the bill, including a major increase in the minimum income, will be made in the Senate and that the House conferees will look favorably on such amendments. I know that many of my colleagues share these sentiments.

TASK FORCE ACTION STATEMENT

INTRODUCTION

In opening the White House Conference on Food, Nutrition and Health, President Nixon said: "This meeting sets the seal of urgency on the national commitment to put an end to hunger and malnutrition due to poverty in America." We who have come here are already firmly dedicated to that goal. The President said: "Our job is to get resources to people in need, and then to let them run their own lives." He did not provide any new or meaningful program by which this can be accomplished. Obviously, he wanted us to do this, and intended that we should do so. To paraphrase the President we "not only accept the responsibility (we) claim the responsibility." Therefore, the combined task forces on Voluntary Action by Women, Consumers, Religious Organizations, Community Organizations, Health Organizations, Faculty and Students, and Organized Labor,[1] present the following action priority program:

I. *A national emergency:* There is a hunger and malnutrition emergency in this country today. Therefore the President must immediately declare that a national hunger emergency exists, and under existing authority must now free funds and implement programs to feed all hungry Americans this winter.

II. *Guaranteed adequate income:* The overriding remedy for hunger and malnutrition is a minimum guaranteed adequate cash income with a floor or $5500 annually (for a family of four). The government must also guarantee a meaningful job with a living wage to those who can work, elevation of wages and benefits to those presently underemployed, the "adequate income" to those unable to work or find employment, and maximization of the purchasing power of the food dollar for all.

III. *Interim food programs:* As interim measures only, present food programs must be reformed and expanded immediately in order to assure truly adequate benefits and participation by all who need them in all parts of the country.

IV. *Universal school food programs:* A national free lunch and breakfast program must be made immediately available to all children, through secondary school and regardless of income, that will provide at least ⅔ of the minimal requirements of the Recommended Dietary Allowance, while respecting cultural food preferences.

V. *Running the programs:* All administrative responsibilities for all hunger relief and nutrition programs must be shifted from the U.S. Dept. of Agriculture to the U.S. Dept. of Health, Education and Welfare, with corresponding shifts in Congressional committee responsibilities. The recipients of these programs must have responsibility for local administration of the programs under standards determined at the Federal level.

To put these priorities into action requires the following:

This nation today faces a national hunger and malnutrition emergency. This emergency situation requires emergency action.

While we initiate long-term programs to eliminate hunger in America, action must be taken immediately to deliver food now to the millions of Americans whose chronic malnutrition the nation can no longer tolerate. Only within the context of adequate food now can a program of nutrition education for all Americans have meaning.

We therefore call on the President to adopt immediately the following emergency program to feed hungry people this winter:

(a) Invoke Section 11 of the Disaster Relief Act of 1969 and like statutes in order to supply free food stamps to meet the needs of hungry people.

(b) Instruct the Secretary of Agriculture to immediately revise food stamp price schedules of less than $100 per month (based on a family of four) and at a maximum cost of 20% of income.

(c) Instruct the United States Department of Agriculture to implement directly a food program in every county and town in the United States within the next three months using all available funds, including the customs receipt funds (Section 32 funds).

(d) Actively support immediate passage and funding of the following essential legislation.

1. The Senate-passed Food Stamp Reform Bill (S. 2547).

2. A School Lunch Program Reform which consists of the Talmadge school lunch bill, the McGovern amendments and the Javits proposals.

3. The Economic Opportunity Act, particularly its section on emergency hunger relief (Section 401, Title X), and without the Green-Quie type state control amendments which will in effect destroy OEO.

(e) Instruct the Department of Agriculture to immediately require that all schools receiving Federal financial and commodity assistance for their lunch and breakfast programs provide free meals to all children whose families are receiving any type of public assistance.

Because each of these actions is either already authorized or embodied in pending legislation, action to meet this emergency can be taken within the next month.

II. GUARANTEED ADEQUATE INCOME

To implement this number one remedy to hunger and malnutrition, the following program is imperative:

(a) The adequate cash income presently at $5500 annually for a family of four sets a floor. It should automatically follow the cost of living as defined by the Low Standard Budget of the Bureau of Labor Statistics.

(b) Establishment of government careers in nutrition and allied health professions, in connection with other private and public efforts to solve simultaneously social problems and unemployment problems. These suggestions alone should provide two million new jobs.

(c) Grants to encourage and support broadly based organizations of low income citizens in local ownership and operation of such services as food production and distribution.

(d) Establishment of housing factories on the order of the automotive industry to serve the dual function of provision of low-cost housing and the provision of jobs at desirable wages. This involves creation of 750,000 to 1 million new jobs to produce 3–4 million housing units.

(e) Extension to all working people of the right to bargain collectively for wages, hours, and working conditions, including the right to strike or boycott when necessary.

(f) Extension of unemployment insurance coverage to working groups presently excluded, such coverage to be on the same terms and conditions as provided for other workers now covered.

(g) Improvement of the scope of Social Security laws with a 50% raise this year, so that the program provides a reasonable return on investment.

(k) Reform of certain pricing, packaging, promotion and other food industry policies and practices which add unnecessarily to the cost of food. This cost inflation is unfair to every consumer and particularly disastrous to the poor. We need:

1. Price reduction through mandatory limitation of promotional and advertising expenditure and other means suggested in the Food Marketing Commission Report.

2. Mandatory price marking and posting which facilitates and simplifies price comparison.

3. Effective inspection and regulation to insure availability of safe nutritious food at fair prices and conditions of sale.

4. Mandatory processing, packaging, and labeling requirements to identify and preserve nutrient content and assure accurate and honest promotion.

5. Encouragement of retail distribution systems which take special account of the needs of the poor.

(l) Establishment of a national prepaid health insurance program and new methods for the delivery of health care and extension of existing health programs to all states. The Medicaid Bill should be fully implemented by 1971.

The task forces feel that it is especially important to note that many of the above programs can be self-supporting and/or income-producing, and none will require appropriations higher than a fraction of the cost of the space program. Together they should create substantial new tax revenue (4 million jobs should produce an average increase of $5 billion a year in taxes), substantial increase in income through increased buying power, and a saving of $7 billion of funds misspent under the present public assistance programs.

III. INTERIM FAMILY FOOD PROGRAMS

None of the existing family food programs—food stamps, commodity distribution, emergency food and medical services—provides an adequate diet or permits the participation of all who have need. Major reforms and expansions are necessary to make sure that all people in need have access to an adequate diet until an adequate income becomes a reality.

As an interim measure only, the food stamp program must be altered so that it can become the primary vehicle for providing an adequate diet to those in need in all parts of the United States and its territories, and on Indian reservations. Free food stamps to those whose income is less than $100 a month (for

[1] The AFL–CIO endorsed the policy statement in principle with no opposition on certain specifics. The Alliance for Labor Action (ALA), including the United Auto Workers, the International Brotherhood of Teamsters, and the International Chemical Workers Union, endorses this statement as written.

a family of four), modification of the price schedule so that no recipient must pay more than 20% of his income for food stamps, national eligibility standards, self-certification, a coupon issuance to all recipients equal to the Low Cost Food Plan of the Department of Agriculture, a several-food expansion of the program—all are necessary to make the food stamp programs adequate. The commodity distribution program should no longer serve as a means of surplus disposal but should provide direct food aid adequate to a nutritious diet wherever necessary, fully respecting the ethnic and cultural preference of the recipients, Hunger programs of the Office of Economic Opportunity should also be expanded to supplement the above.

We must do the following:

(a) The President should support, and the House quickly approve, the Senate-passed food stamp bill. The program should be fully funded and fully implemented in all parts of the United States and its territories, including Indian reservations, before the end of this fiscal year.

(b) The Economic Opportunity Act Amendments of 1969, particularly the new section on emergency hunger relief (Title 4, Section 401—Title X), should be quickly approved and fully funded by the Congress, without crippling amendments subjecting part or all of the programs to state and local government control.

(c) The Federal Government should immediately initiate food programs in the 321 counties still without them.

IV. UNIVERSAL SCHOOL FOOD PROGRAM

There must be established a national child feeding program which will make available at least ⅔ of the Recommended Dietary Allowance. This is to be accomplished by implementing a free lunch and breakfast program for all pre-school elementary and secondary school children.

To assure maximum participation in the program, the following steps should be taken:

(a) Nutritious food selected shall be consistent with the cultural preferences of the children to be fed.

(b) Funds shall be provided to enable schools, child care centers, and other participating groups lacking adequate facilities for food preparation, to obtain such facilities or to devise ways to provide meals by other means.

(c) Community groups shall be eligible to operate child feeding programs.

(d) Local poor residents must be trained for careers in nutritional planning and food preparation for employment in the program.

(e) Food provided at the schools shall be available at the choice of the children and their parents.

V. RUNNING THE PROGRAMS

There is a conflict of interest established in the U.S. Department of Agriculture in its dual role—primarily the advocate for the producers of food, and secondarily the distributor of food to the needy. Therefore, all programs relating to the provision of food, food services, food stamps, commodity distribution and nutrition services should be removed from the administrative jurisdiction of the U.S. Department of Agriculture and be established in the Department of Health, Education and Welfare, whose primary concerns are the needs and well-being of the people these programs were created to assist. Within that department, the provisions of food services of all kinds should be tied as closely as possible to the provision of overall comprehensive health care. We call on the President to use his Executive authority to initiate these changes.

To provide maximum coordination, Congressional responsibilities for both funding and programming should be reassigned to coincide with the above administrative changes.

The provisions of food services has too often been thwarted by lack of responsiveness at the state and local governmental levels. The poor should run their own programs. Maximum dignified participation by recipients is insured by transferring organizational and operational responsibil ties to duly constituted, broad based, local community organizations of the recipients themselves. Certification, review and auditing must be done entirely at the Federal level to circumvent parochial political implications and to insure the protection of individual rights of those presently living in hunger and despair.

From all corners of this nation we have come together out of a deep concern to end hunger in America now. We feel a heavy sense of obligation to follow through on our commitment and on the commitments of this Conference. We brought with us the diversity that is the American people and we believe there is need for on-going active participation of all people in implementing the recommendations of this Conference.

Therefore, we call upon the organizers of this Conference to provide an effective continuing mechanism by which all of us who have this concern can contribute vigorous continuing leadership to ensure that this Conference produces action. Today is a beginning, not an end, of our commitment to end hunger in America.

And the appropriate beginning is conference-wide adoption of the 5 points:

1. A National Emergency.
2. Guaranteed Adequate Income.
3. Interim Food Programs.
4. Universal School Food Program.
5. Running the Programs.

Mr. SCHEUER. Mr. Chairman, I am impressed with the important questions raised by my two colleagues from New York (Mr. BINGHAM and Mr. RYAN) and earlier today by my colleague from Pennsylvania (Mr. DENT). Important substantive issues have been raised pointing out directions in which the bill should be clarified or improved. I regret—along with many of my colleagues—that this bill—excellent as it is, and credit as it is to the distinguished Ways and Means Committee—came to the floor under a closed rule—and, therefore, cannot effectively be clarified or improved on the floor. I intend to vote aye on a motion to recommit so that the ambiguities and imperfections can be cured and the bill returned to the floor in improved form. If the motion to recommit fails I shall, of course, vote for the bill, for, with its shortcomings, it is nevertheless a great step forward in comprehensive welfare reform.

I know many of my colleagues join me in the hope and intent that the Senate will act on some of the testimony and other expert opinion on the bill—expressed during the months of hearings—and will clarify or improve the bill where the need has been established, and that the House conferees will approach such clarifications or improvements in a constructive and open-minded fashion.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. WHALEN).

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

Mr. WHALEN. Mr. Chairman, I rise in support of H.R. 16311.

During the past 200 years the United States has developed the greatest standard of living the world has ever seen. Despite this fact there are today 25 million Americans who do not enjoy the fruits of this great standard of living.

How to assist these less-fortunate Americans represents one of the great domestic issues confronting our country today.

The Social Security Administration has developed what it calls a poverty index. According to this index, in 1959, 22 percent of all Americans lived below the poverty income line. Due to the great productivity of our economic system, by 1968 this figure had been reduced to 13 percent of all Americans. Despite this great improvement there are still two very disturbing factors that are present in these statistics. First, while the statistics indicate that approximately 3 million nonwhite Americans got out of the poverty bracket, nevertheless, today 34 percent of all nonwhite Americans live in what we call the poverty category, according to the social security poverty index.

Second, in the 9-year period between 1959 and 1968 there has been absolutely no change in the number of Americans who are members of families headed by females.

It is these two groups and combination of groups that represent what we might call our hard-core poor. It is to these two groups that our welfare programs at the Federal, State, and local levels have been directed.

We have heard from previous speakers that these programs have simply not worked. The costs have mushroomed. Yet the hard-core poor have not been dislodged. The reasons are many for the failure of our welfare programs to work. You already have heard a number of them mentioned. Let me cite what I consider to be the two most important.

First, current welfare benefits do not always go to those who are in need. Let me give you a couple of illustrations. A very noted economist, Eli Ginsburg mentioned a couple of years ago that only about 1 out of 10 poor Americans receives any benefit from our Federal poverty programs. Another well-known economist, Dr. James Tobin, delineated a series of Federal, State, and local welfare and social insurance programs and he made the comment that less than half of the poor in America receive any benefits from these programs.

Second, our current welfare programs provide the wrong incentives. For example, when a person on welfare accepts a part-time or seasonal job, his welfare benefits are reduced by an amount corresponding to the additional income he receives.

Mr. Chairman, it is evident, therefore, that our current programs are simply not working and we must have a new approach. I suggest to you, Mr. Chairman and members of the committee, we do have a new approach in the family assistance program which we are considering today. This approach, in my opinion, overcomes the weaknesses that are present in the current Federal, State, and local welfare programs.

For example, the benefits under FAP will go directly to the needy because they will be based upon income. Second, FAP will provide a positive work incentive, whereas under present programs we have negative incentives.

I think it was the late President Kennedy in his inaugural address in January 1961 who repopularized an old Chinese proverb:

A journey of a thousand miles begins with the first step.

I think we are taking today a significant first step if we adopt the family assistance program.

As the previous speaker, the gentleman from New York (Mr. BINGHAM) indicated, there are some Members who feel that there should be broader coverage and that the benefit level should be greater than that which is proposed in H.R. 16311.

As a matter of fact, I joined the gentleman from New York (Mr. BINGHAM) and the gentleman from Michigan (Mr. CONYERS) in presenting such a bill. But I think at the present time, due to the present Federal budget strictures, it is not very practicable to think in terms of broadening coverage right now.

Therefore, I would like to suggest to those of you who believe as I do that ultimately the program should be broadened, that the benefit level should be increased, that we are today indeed taking a significant first step. We are changing direction, we have come up with an innovative program. It is for this reason that I intend to vote affirmatively for H.R. 16311 and I would urge my colleagues to do likewise.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. BURTON).

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

Mr. BURTON of California. Initially, Mr. Chairman, I would like to record my support for the pending legislation and my commendation to the administration for demonstrating understanding to come forth with this proposal.

For those of our colleagues who are concerned that this proposal is too rich for their blood, I might note that a $1,600 annual base for a family of four hardly compares favorably with the Bureau of Labor Statistics findings that it takes some $5,500 a year for a family of four in the major urban areas of the country to live at some minimal level.

I must also state that I think the administration bill was somewhat preferable in the family plan than that which the committee reported, and I make specific reference to the fact that in the administration proposal the unearned income was permitted to be disregarded by 50 percent; the committee deleted this benefit to the poor which had the effect, lamentably, of taking some $600 million or $700 million per year out of their pockets.

However, with reference to the adult program the Nixon administration provided literally no assistance to the elderly, the blind, and the disabled in this country. It merely increased the Federal matching which wag going to result—essentially—in savings to the States. In this regard I think the committee is to be highly commended for their significant changes in the adult category by providing some minimum assurance of income for our aged, blind and disabled people.

And, finally, Mr. Chairman, I would like to note this: A number of my colleagues on the Democratic side of the aisle have privately noted that if the bill does not work, Republicans are going to have to take the full blame. Well, I happen to feel that that is just so much nonsense.

I am not sure this bill is going to work perfectly and I do not think the administration has said that. But anyone who knows anything about this field knows that our current program not only does not work and the costs of that program are skyrocketing. For those who are going to oppose this bill, I think the only way one can interpret that vote is that they are on record as supporting this current mess that we have and these skyrocketing costs under the current program will be theirs to defend and not mine. I am going to support the legislation.

I ask Chairman MILLS, it is my understanding that under present law and under this bill, the food stamp bonus will be disregarded in figuring the amount of adult assistance payments. Is that right?

Mr. MILLS. Yes.

Mr. BURTON of California. Under present law and regulations, home produce used by the household for its own consumption is disregarded as income or as a resource for adult public assistance recipients. This bill would permit this to continue, would it not?

Mr. MILLS. Yes.

Mr. BURTON of California. It is my understanding that under the adult assistance programs a scholarship of the type which would be disregarded under the family assistance provisions of the bill would also be disregarded as part of the rehabilitative services disregarded under the adult provisions, which apply in particular to the disabled and the blind. Is that right?

Mr. MILLS. Yes.

Mr. BURTON of California. It is my understanding that it is the intention of this bill that the authority of the Secretary to set the 25-percent Federal matching ceiling in the adult categories would not be invoked at a lower level of average payment, including full Federal participation, than the highest levels of average payment now made by the States under current State programs for the aged, blind, and disabled. Is that your understanding also?

Mr. MILLS. Yes.

Mr. BURTON of California. It is my understanding that the minimum payment to adults provided in section 1603 (b) shall be in the form of a cash payment which when added to an individual's other income, not disregarded under other provisions in the bill, will be at least $110 a month. That term would not include any amounts provided for medical care, except, of course, in the case of an institutionalized person. Is that right?

Mr. MILLS. Yes.

Mr. BURTON of California. If a State chooses Federal administration of the adult assistance categories, then the Federal Government would administer the program in accordance with requirements of Federal law whether or not the State plan was in full compliance with Federal law?

Mr. MILLS. Yes.

Mr. BURTON of California. Mr. Chairman, enactment of H.R. 16311, the Family Assistance Act of 1970, is a sound first step in reform of our public assistance structure. It provides benefits that are far below any objective gage of poverty and will provide only marginal assistance to all too many of our neediest citizens. Thirty Members of the House have joined me in signing the following statement in support of significantly higher income guarantees than those provided in H.R. 16311:

We believe all Americans are entitled to an adequate income from wages, welfare, or both. Surveys by the U.S. Department of Labor demonstrate that an urban family of four spends $5500 a year merely to live at a low level with an adequate diet. The Gallup Poll of January 25, 1970, says that the average American believes a family of four needs $120 a week ($6240 a year) to get along. Therefore:

1. A real welfare reform must be based on the amount of money that a family *needs*.

The U.S. Bureau of Labor Statistics regularly compiles such data that reflects what people actually must spend to obtain decent food, clothing, and shelter.

We support the implementation of the Department of Labor's determination of need. H.R. 16311 does not use such an objective standard of need as already determined by government agencies.

2. We criticize, as inadequate, the income level in the H.R. 16311 Family Assistance Plan (FAP). At worst, it provides only $7.70 a week for each person in a poor family of 4 ($1600/yr.); at best, a ceiling of $17.90/wk. per person (3720 FAP ceiling for 4). This Poverty Line is based on the Agriculture Department's Economy Food Plan which, according to the Department, "is not a reasonable measure of basic money needs for a good diet" and allows a person to survive with adequate nutrition "for short emergency periods of time and only under very special circumstances." Furthermore, there is no provision in H.R. 16311 for automatic cost-of-living increases; yet the latest Labor Department statistics show the cost-of-living is increasing the rate of 6.2% a year.

While, as members of the House of Representatives, most of us intend to vote for H.R. 16311 as a sound step toward the elimination of poverty, we nevertheless retain these serious reservations about the inadequacy of the Family Assistance Plan.

Representatives BURTON of California, BINGHAM, BROWN of California, CHISHOLM, CLAY, CONYERS, DIGGS, EDWARDS, of California, FARBSTEIN, FRASER, FRIEDEL, HARRINGTON, HAWKINS, HELSTOSKI, KOCH, LOWENSTEIN, MATSUNAGA, MIKVA, MOORHEAD, NIX, OLSEN, OTTINGER, REUSS, ROSENTHAL, ROYBAL, RYAN, ST GERMAIN, SCHEUER, STOKES, TUNNEY, and CHARLES WILSON of California.

Mr. Chairman, since the beginning of this Congress I have served as the chairman of the Democratic Study Group's Task Force on Health and Welfare. Before the Committee on Ways and Means reported the bill we will vote on today, the task force submitted its recommendations both to the committee and to the Democratic Study Group's membership. A number of our recommendations have been incorporated into the bill, and

as a result the bill has been measurably strengthened. I submit for the RECORD now these recommendations so that all Members may familiarize themselves with them. We will be working in the months ahead to further strengthen the bill along the lines the task force has recommended so that the final product will, while remaining within the administration's fiscal and programmatic guidelines, insure that every Federal dollar spent contributes to the welfare of recipients.

In addition I submit for the RECORD the Democratic Study Group's Fact Sheet entitled "Proposed Welfare Reforms." This analysis was coordinated and developed by our brilliant and hard working staff member, Rick Merrill. In my view this document provides an extremely useful summary of the bill and analysis of its key provisions and points of controversy.

The material follows:

REPORT AND RECOMMENDATIONS ON PRESIDENT NIXON'S WELFARE REFORM PROPOSALS

The DSG Task Force on Health and Welfare herewith submits its report and recommendations regarding President Nixon's welfare proposals to the DSG membership. The report has also been forwarded to all Democratic members of the House Committee on Ways and Means and the Senate Finance Committee and to appropriate Government agencies and officials.

The Task Force, at the request of the DSG leadership, has been studying this issue since last October, when H.R. 14173, the Administration's welfare reform bill, was introduced in the House. The Task Force held a number of meetings and briefings on the subject. Special separate sessions were held with Mr. Ben Heineman, Chairman of President Johnson's Commission on Income Maintenance, former HEW Secretary Wilbur Cohen, and an Administration briefing team headed by Presidential Counselor Daniel Moynihan and HEW Under Secretary John Veneman.

The Nixon welfare proposals contain a number of commendable initiatives, particularly with respect to coverage for all families with children and Federal participation in setting standards. The Task Force recommends approval of the Nixon Family Assistance Plan as a sound step toward the elimination of poverty. However the Administration Plan should be strengthened in a number of key areas, and benefits under adult assistance programs broadened. Specific Task Force recommendations for improvement of the Nixon proposals follow:

FAMILY ASSISTANCE PLAN RECOMMENDATIONS

1. Labor standard safeguards contained in the Nixon Plan should be clarified, including definitions of wage levels and conditions under which job offers will be considered suitable.

2. Any work provisions for mothers should in all instances place the interests of the child or children first.

3. The Nixon Plan should contain a commitment to full federalization of family assistance, with benefit levels raised to the poverty level in equal stages within a specific time period.

4. Only net earned income, after deducting the expenses of seeking, obtaining, or holding employment—to the extent permitted by current law—should be considered in the reduction of the family assistance grant.

5. Food stamps should be provided automatically to all family assistance beneficiaries in amounts for which they are eligible.

6. States should be required to meet budgeted unmet needs in their family assistance programs, at the risk of loss of other Federal funds.

7. Assurance should be provided that no family receives a reduction in its grant (Federal and state) from what it is currently receiving.

CHILDLESS PERSONS

The Task Force does not recommend at this time the inclusion of childless persons, other than those eligible for assistance under aged, blind, and disabled programs, until and unless the unemployment rate reaches 6%.

In the event a 6% rate of unemployment is reached, the Task Force recommends that the benefit level for the then eligible childless persons be set at the family assistance rate.

AGED, BLIND, AND DISABLED PROGRAM RECOMMENDATIONS

The Task Force recommends approval of the Administration proposals, with the following additions:

1. Increase to $150 per month (from the $90 proposed) the guaranteed income floor for the Nation's aged, blind, and disabled.

2. Provide for a cost-of-living escalator clause in the minimum monthly guarantee.

3. Reduce the age eligibility from the present 65 years to age 60 for men and age 55 for women.

4. Increase earnings permited to $100 per month for the aged and the same amount for the blind and disabled with an earning incentive to the later two groups of 50% in addition to the $100 disregard.

5. Require the states to fully meet any budgeted—but unmet—needs of aged, blind, and disabled recipients.

6. Assurance should be provided that no individual receives reduction in his benefit (Federal and state) from what he is currently receiving.

7. The provision of current law permitting the disregard of $7.50 per month of outside income should be made mandatory, and the current temporary $4.00 social security disregard should be made permanent, with a comparable increase for those not receiving social security benefits.

8. Food stamps should be provided automatically to all aged, blind, and disabled beneficiaries in amounts for which they are eligible.

FEDERAL ADMINISTRATION AND FUNDING RECOMMENDATIONS

The Task Force recommends that the administration of programs for the aged, blind, and disabled be assumed by the Federal government on January 1, 1971.

Program costs should be entirely borne by the Federal Government on January 1, 1971, except that:

For the calendar year 1972 the states shall pay the full amount they expended for the fiscal year ending June 20, 1970.

For the calendar year 1977 the states shall pay 66⅔% of the amount they expended for the fiscal year ending June 30, 1970.

For the calendar year 1973 the states shall pay 33⅓% of the amount they expended for the fiscal year ending June 30, 1970.

As of January 1, 1974, the full costs and administration of programs for the aged, blind, and disabled should be borne by the Federal Government.

PROPOSED WELFARE REFORMS

This DSG Fact Sheet deals with H.R. 16311, which contains President Nixon's basic recommendations for reform of public assistance programs. The bill establishes a new Family Assistance Plan (FAP) with Federal eligibility standards and benefit provisions for families with children. The bill also provides Federal eligibility standards and minimums for aid to the aged, blind, and disabled.

The Ways and Means Committee reported the bill (H. Rept. 91-904) on March 11 by a vote of 21-3. The Rules Committee is expected to grant a closed rule on Tuesday, April 7. Floor consideration will begin Wednesday, April 8, subject to a rule being granted.

SECTION ONE

Background

Current public assistance programs comprise two major components—aid to families with dependent children (AFDC), and adult assistance programs for the aged, the blind, and the disabled. Both components are administered by the States or by localities with State supervision, with widely varying eligibility standards, benefit levels, and work referral requirements. For a family of four AFDC benefits range from an average of $44 per month in Mississippi to $264 per month in New Jersey. Adult public assistance benefits range from an average of $40 per month for the aged in Mississippi to $160 per month for the blind in California. About 1.7 million families containing 6.7 individuals receive AFDC. Another 3 million individuals receive assistance under programs for the aged, the blind, and the disabled.

Concern over public assistance programs has focused primarily on AFDC due to the rising rate of families applying for such assistance. The last attempt at Federal regulation of AFDC was the 1967 Amendments to the Social Security Act, which provided:

An AFDC "freeze," never implemented and repealed in June 1969, on the number of eligible children in a given state receiving AFDC due to absence of a parent from the home.

Mandatory referral of "appropriate" AFDC recipients for work training projects, with wide latitude for state administrators to define "appropriate" under Federal-state guidelines.

Work incentives providing for exclusion of first $30 per month earned plus one-third of the remainder, after deduction of the expenses of working.

AFDC rolls, however, continued to rise and a number of Federal agencies began to systematically analyze the public assistance population. President Johnson appointed a Commission on Income Maintenance Programs which undertook an in-depth study of poverty in the United States. Welfare specialists generally began to question traditional assumptions about public assistance beneficiaries. Most importantly, welfare began to be viewed in the overall context of poverty in the United States.

As a result of these various studies, new information about welfare recipients and the poor generally came to light:

Income at the government-defined poverty level for a family of four allowed about $100 per year for items other than basic necessities, such as medical care, furniture, and school supplies.

The food budget for an average welfare family was discovered to be $1 per day per person—too low for a nutritionally adequate diet, according to the Department of Agriculture.

In a total public assistance population of about 10 million persons, only 50,000, or 1 in 200, were found to be able-bodied employable males.

On the basis of such findings and mounting public pressure from overburdened State administrations, taxpayers, and welfare recipients themselves, the Nixon Administration in August of 1969 announced its Family Assistance Plan (FAP) for welfare reform, along with recommendations for consolidation and a basic Federal minimum payment in the aged, blind, and disabled programs.

The President's proposals generally received widespread public support. On March 11, 1970, after extensive hearings, the Committee on Ways and Means reported H.R. 16311 containing the key elements of the President's proposals for Federal benefit minimums and eligibility standards for fam-

ily assistance and for programs for the aged, blind, and disabled.

Summary

H.R. 16311 terminates Federal participation in AFDC programs and instead establishes a Federal floor of $1600 per year for a family of four with no other income. Work incentive earned income exclusions permit a family of four to earn up to $3920 before losing their Federal supplement completely. FAP provides Federal eligibility standards that would include families headed by an unemployed male in the home and, for the first time, families headed by a full time employed person.

The bill requires States to maintain programs to supplement FAP up to their January 1970 level of payment or the poverty level, whichever is lower. States receive 30% in Federal matching funds for these supplementary programs. States would receive no Federal funds for programs to assist the working poor.

The bill provides tight Federal requirements for registration and referral for job training and employment programs to be developed by the Depatment of Labor. Mothers of preschool children need not register, but the bill requires all others, including the working poor, to register for job training. The bill authorizes new job training programs and child care facilities for these new registrants.

For the aged, blind, and disabled, H.R. 16311 consolidates existing Federal-State programs and sets Federal eligibility standards and income exclusion provisions. The bill provides a minimum payment of $110 per month for all aged, blind, and disabled eligibles who have no other income.

The bill will extend coverage under family assistance from about 7 million to about 20 million persons and extend coverage to adults under aged, blind, and disabled programs from 3 million to about 4 million persons. HEW and the Bureau of the Budget estimate that the bill will add $4.4 BILLION to current welfare costs, including $600 million for expanded work training and day care programs.

Summary of key differences between administration proposal and H.R. 16311

The Committee bill drops the provision in the Administration proposal permitting disregard of unearned income, thereby removing an estimated $600 million in direct Federal assistance to families with children. The Committee bill adds an estimated $300 million in savings to the States in the FAP portion of the bill and an estimated $100 million in aged, blind, and disabled benefits.

With regard to work registration and training requirements, the Committee bill contains the following new features:

Protective labor standard safeguards although the exact wage level at which beneficiaries must take jobs is not clear.

A definition of job "suitability" derived from that in use under state unemployment compensation laws.

A requirement that the working poor register for job training in addition to those without full time jobs.

Increased emphasis on special work projects where employment on the regular economy is not available, and Federal financing arrangements for on-the-job training.

The Committee bill also provides full Federal funding for day care programs as opposed to 90% Federal matching under the Administration proposal.

The Committee bill provides for full Federal assumption of administrative costs where States opt to have the Federal Government make direct payments to beneficiaries in both FAP and the adult assistance programs. The Administration proposal provided for only 50% Federal assumption of administrative costs.

In the aged, blind, and disabled adult categories the Committee bill raises the Federal minimum to $110 per month from the $90 per month in the Administration bill for individuals with no other income. The new Federal minimum combined with the earned income exclusions in the Committee bill will add to the incomes of aged, blind, and disabled public assistance recipients and broaden coverage of these programs.

SECTION TWO. BASIC PROVISIONS OF H.R. 16311

Title I. The family assistance plan

FAP Benefits and Eligibility

The bill provides an annual Federal family assistance benefit of $500 for each of the first two family members and $300 for each additional family member. The benefit is reduced by the amount of the family's income over and above the following:

The first $720 per year of the total of earned income of all family members, plus one-half the remainder.

Irregularly received amounts of earned and unearned income up to $30 per quarter of each type, determined in accordance with criteria prescribed by HEW.

Earnings of a child if in school and the tuition part of scholarships and fellowships.

The training allowance for those in training and earnings used to pay for child care.

Food stamps and other public or private charity, and produce grown and used at home.

Families with more than $1500 in resources, other than the home, household goods, personal effects, and property essential to the family's self-support would not be eligible for the program.

A family is defined as two or more people living together, at least one of whom is a dependent child under 18 (21 if a full-time student). A parent who is temporarily absent due to employment or military service would be considered living in the place of residence. Persons receiving aid to the aged, blind, or disabled are not considered family members. Military families would be considered eligible.

Each member of a family found eligible would be required to register for employment or training with their State employment service, except for the following:

Those unable to work because of illness, incapacity, or age, and children under 16 (21 if in school).

Mothers of children under 6 and mothers in cases where the father registers.

Persons caring for an ill member of the household.

The bill requires child care for those in training or employment and vocational rehabilitation for those unable to work due to incapacity, and permits voluntary registration of those exempted. The working poor would also be required to register.

Persons refusing to register or refusing manpower training or employment without good cause would not be taken into account (but their income would be counted) in determining the family benefit. In determining suitability for employment, a person's fitness potential, and prior training and experience would be taken into consideration. Individuals could not be required to take jobs "if the wages, hours, or other terms or considerations of the work are contrary to or less than those prescribed by Federal, state, or local law."

State Supplementation of FAP

States whose payments under the old AFDC program are above the FAP level would be required to supplement the FAP benefit up to that level or to the poverty level, whichever is lower. The poverty level is defined in terms of family size as follows:

Family Size:	*Basic Amount*
1	$1,920
2	2,460
3	2,940
4	3,720
5	4,440
6	4,980
7	6,120

This level would be adjusted annually to reflect changed living costs. Thirty percent in Federal matching funds would be available for this supplementation. The Federal Government would pay 50% of the administrative costs of State supplementary programs.

States would have to supplement the benefits of all those currently eligible and all of those newly eligible under the FAP standards, except the working poor. All States would be required to supplement the benefits of families where the father is unemployed or where a child is between 18 and 21 and in school, both now at State opinion.

In computing benefits the States would be required to follow the rules for FAP, except in the case of the work incentive earned income exclusion. The complicated new earned income formula for the State supplement,[1] when combined with the FAP work incentive exclusion, would have roughly the same impact as the current disregard (all working expenses plus $30 per month plus one-third of earnings above this amount.)

Administration of FAP

The bill provides three possible administrative arrangements:

Federal administration of both the FAP and the State supplementary program, in which case the Federal government would pay all the administrative costs of both programs.

State administration of both the FAP and the State supplementary program.

Federal administration of the FAP and State administration of the State supplementary program.

In the latter two cases the Federal Government would pay the costs of administering the FAP and the Federal Government and the State would equally divide the costs of administering the State supplementary program.

The bill also contains a provision under which deserting parents would incur an obligation to the Federal Government for the amount of Federal payments to their families under FAP. Other provisions authorize $20 million for research and demonstration projects to improve FAP and technical assistance to the States.

Service Programs

Individuals registered under FAP would be provided an "employability plan" and services and training similar to those provided under the current work incentive (WIN) program. Existing manpower training programs would be utilized where possible and State welfare departments would be required to provide health care and other services to enable an individual to participate. Each individual participating in a training program would receive $30 per month and allowances to cover transportation and other associated training costs. The Federal Government would pay 90% of the costs of such training programs.

The bill authorizes grants up to 100% to public or private agencies for day care programs for children of manpower training participants. For school-age children, group or institutional care would be provided through local educational agencies whenever possible. Fees for child care could be charged on the basis of a family's ability to pay.

The bill authorizes 90% Federal matching grants for services supporting manpower training programs. HEW will make further recommendations for social services in the near future.

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[1] The States would have to exclude the first $720 per year plus (1) one-third of the remainder up to twice the unreduced FAP benefit ($3200 for a family of four), plus (2) one-fifth of any earnings above that amount.

Title II.—Aid to the aged, blind, and disabled (AABD)

AABD State Plan Requirements

The bill would repeal current Federal provisions for separate programs for the aged (OAA), blind (AB), and permanent and totally disabled (APTD) and establish a new combined Federal-State program (AABD) with a monthly benefit minimum of $110 for aged, blind, and disabled persons with no other income. The bill provides for uniform Federal definitions for blindness and disability.

Existing Federal administrative requirements for State plans are retained in the bill, as are regulations designed to protect the rights of recipients. The bill also specifically excludes State plans which contain residency requirements, an age requirement over 65, or citizenship requirements which deny benefits to United States citizens or lawfully admitted aliens continuously in residence for 5 years preceding application.

AABD Eligibility and Income Disregards

In determining need for aid under AABD programs, States are required to exclude the home, household goods, and personal effects of an individual, and other resources up to $1500. States must also not impose responsibility on relatives unless the beneficiary is the relative's spouse, or a child who is under 21, blind, or disabled.

Income disregards are as follows:

For the blind and disabled, the first $85 per month of earned income plus one-half the remainder, mandatory on the States.

For the aged, the first $60 per month of earned income plus one-half the remainder, optional with the States.

$7.50 per month of earned or unearned income before disregard of any of the above, optional with the States.

The bill also makes permanent a temporary provision in the 1969 Social Security Amendments requiring the States to pass along to AABD recipients a $4 per month social security disregard.

AABD Federal Matching Provisions and Administration

The Federal Government would pay 90% of the first $65 of the average payment made to AABD beneficaries and one-fourth of the remainder, up to a limit set by HEW. The bill provides for optional direct payment to recipients by the Federal Government, in which case all administrative costs would be borne by the Federal Government.

State plans providing certain rehabilitative services prescribed by HEW for AABD recipients would qualify for 75% Federal matching for such services and 50% of the remainder of administrative costs. The Federal Government in any event would pay 50% of administrative costs of AABD programs.

Section Three. Comparative Analysis of Key Provisions

President Nixon's welfare reform proposals raise a number of basic issues. Alternative proposals have come from a number of sources, including President Johnson's Commission on Income Maintenance Programs, Senator Fred Harris, a number of private organizations, and the Ways and Means Committee. Following is an analysis of Administration, Ways and Means Committee, and alternative proposals in key areas.

Benefit levels

The basic FAP benefit ($1600 per year for a family of four with no other income) is recommended in the Committee bill. This basic benefit is supplemented both in the Administration proposal and the Committee bill by exclusion of the value of food stamps ($864 for a family of four with the basic FAP income of $1600). This $2464 total compares with the basic benefits of $2487 recommended by the Harris bill and $2,400 recommended by the Commission of Income Maintenance. The Harris and Commission bills, however, also provide for automatic escalation to the poverty level in a specific period of time. A number of organizations recommend a basic benefit at the poverty level this year, currently set at 3720. The National Welfare Rights Organization recommends $5500, the Lower Standard Budget set by the Bureau of Labor Statistics for a family of four in an urban area.

The Administration contends that cost factors make any higher Federal guarantee impossible at this time and points out that State supplementary programs will add significantly to the Federal minimum. HEW estimates that the recommended $1600 basic FAP benefits will add $2.6 billion to current Federal welfare costs, and that adding $100 to the basic $1600 annual family of four benefit would cost the Federal Government $500 million.

Coverage

The Committee bill and the Administration proposal both limit payments to families (defining family as a group of two, one of whom must be a child), and make no provision for childless couples or single persons. Both extend present coverage to families headed by full-time employed males (the working poor) and families where the father is unemployed and at home. The Committee bill also makes provision for an estimated 12,000 eligible military families, excluded in the Administration proposal.

Alternative proposals recommend universal coverage with specific exclusions for obviously undeserving cases. The Administration points out that FAP will cover 20 million persons in 1971, compared to the 6.7 million currently on AFDC rolls, and that universal coverage would add 4.5 million beneficiaries and costs of $1 billion to the program.

Income exclusions

Both the Committee bill and the Administration proposal contain a basic work incentive earned income exclusion of the first $720 per year plus one-half the remainder. The Administration proposal, however, contained an additional disregard of one-half of unearned income (such as veteran's benefits, social security, and railroad retirement), which the Committee dropped, thereby reducing total benefits by $600 million.

The Committee bill sets the amounts of irregular earned and unearned income allowable at $30 per quarter for each type, left to the determination of HEW in the Administration proposal. Setting an amount may make this disregard more or less automatic, thereby in effect increasing the initial disregard from $720 to $960 per year and raising the breakeven point from $3920 to $4160.

The Harris bill excludes the first $900 per year of earned income, plus one-half the next $1800, plus one-fourth of the remainder. The bill also defines earned income as net income after deduction of the expenses of earning such income. These exclusion provisions would allow a family of four to earn up to $6300 and remain eligible.

Work registration requirements

Both the Administration proposal and the Committee bill contain strict new provisions requiring FAP beneficiaries to register for work training and employment. The Administration proposal, however, contained virtually no labor standard safeguards and left the definition of job "suitability" to the Department of Labor.

The Committee bill includes labor standard safeguards designed to insure that individuals are not placed in unsuitable or excessively low paying jobs, and that they are not forced to cross picket lines or join company unions. The bill contains a new requirement for mandatory registration of the working poor, doubling the total number of registrants from 1.5 to 3 million. The bill also reduces the mandatory registration age for non-students from 18 to 16.

Alternative proposals, including the Harris bill, contain liberalized work training requirements. The Harris bill permits persons to refuse work training in cases where suitable jobs are unavailable and excludes mothers of school-age children from registration and training requirements.

State supplementation

Since the Federal floor provided in both the Administration proposal and the Committee bill is below the level of payment in all but eight States, State supplementation programs are necessary to insure that beneficiaries do not receive less than they are receiving now. The Committee bill and the Administration proposal contain equivalent formulas for determining benefits, but the Committee bill formula for Federal participation (30% Federal matching) generally provides greater relief than the Administration proposal to States currently making greater effort. The Committee bill would result in an additional estimated cost to the Federal Government of $300 million. The provision for direct Federal matching funds also provides greater Federal leverage to insure State supplementation.

The Committee bill contains a provision not in the Administration proposal that sets the poverty level ($3720 for a family of four) as the maximum level to which benefits may be supplemented with Federal matching, thereby affecting the two States (New York and New Jersey) with benefit levels over $3720. The Committee bill also contains a provision absent from the Administration proposal permitting HEW to provide for individual cases that under FAP would receive less than they are receiving now.

Alternative proposals, including the Harris bill, recommend complete Federal financing of public assistance and therefore make no provision for State supplements. Such proposals include the working poor and therefore avoid work disincentives created by excluding the working poor from State supplementary programs, as in the case in the Administration proposal and the Committee bill. Providing Federal matching for State supplements to the working poor would add to Federal and State costs of the bill.

Administration

The Committee bill encourages Federal administration by providing for full assumption of administrative costs in cases where States choose to have the Federal Government make the basic FAP and State supplementary payment directly to the beneficiary. The Administration proposal provided for Federal assumption of only half of the costs of administering the State supplements in such cases. The Committee bill provides the same incentive for Federal administration of AABD programs while the Administration proposal recommended only a 50% Federal contribution.

The Committee bill contains a new provision for liability to the Federal Government for FAP benefits in cases of deserting parents during their period of absence. The Committee in its report indicates that spouses of deserting parents are expected to cooperate fully with authorities in tracking down miscreants under pain of loss of their benefits.

Alternative proposals, including the Harris bill, recommend complete Federalization of public assistance and therefore contain no provision for joint Federal-State administrative arrangements. Punitive administrative provisions are also not included in any alternative proposals.

Food stamps

Both the Administration proposal and the Committee bill permit food stamps for FAP beneficiaries. The Committee in its report

noted the desirability of providing beneficiaries higher cash payments only, but said it could not devise a program to accomplish this end within Administration cost guidelines.

Alternative proposals, including the Harris bill, recommend abolishing food stamp assistance in favor of a higher basic income supplement. Rep. Gibbons of the Committee in additional views recommends an immediate integrated cash-benefit program, both to eliminate the inequities of the food stamp program and to save substantial administrative costs.

Manpower training and employment programs

The 1967 Amendments to the Social Security Act provided for a work incentive program (WIN) administered by the Department of Labor rather than HEW through state welfare administrations. The program fell below Congressional expectations because of Department of Labor and HEW slowness in promulgating guidelines, varying State interpretations of the guidelines for referral, inability of States to develop effective training programs, and inadequate provision for child care services.

Both the Committee bill and the Administration proposal abolish the old WIN program and establish in its place a new Federal program with tight referral provisions to eliminate differing interpretations of referral requirements. Both also contain specific guidelines for Federal-State cooperation and coordination with existing programs. Both authorize about $600 million for expanded job training and day care facilities.

In order to insure adequate day care facilities, the Committee bill provides for complete Federal financing for day care programs, as opposed to 90% Federal matching in the Administration proposal. The Committee bill also contains increased emphasis on special work projects where employment in the regular economy is not available, and on-the-job training with new financing provisions under the Department of Labor.

Alternative proposals recognize the necessity of providing work training opportunities for family assistance beneficiaries but stress the need to provide meaningful employment, with the Federal government the employer of last resort.

Costs

Both the Administration proposal and the Committee bill are estimated by HEW and the Bureau of the Budget to add $4.4 BILLION to current public assistance expenditures in the first full year of operation. Both provide about $600 million for job training and day care and $300 million for administration in appropriation estimates.

Estimates of costs are based on 1968 data and are predicated on 100% participation in the programs. Estimates for administrative costs were made before Committee provision for full Federal financing. Following are the breakdowns for the Administration proposal and the Committee bill:

The Administration proposal would have provided an additional $3 BILLION in payments to families, reduced by elimination of the unearned income disregard to $2.6 BILLION in the Committee bill.

The Administration proposal would have provided $100 million in relief to the States (the 50%–90% formula), raised under the new 30% Federal matching formula to $400 million.

The Administration proposal would have provided an additional $400 million for the aged, blind, and disabled, raised to $500 million due to the increase in the Federal minimum from $90 per month to $110 per month.

Alternative proposals are estimated to add from $7 billion (Harris bill) to $30 billion (National Welfare Rights Organization) to public assistance costs in the first full year of operation.

AABD minimum benefits

The Administration proposal contained a Federal minimum of $90 per month for aged, blind, and disabled persons with no other income. The Committee raised this minimum to $110 per month. The Committee bill also contains a new formula for Federal participation that makes it impossible for States to avoid a contribution, as they could have, under the Administration formula.[2]

Alternative proposals recommend raising the Federal family assistance minimum to a level that would adequately cover present AABD recipients and permit abolition of current AABD programs in favor of a single Federal program for the needy.

AABD income disregards and eligibility requirements

For the blind the Administration proposal and the Committee bill both contain a mandatory disregard of the first $85 per month of earned income plus one-half the remainder. In the State option disregards for the aged and disabled, the Administration allowed the first $20 per month of earned income plus one-half the remainder up to $80 per month (current law). The Committee bill extends to the disabled the same earnings disregard accorded the blind and permits states to disregard the first $60 per month plus one-half the remainder for the aged.

The Committee bill contains a provision allowing a State option disregard of $7.50 per month of earned or unearned income, and a mandatory $4 per month disregard for Social Security recipients. The Committee bill also drops a provision in the Administration proposal that expressly prohibited States from imposing property liens against aged, blind, or disabled individuals on account of benefits paid them.

SECTION FOUR. FAP (H.R. 16311) POINTS OF CONTROVERSY

The family assistance plan as proposed in H.R. 16311 has raised a number of points of controversy—both in terms of general approach and in terms of certain features. Following are arguments for and against the basic plan and arguments for and against specific provisions.

Basic plan

Proponents of FAP contend that the plan makes significant improvements in the current family assistance structure. They make the following points in its favor:

FAP establishes Federal standards of eligibility that will eliminate inequitable treatment of recipients.

FAP extends coverage to families headed by an unemployed father and to the working poor, currently in effect in only certain States.

FAP contains incentives to encourage States to opt for Federal administration of all public assistance programs.

By establishing a Federal income floor, FAP will reduce State and regional differences in the level of benefits paid.

While the Federal guarantee of $1600 per year for a family of four with no other income is too low, adoption of the program will generate a constituency to press for higher benefits, as was the case with Social Security.

Some critics of FAP believe the plan does not go far enough. They make the following points:

The Federal guarantee of $1600 per year for a family of four with no other income is far too low, and the bill makes no provision for even gradual raising of benefits to the poverty level or for increases based on the rise in the cost of living.

FAP excludes childless couples and single individuals from coverage, denying benefits to millions of needy people.

FAP perpetuates the current Federal-State administrative tangle and contains no provision for even gradual Federal assumption of all public assistance payments.

Other critics of FAP believe the plan goes too far. They make the following arguments:

By extending coverage to unemployed fathers and the working poor, FAP will add between 10 and 15 million people to the welfare rolls and put us on the road to a guaranteed income.

Provisions for Federalization will only create a massive permanent Federal welfare bureaucracy.

FAP attempts too much with insufficient funds; available resources should instead be allocated to existing programs, particularly job training and child care, rather than initiating a new program.

Specific provisions

Work Registration Requirements

Pro: Work registration requirements will provide an additional tool in getting people off welfare rolls and onto employment rolls. Since 11 million mothers of children under 18 are now working, welfare mothers should not receive special treatment. Requiring the working poor to register will permit upgrading of skills and allow the Department of Labor to develop a more adequate data base from which to analyse poverty.

Con: Registration requirements only perpetuate the myth that most welfare recipients are shiftless chiselers. Requiring mothers of children over six to register is potentially harmful to the development of the children; mothers should be allowed to determine the extent to which their presence is needed in the home. The requirement that the working poor register will swamp State unemployment services. The bill in addition establishes no priorities for referral of registrants for job training. The working poor (including the members of the Armed Forces), mothers of children *under* six volunteering for training, and unemployed fathers will all get the same treatment.

Work Incentives

Pro: By permitting people to hold full-time jobs while still receiving family assistance the bill significantly reduces the incentive to quit work and go on welfare. The Federal uniform initial work incentive exclusion of $720 per month plus one-half the remainder allows individuals to keep enough earnings to make work worthwhile and supercedes with a greater incentive varying amounts allowed under existing law.

Con: The so-called initial $720 plus one-half the remainder work incentive in the bill in fact excludes only that amount of money needed to meet the costs of employment, already provided for in the 1967 Amendments. The much-advertised 50% marginal tax rate is deceptive, because when one takes other public assistance income such as food stamps and State supplements into account and deducts expenses such as State and local taxes, as much as 90% of each dollar over $720 is deducted, thereby eliminating the financial work incentives in the bill.

Work Training and Child Care Programs

Pro: Work training and employment programs are essential to provide individuals with the ability to obtain adequately paying employment and get off welfare. Since successful work training programs depend in large measure on adequate day care facilities, the Committee bill provides full Federal

[2] Under the Administration formula the Federal Government provided all of the first $50, half the next $15, and one-fourth the remainder (average Federal payment with a $90 minimum: $57.50). The Committee formula is 90% of the first $65 and one-fourth the remainder (average Federal payment with a $110 minimum: $58.50).

financing for day care, which will spur development of day care facilities by the States and localities.

Con: Emphasis on work training programs diverts attention from the real problem—the lack of meaningful employment at an adequate wage in many areas of the country. Training people for non-existent jobs will only crowd an already tight job market. Work training programs in any event depend on adequate child care facilities, obstructed not by lack of Federal money but by State and local inability to develop quality programs.

Need Determination and Disregards

Pro: The new Federal need determination and disregard provisions will save State administrative costs and insure that recipients are treated equally in all jurisdictions. Disregards are necessary to keep costs of the program down and still provide for those in greatest need by providing for the wide variety of personal circumstances in which beneficiaries find themselves.

Con: The need determination and disregard provisions of the bill will prove almost impossible to administer and will require an immense new Federal bureaucracy. Such provisions should be eliminated in favor of an income guarantee for all Americans. Specific inequities in the bill include:

Discrimination against those of college-age receiving room-and-board scholarships, because of a provision for disregard of tuition only.

Incentive for families to spend their limited savings or life-insurance on additional household goods to qualify for benefits.

Unemployment Definition

Both supporters and critics agree that one of the major shortcomings of the bill is its reliance on the current definition of unemployment as working less than 30 hours a week. As long as the working poor are excluded from Federally assisted State supplementary programs, the current definition creates a work disincentive for many working poor. Individuals in States with a level of payment over $2100 can receive additional income (and, in some States, qualify for Medicaid) if they can come close to their present income by working 30 hours a week instead of full-time.

One remedy would be to define unemployment as working 20 hours a week or less, thus making it difficult for a person to earn near his present income and still qualify as unemployed. Alternatively, State supplements could be extended to the working poor, but this proposal would add to Federal and State costs of the bill.

APPENDIX I. HOW TO DETERMINE A FAMILY SUPPLEMENT

The amount of assistance a family could receive under H.R. 16311 will vary depending upon many factors, including the number of persons in the family, the family's income, and the State in which the family resides. To determine the family's total supplement for all but eight states [3] one must first determine the amount of the Federal supplement and then the amount of the State supplement.

Federal supplement

Determining the Federal supplement is a three-step process:

1. Subtract $720 from total family earnings;
2. Divide this amount by two; and
3. Subtract this figure from the basic FAP benefit ($500 for each of the first two plus $300 for each additional family member).

Thus a family of four with total earnings of $2,000 (and no disregardable income [4]) would receive a Federal supplement of $960, as follows:

1. $2000 (earnings) minus $720 equals $1280.
2. $1280 divided by 2 equals $640.
3. $1600 (basic FAP) minus $640 equals $960 Federal supplement.

State supplement [5]

Determining the State supplement is also at three step process: [6]

1. Find the difference between the following amounts: Earnings minus $720; one-third of earnings minus $720 (up to $3,200;
2. Add the family's Federal supplement to this amount;
3. Subtract this figure from the State's current level of payment (determined from table on reverse side).

Thus our family of four with $2,000 in earned income (and no disregards) if it lived in Illinois (level of payment: $3,228) would receive a State supplement of $1,415, as follows:

1. $1,280 minus $427 equals $853.
2. $853 plus $960 (Fed. supplement) equals $1,813.
3. $3,228 (payment level) minus $1,813 equals $1,415, State supplement.

Total supplement

Thus the total supplement for an Illinois family of four earning $2,000 a year would be $2,375, bringing the family's total income to $4,375, as follows:

Earnings	$2,000
Federal supplement	960
State supplement	1,415
Total supplemented income [7]	4,375

AFDC annualized levels of payment for a family of four (our adult plus three children) with no other income—based on latest HEW information

Alabama	$972
Alaska	2,220
Arizona	2,124
Arkansas	1,140
California	2,652
Colorado	2,292
Connecticut	3,524
Delaware	1,788
District of Columbia	2,928
Florida	1,608
Georgia	1,596
Hawaii	3,108
Idaho	2,880
Illinois	3,228
Indiana	1,800
Iowa	2,928
Kansas	2,844
Kentucky	1,956
Louisiana	1,248
Maine	2,508
Maryland	2,196
Massachusetts	3,684
Michigan	3,156
Minnesota	3,468
Mississippi	828
Missouri	1,560
Montana	2,436
Nebraska	2,400
Nevada	1,724
New Hampshire	3,084
New Jersey	4,164
New York	3,756
New Mexico	2,196
North Carolina	1,608
North Dakota	3,132
Ohio	2,316
Oklahoma	2,220
Oregon	2,628
Pennsylvania	3,312
Rhode Island	2,664
South Carolina	1,140
South Dakota	3,084
Tennessee	1,548
Texas	2,148
Utah	2,328
Vermont	3,192
Virginia	2,856
Washington	3,648
West Virginia	1,656
Wisconsin	2,376
Wyoming	2,700

APPENDIX II. A WELFARE GLOSSARY

AABD—Aid to the Aged, Blind and Disabled, the new assistance program for the aged, blind, and disabled persons. It combines three separate Federal-State programs for aid to the aged (OAA), aid to the blind (AB), and the aid to the permanent and totally disabled (APTD).

AFDC—Aid to Families with Dependent Children (formerly ADC), the currently operating Federal-State program for assisting families with dependent children.

Breakeven Point—That level of earned income at which the amount of public assistance available a beneficiary is reduced to zero. This point also denotes the coverage of the program.

Determination of Need—Features of a bill that outline eligibility for assistance, such as permissible assets, relative responsibility requirements, and age or disability definitions.

Disregards—Income that need not be counted in determining the benefit level of an individual receiving public assistance.

Earned Income—As used in H.R. 16311, all remuneration for services performed as an employee and net earnings from self-employment.

Minimum—The lowest amount of total income, set by law, that an individual on public assistance must receive. The minimum is therefore the combination of assistance payments and other income which is not disregarded.

Unearned Income—As used in H.R. 16311, all income that is not earned, including annuities, pensions, social security, workmen's compensation, unemployment benefits, railroad retirement, disability insurance, prizes, life insurance proceeds, gifts, rents, dividends, interest, royalties, alimony payments, and inheritances.

Work Discincentives—Provisions that reward an individual with additional benefits or do not significantly reduce benefits if he works less or quits his job altogether.

Work Incentives—Provisions for allowing an individual to retain that percentage of his earned income that, when combined with his benefit, will produce sufficient additional income to encourage the beneficiary to work.

Mr. CONABLE. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina (Mr. RUTH).

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

Mr. RUTH. Mr. Chairman, for several weeks I have been telling my constituents that I would like to hear the debate before making up my mind on this issue,

[3] Because they currently pay less than the basic FAP benefit, the Federal supplement would be the total benefit in Alabama, Arkansas, Georgia, Louisiana, Mississippi, Missouri, South Carolina, Tennessee.

[4] Such dollar-for-dollar disregardable income would include training allowances, earnings of a child in school, the value of food stamps, and irregular or infrequent amounts up to $30 a quarter for each type.

[5] In order to be eligible for any state supplement, our sample family would have to earn $2,000 with no member working over 30 hours a week if the family lived in a State with no program for the working poor.

[6] An additional provision, applicable to families with an income past the FAP breakeven point ($3,920) but still eligible for state supplements, provides for exclusion of one-fifth of remaining income.

[7] Provided our family did not live in one of the few States that impose a maximum, if the maximum were below this amount.

and there are several points that I would like to mention.

First, for a bill of this magnitude I am disappointed that the proponents are not talking about the merits of the bill to the extent that they are saying: It is better than what we have.

Second, if a pilot program has been conducted in two States for about a year, it seems we should either have more definite evidence or wait until we have more evidence as to its effectiveness.

Third, it seems if this were a business enterprise the chairman would be saying "We have a failure on our hands. We are going to change a few formulas, include more people, refinance it, and try it some more".

Fourth, I hate to see the campaigns of the future become based on the amount of the guaranteed income promised by the candidates.

Fifth, I hope we do not vote for work incentives which turn out to be just the opposite. We should be less concerned with what we hope this bill would do, and more concerned with what the bill will actually do.

The CHAIRMAN. The Chair will advise the Members that the gentleman from Wisconsin (Mr. BYRNES) has 24 minutes remaining, and the gentleman from Arkansas (Mr. MILLS) has 20 minutes remaining.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Hampshire (Mr. CLEVELAND).

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

Mr. CLEVELAND. Mr. Chairman, I have taken this time to inquire further from the gentleman from Arkansas and the gentleman from Wisconsin concerning details of this bill. One of the questions I would like to ask of the gentleman from Arkansas, who is on the floor, is that I am concerned about the rural poor. The President stated in his state of the Union message that we probably should do what we can to redress the outmigration problem caused by people leaving the rural areas and piling up in the cities where they often create so many problems.

So, addressing ourselves to the provisions of this bill as they pertain to working poor families, I know that at least in my State some of the unemployment compensation offices are scattered. I wondered if the committee has studied the problem of how somebody would go, say, 40 or 50 or 60 miles to register for the provisions of this legislation.

Then another question comes up. If, after he has registered and under the provisions of this act he is going to be required to take training, if he comes from a small rural town, is it going to be possible to set up a training program in that small town?

I wonder if the chairman would respond to those questions?

Mr. MILLS. If the gentleman will yield, yes, I have the same degree of concern, I might say, that the gentleman has in this very problem. Like the gentleman, I have a lot of these areas that are small communities in my district. I would call the attention of the gentleman to the fact that there are these employment services or security offices scattered all over with at least one in the counties. That is the case in my own State.

Mr. CLEVELAND. Yes, but we have some pretty large counties.

Mr. MILLS. I understand that. There would be no payment to an individual from any agency of the Government, unless the welfare department of the State would do it, to provide the transportation into the office to register. He would have to do that.

But if he is assigned to a training program, then it is possible for the employment security office to make available to him the cost of transportation to and from his training, if that is necessary, to make it possible for him to take a course in training.

This is not necessarily a matter of training 50 people at the same time, you understand, which might be training in automotive mechanics or something like that. This is directed more toward individualized training.

Mr. CLEVELAND. However, the fact is that some of these training programs could not possibly be set up in the rural areas and that they would have to travel?

Mr. MILLS. In my own area, I can envision a situation where three counties might be included for the purposes of one training center. But the employment security office would have to make available to the individual such transportation as necessary to enable him to carry out their instructions to attend a course of training. They would have to do that.

Mr. CLEVELAND. I thank the gentleman.

Mr. Chairman, I would comment simply by saying that I do not think this can be considered as encouraging people to stay in the rural areas. I think it is, if anything, going to give an incentive to move into or toward urban areas where they can travel a short distance to apply and travel a short distance to their training program, and where inevitably the recommended job will be located.

Mr. MILLS. I have just the opposite view on it because I know in my area the tendency now is for many of our people who have been on the farms all their life, when adversity comes along and they find they are not making the living on the farm that they want to, to go to the city. I think that here we have some degree of opportunity to train these people in the rural areas for employment. It may be in a town where they get that employment or within the city. But they could take their training while they are at home, and at least they do not have to go into the city to get that.

Mr. CLEVELAND. I have another question that I would like to ask, if the chairman would be so kind.

Is there any provision in this bill which deals with the question as to whether people who register under the provisions of this act—whether their names will be made public under our public information laws?

Mr. MILLS. There is a special regulation within the Department of Health, Education, and Welfare dealing with these matters prohibiting, say, a newspaper from going to an office and getting a full list of these names. The names of these people will be made available to prospective employers; that is, to people who have a right to know who they are.

Mr. CLEVELAND. To a certain extent, they will be published?

Mr. MILLS. Yes; to that extent.

Mr. CLEVELAND. Thank you.

Mr. Chairman, I regret that there is no more time to explore a number of other questions which I have about this program, and which I have not heard satisfactorily answered in this debate.

A significant point is that the proposed bill will more than double the number of persons who will be registered at the State employment security offices. Though Congress may get around to increasing the appropriation to provide for this, I personally tend to doubt it. Will we be prepared for the deluge of applicants which will descend upon the employment security offices?

A second aspect of this bill which I question is that social security recipients who qualify for family assistance payments will have to register with employment security for a job, and will have their FAP reduced by the amount of their social security payments. Yet if these same people want to help themselves instead of relying on the dole, they run into a $1,680 earnings limit. They are discouraged from working, and encouraged to subsist on their Government check. Is this not a basic contradiction?

The whole area of cost estimates for this proposal deserves thorough questioning. The data on which the cost guesses are made are based on a 1966–67 study which was updated to 1968, and now projected to 1971 and beyond. This is quite unrealistic.

Hard figures on which we will be able to base our estimates will soon be available, in the form of that long 1970 census which we all filled out recently. It is tragic to have to misuse bad statistics when good ones will soon be available.

Given our experience with medicare and medicaid, where the actual cost has far outrun earlier predictions, should we not be candid and admit that the actual cost will be much higher? I might add that it is interesting that some of the same people who are outraged by military cost overruns are now willing to accept low estimates of the cost of the family assistance plan in order to promote acceptance.

I also question very seriously estimates of proponents that the FAP, which will double the number of people on the rolls, will by 1975 be costing only a little more than existing programs would if we did not change them. In order to determine the anticipated cost of existing programs, if unchanged, it is assumed that both caseload and costs will continue to increase at the same rate as over the past 3 years. AFDC benefit schedules are adjusted upward yearly to compensate for cost of living increases, and the projected costs assume that this would continue. But, the estimates for the family assistance plan assume that until 1975 there will be no increase in the $1,600 level of benefits.

Can we honestly say that we are not going to give periodic increases to compensate for inflation, just as we do in all other programs? Yet if we do, the FAP will be much more expensive than even the existing program.

Not only are the cost projections suspect, but the Legislative Reference Service tells me that there is reason to believe that the recent rapid growth in the caseload of AFDC is leveling out. Yet the figures cited project that the rate of increase will be the same as that of the last three years. This too should be clarified.

Mr. Speaker, by no means am I opposed to giving to those truly in need and my record amply proves that. However, I raise these questions because I doubt whether the proposed reforms are any better than the existing situation which apparently we all deplore. About the only thing that is certain about the family assistance plan is that it will immediaely add at least 10 to 15 million people to the welfare rolls.

About the lowest estimate of its cost put forth is approximately $5 billion. For this same amount, we could adopt the Prouty proposals to give all social security recipients adequate retirement income—$1,800 for one person, $2,400 for two people—as well as eliminate the antiincentive earnings limit on social security for all people over 65. This certainly seems a better place to put our dollars, if we want to put them where they would do some real good at no additional administrative cost.

Mr. MILLS. Mr. Chairman, I yield to the gentleman from Louisiana (Mr. Boggs) 5 minutes.

Mr. BOGGS. Mr. Chairman, we are coming to the end of this debate which, in my judgment, has been a most significant and enlightening one in attempting to show to the Members of the House the pressing need for welfare reform in our country.

As all of you know, this bill came to the floor after many weeks of intensive hearings and after many weeks of executive sessions in the Committee on Ways and Means, with only three of the 25 members on the committee against it.

I venture to say that more than a majority of the members on the Committee on Ways and Means at the beginning of the hearings approached the proposals with considerable misgivings. But after examining alternatives, and after looking hard, carefully, and critically at the existing welfare programs and how they have worked over the past 30 years—after that very intensive study and very intensive debate, the committee came, as I said, almost to a unanimous conclusion that this was the proper and right thing to do.

There is almost universal agreement among those concerned with our present welfare system that that system, particularly with respect to the program for needy families with children, has failed. This bill is being proposed to remedy this situation by an approach that recognizes that we can no longer attempt to patch up what is basically an unsound structure.

The present AFDC program is characterized by incentives to family breakup and by the inequitable exclusion from assistance of poor families in which the father is employed. The time has come to replace this program with an entirely new program—the family assistance plan. Under this plan, for the first time, on a nationwide basis, families with unemployed fathers would be able to receive benefits; at present, AFDC benefits are available to such families in some States but not in others. Also, working poor families would be provided assistance, for the first time, on a nationwide basis.

It is time we recognized that it is bad social policy to have families in like situations treated differently because of the employment status of the family head—a policy that has all too often made it more attractive to go on welfare than to go to work. The exclusion of families in which the father is working has acted as an incentive for fathers to become unemployed or leave home in order to qualify their families for assistance. H.R. 16311 would do much to correct these inequities.

Another inequity to which this bill addresses itself, and in my opinion successfully, is the wide variation in payment levels and conditions of eligibility among the present State programs. Under this bill, all dependent families with children in America, regardless of where they live, would be assured of a Federal minimum standard of income—$1,600 for a family of four—based upon uniform eligibility standards. Moreover, families will be able to keep a fair share of their earnings. The first $720 of earnings a year will be completely disregarded, and above this amount, benefits will be reduced by only $1 for every $2 of earnings. This treatment of earned income would provide a strong incentive both to take employment and to increase one's earnings. A family with a working member will always be better off than a family without a working member. This provision gives recognition in the case of the welfare recipient of a fact of life so fundamental and so obvious that the rest of us have always taken it for granted—simply that if a person would be better off working than not working, he will work. To illustrate the effect of this provision, it would be possible, for a family of four to receive some benefits under the program until its income reached $3,920. As the family's income increases over the basic $720 of exempted income, its benefit payment would, of course, be reduced.

In addition to the obvious advantage to the recipient of uniform eligibility standards is the fact that such standards allow for uniform administrative mechanisms, so that we could take advantage of the economies of scale that are possible with an automated and nationally administered system.

Another important reform provided under the bill is the requirement that every able-bodied adult member of a family—except mothers who have preschool-age children or others specifically exempted such as those with a disabled family member to care for—register for work or training. There is no other single provision in this bill that is more fundamental to the success of our efforts to transform welfare into workfare than these provisions for work and training.

Another important change this bill would make in the present welfare system relates to the programs which provide aid to our citizens who are in financial need due to old age or due to blindness or other crippling disabilities. It is important that we not allow the urgent need to reform the program of aid to families with dependent children to overshadow our concern for and commitment to our older citizens. I have been greatly concerned about the inadequacy and unevennness of assistance payments now being made to recipients of aid under the adult categories.

I am pleased that this bill would take constructive and very much needed steps to revise and improve the substance and operation of these adult programs. In particular, the bill would require that States assure that each aged, blind, and disabled adult will receive assistance sufficient to bring his total income up to at least $110 a month. This measure should be of great help to our older needy citizens who are finding it increasingly difficult under the inflationary conditions that prevail today to live on their present fixed inadequate incomes.

I am also glad to see that the bill would provide more uniform requirements under the adult programs for such eligibility factors as the level and type of resources allowed and the degree of disability and blindness required to qualify for assistance. In addition, the bill would liberalize the earnings exemptions under these programs. The earnings exemption for recipients of old-age assistance, which is optional with the States, would be made consistent with that under the family assistance program—the first $60 a month plus one-half of the remainder. The exemption for the severely disabled would be made consistent with that which has been in effect for some years for the blind—a mandatory exemption of the first $85 a month plus one-half of the remainder. I believe this latter provision should go a long way toward providing real encouragement to the severely disabled to accept rehabilitation services and employment within their capacities.

I am also pleased that under this bill, the Federal Government will make a strong contribution toward relieving the financial burden of the States. In order to assist the States in making supplementary payments, the bill provides that the Federal Government would pay 30 percent of a State's supplementary payment costs up to the poverty level. This represents an important improvement over the original proposal under which States were assured a savings of 10 to 50 percent of their costs in the federally assisted public assistance programs.

The inclusion of the new provision under which the Federal Government will pay 30 percent of a State's supplementary payment costs should go a long way toward providing relief for the financially overburdened States and in a

way which would, in general, help States which have been making greater fiscal effort in their welfare programs to achieve more savings than they would have under the original proposal. Moreover, the provisions of the reported bill provide additional financial assistance to States that increase their supplementary payment levels up to the poverty index level, whereas the original version of the administration bill would have acted as a disincentive upon the States to keep their payments in line with increased living costs.

In voting for this bill we are recognizing that the vast majority of Americans do not want to be on welfare. They want to have the opportunity to earn decent livelihoods without the constant knock on the door by the social worker, the person who checks on them and makes their lives miserable, degrading, and embarrassing. In addition, the administration of the present program by the States is frightfully expensive.

This bill does not come here only with the recommendation of the members of the Ways and Means Committee. It comes here with the active support of the President and his Department of Health, Education, and Welfare. It has been suggested and supported by important segments of both political parties, both the Democrats and Republicans. It has today the active support of the business community. It has only recently been thoroughly examined by a most representative Presidential commission, which gave its full and entire approval to the proposals of the committee.

Obviously, Mr. Chairman, the bill is not the answer to all our problems, but it is certainly a step in the right direction. It is a step that states that we shall rely upon the ability of men and women to earn their own way. In this society where the gross national product approaches a trillion dollars, the idea that we will have continuing poverty is one that our Nation quite properly rejects.

This bill is a step in that direction. I congratulate the members of my committee for the tremendous amount of time and effort which they have given to the bill. It comes here not alone but as part of a reform package of many parts. We are now conducting intensive hearings into social security generally and into medicare and medicaid. Hopefully, by the end of this session, we shall have legislated constructively in the field of welfare, in field of family assistance, in the reform and extension and modernization of social security, and a similar reform and modification of medicare and medicaid. It is part of an overall package designed to realistically approach these problems of welfare and social security, and I hope that the committee will be sustained by a substantial majority of the House of Representatives.

Mr. CONABLE. Mr. Chairman, I yield myself 8 minutes.

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

Mr. CONABLE. Mr. Chairman, and my colleagues, one thing that we have proven in the past 2 days of debate has been that Alexander Pope knew what he was talking about when he said in one of his famous couplets:

All looks yellow to the jaundiced eye.

I do not blame my colleagues for being a little jaundiced about this whole subject of welfare. It has been a very visible part of our social structure. It has been subject to a great deal of criticism because it has not been working. We are not so much trapped in a semantic sense as embarrassed by the emotional surcharge that the word has acquired over the years of misdirection of our welfare program.

And when we hear, as our leaders have explained that we are adding several million people to the welfare rolls, that means something to us that frightens us instinctively, because when we think of the welfare rolls we think of people who are not working but who are participating in the largess of the taxpayers, the productive elements of our society.

When we talk about adding people to the welfare rolls in this bill, we are not describing welfare in the traditional sense. Of the millions that are added, many are going to be added only in a peripheral sense. They are going to be people who will receive only a modest amount. They are people who are already working and who are ineligible for welfare now, because they are working. In short, under the bill they are going to be receiving supplements, not traditional welfare.

This is the only way in fact that we can design a bill that will make it worthwhile for people to work. I do not know about my colleagues, but I will tell Members that one of the toughest letters I have to answer is the letter which comes from a man who says that he works very hard, he has been working all his lifetime, and he has never been able to participate in the affluence of America. The fellow across the street from him, his wife and children are on welfare, and he is making more money than the man who works. Therefore, he asks, why should he continue to work when it is costing him money.

We have talked a great deal about incentives, and those who have been viewing this bill with a jaundiced eye have said the incentive program built into this bill is not going to work. In fact, they say we are just adding millions to the welfare rolls and increasing dependency rather than reducing it.

Mr. Chairman, this country has paid more than lipservice to the incentive system for 300 years. The incentive system has served this country well, although only 90 percent of our populace has been participating in an incentive system. The bottom 10 percent has had a disincentive to work. In fact, they have been criticized by members of their own families on occasion for refusing to go on welfare, because it was economically advantageous for them to do so.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I was a little curious about this incentive, and I am sincere about it. If a man, say, with two children is eligible for a supplement under this bill, and across the street there is a man with 10 children, and he is also eligible, will the man with 10 children—as I understand it, he will—receive more supplements than the fellow with two?

Mr. CONABLE. That is correct.

Mr. HAYS. Then the question arises in my mind, is this an incentive to work or an incentive to have more children?

Mr. CONABLE. Let me say I do not think many people would consider $300 a year adequate incentive to generate another hungry mouth to feed. I question whether the generation of children is usually a matter of economic incentive. We have to deal with the families as they are, and nobody would want to give any family the incentive to dispose of children.

Mr. HAYS. I understand that, but there are people—for instance, there is a fellow in my hometown who has been on welfare all his life, and he has had 11 children and raised all of them on welfare, and they are raising their children on welfare. They are exactly the type, if they can get $300 for more children, who would have more if they could. There are no racial overtones in this, because the fellow happens to be a Caucasian.

Mr. CONABLE. The gentleman from Ohio is falling into the very same trap I have been talking about. He is talking about the welfare system as it is now, and that has, in fact, put many people in the situation where the only way they could improve their economic circumstances was to have more children. The fact is that this bill provides a new work incentive instead of a children-producing incentive in the sense the gentleman is talking about.

Mr. HAYS. I hope it does, but it seems to me that it provides both.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Arkansas, the chairman of the committee.

Mr. MILLS. Mr. Chairman, I would like to call to the attention of my friend, the gentleman from Ohio (Mr. HAYS), the fact that in this bill there is more incentive to work, bearing in mind that the person who was mentioned by the gentleman from Ohio will not continue on this program to get one penny for himself until he goes to the employment office and registers for work and/or training. He must do that before he can even get one cent.

Mr. HAYS. He will have a doctor's certificate to say that he is not able to work.

Mr. MILLS. Then he is not able to work.

Mr. HAYS. He is able, but he will get a certificate from his doctor stating he is not able.

Mr. MILLS. If the gentleman will yield further, the local office of the agency in the gentleman's hometown where the person applies for benefits or is referred for training and work will have their own doctors and they can examine that gentleman.

Mr. CONABLE. Mr. Chairman, the critics of this plan have attacked.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I just wanted to assure my colleague, the gentleman from Ohio, that when he pointed out the case of the man the gentleman knew in his hometown, whom he knew all his life, and who was raising his kids, the gentleman suspected, to stay on welfare, when I started to rise it was not because I suspected that constituent to be of one particular race or the other.

I want to assure the gentleman of that. I am glad he explained who this person was.

I have some disagreement, not on the question of the ethnic background of that one single person mentioned. I am sorry he is in the gentleman's town and is a constituent.

I was questioning the premise of whether or not we are going to let one person like that stop this kind of a program. I believe there are probably some people like that in every Member's district, but I am not prepared at this time to say that this very minimal bill should not go through.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield very briefly to the gentleman from Ohio.

Mr. HAYS. I can say to the gentleman, this is not the only case like that I know of. I could cite many of them. I cited this one because it is an extreme case and because I know it better than others.

Mr. CONABLE. I hope the gentleman will give the incentive system an opportunity to work by acknowledging the obvious economic advantage this bill gives to those who go to work or continue to work.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. MILLS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CONABLE. Mr. Chairman, I should like to address myself briefly to the issue of the suitability of the job offered the welfare recipient.

The point that must be made and cannot be made frequently enough is that the suitability is not going to be determined by the recipient himself or by a traditionally minded welfare worker. The issue of suitability is going to be determined by the Labor Department.

Frankly, we have to be tough on this issue because of the very type of welfare recipient the gentleman from Ohio was referring to. I believe the American people, the American taxpayers, except no less.

On this issue of suitability, it has been within our intent to limit it to the determination of the Labor Department from the word "go."

I realize there is a good deal of misgiving about this, and I hope it can be cleared up not only through our discussion of legislative intent but also in other ways.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman from New York yields back 1 minute.

The Chair will advise that the gentleman from Wisconsin has 10 minutes remaining and the gentleman from Arkansas has 15 minutes remaining.

Mr. MILLS. Mr. Chairman, may I suggest that the minute yielded back be yielded to the gentleman from Wisconsin. I consumed at least 1 minute of the gentleman's time.

The CHAIRMAN. The Chair will do that by unanimous consent.

The time remaining is 11 minutes to the gentleman from Wisconsin and 14 minutes to the gentleman from Arkansas.

Mr. BYRNES of Wisconsin. Mr. Chairman, may I ask the gentleman whether he has any other speakers, other than possibly himself?

Mr. MILLS. That is all.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. COLLIER).

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. COLLIER) for 5 minutes.

Mr. ROBISON. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am delighted to yield to the gentleman from New York.

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

Mr. ROBISON. Mr. Chairman, in the months of debate and discussion which have preceded our formal consideration of the administration's family assistance plan, I have been impressed with the overwhelming fact that no one seems prepared to defend our present system of welfare. Good men may argue about the advisability of the new program before us, but everyone seems to agree that the system we have developed, in patchquilt form, over the past 35 years is not fulfilling its purpose or achieving its stated objectives. The difficulties with the past program—both conceptual and logistical—are well known to all of us, and need not be detailed again. But, in retrospect, I am surprised at how long we have tolerated a social services system which actually encourages men to leave their families—so that their children, legitimate or not, would be eligible for increased welfare assistance. I am surprised that we have accepted, as a fact of our federal system, the wide diversity among States in the amounts given to families—who, after all, are as destitute in one State as in another. I am surprised that we have been so complacent about a system which provided such an incomplete incentive to work. I am surprised that we have not before seen the overriding need for widespread availability of day-care centers and training programs to be directly coordinated with any national program of assistance.

And it is with this backdrop, and with this appreciation of our basic problems with what has evolved in the past, that I am especially hopeful about the family assistance plan which we now consider. As a Republican who holds the belief that his party can well be the vehicle for peaceful and orderly progress, I am proud of President Nixon's leadership in providing what he has rightly called, "an income strategy to deal with our most pressing domestic problem."

This "strategy" is carried out under the family assistance plan in several ways. The working poor with children are incorporated into the social services system by having their earnings supplemented if their income is below the poverty level, so as to guarantee that they will always be making more money by working than they would by staying home. All adult recipients, who are not disabled, are required to register for work or job opportunity training, unless the individual is a mother of a child 6 years or younger. A Federal floor is established which will serve to narrow the gap among the various States in welfare payments. In addition, these specific components of the program are coordinated with a greater emphasis on providing day-care centers in the proximity of the affected families and on providing training opportunities for those without the skills necessary to procure dignified and worthwhile employment.

By a combination of these provisions, and together with food-stamp assistance, the early effect of this plan will be to lift some 7,000,000 low-income people above the official poverty level of $3,400 yearly for a family of four.

But it is not my purpose to scrutinize the details of the program itself. Instead, I wish to comment briefly on the manner in which this piece of legislation was developed and presented, because I believe that we can all learn something from it. This is one of the most fundamental and significant domestic reforms which has been considered in my 13 years in the Congress. Yet we do not herald in this program with slogans which go far beyond this one bill's promise; we do not guarantee to the American people that this bill alone will still the turmoil in this Nation; we do not insure that poverty will hereafter disappear or that the program will meet everyone's need in every way. Rather, from the President on down, effective action has been quietly taken without the unnecessary bravado which, in the past, has so often come back to haunt us.

The President often has been criticized for not being sensitive to the needs of the ghetto dwellers, the rural poor, the blacks, the Chicanos, the Indians, and so forth. And, in truth, he has not made some of the ringing, sweeping statements popularized by some of our recent Presidents. But here in this bill, as is the case in such areas as revenue-sharing, educational loans, executive reorganization, and reordering of budgetary priorities, Mr. Nixon has said less but done more than his detractors seem to want to admit.

The word "meaningful" has become milked dry by so many people for so many purposes that I hesitate to use it at all anymore. But if the word continues to have any vitality at all, it does so in describing legislation such as this, for the Family Assistance Act of 1970 is truly meaningful—as an indication of this administration's concern for the disenfranchised of our society; as a reform of the outdated, inequitable, chaotic welfare system we currently tolerate; and as a method by which we can better

serve, and train, and educate families in need. This is a responsible and responsive piece of innovative legislation. I salute the President for initiating it, and I salute the leaders of both parties here in the House for their expeditious and careful study of it. The adoption of this measure, coming as it does so early in 1970, might well portend this shall be the decade of hope and real accomplishment; as contrasted to the 1960's, which became, sorrowfully enough, the decade of disillusionment and unfulfilled promises.

Mr. COLLIER. Mr. Chairman, all throughout the debate and discussion of this bill for the past 2 days it has become apparent that many Members of this House would firmly support the bill, believe in the fundamental concept and principle it embraces, but understandably have some reservation about the use of the word "suitable" in determining acceptance of employment by the welfare applicant.

They indeed have some reservation—and again understandably so—about the definition, which they contend is ambiguous and perhaps might be a loophole in terms of making the program work in accordance with the intent of the committee and the legislation itself.

Therefore, I intend at the proper time to offer a recommittal motion. I shall do so as a firm supporter of welfare reform legislation. The motion in sum and substance would remove the word "suitable" as a part of the language of the bill, as well as the definition. In order to do this we would strike section 448(b)(1) of the present bill but would make certain that the labor standards as they appear in section 448(B)(2) would be preserved.

I trust in offering this recommittal motion that this will eliminate what I think is the prime objection of many Members of the House who otherwise will support this bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield to me?

Mr. COLLIER. I yield to the gentleman from Iowa.

Mr. GROSS. That sounds to me a good deal like gimmickry. Why not a motion to recommit striking out the guaranteed annual income?

Mr. COLLIER. I cannot be responsible for what the gentleman from Iowa construes this amendment to be. If he thinks it is gimmickry, the fact is that he is wrong.

Mr. COLMER. Mr. Chairman, will the gentleman yield to me?

Mr. COLLIER. I yield to the gentleman from Mississippi.

Mr. COLMER. I appreciate the gentleman's graciousness in yielding to me. I do so for the purpose of asking the question that now that those in charge of this legislation have denied the Committee of the Wole here any right to amend the bill is it the purpose of the minority to insure that there cannot be a vote on this particular matter with this minor amendment here which would not give us a clear vote on that issue?

Mr. COLLIER. The gentleman from Mississippi has been in this House much longer than I have been. He is a distinguished legislator and parliamentarian. He knows full well that this procedure is entirely in order and is certainly in keeping with what I construe to be the proper and normal process of dealing with legislation in this body.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield to me?

Mr. COLLIER. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Of course, this is done under the rule. The rule provides that one motion to recommit shall be in order, and it is generally conceded in the normal concept that a motion to recommit will be with instructions. There is no variation here at all.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Ohio.

Mr. HAYS. I may say the gentleman stated when he began that he is a firm supporter of the bill, but he will offer a motion to recommit. Does that come in the rules?

Mr. COLLIER. It will make me a much firmer supporter with the motion to recommit adopted.

Mr. COLMER. Mr. Chairman, will the gentleman yield further?

Mr. COLLIER. I yield to the gentleman from Mississippi.

Mr. COLMER. Yes. In reply to the statement of the gentleman from Wisconsin and the gentleman from Illinois himself, yes, it is in order, but it is the purpose of this minimum amendment—and I do not want to use the word "gimmick"—to be a way of preventing an outright vote on the matter.

Mr. COLLIER. I would have to disagree. On the other hand, I would construe it to be a method to provide the means by which Members who want to support this and who believe in the concept and principle can do so by a clarification of the provision of the bill which has caused them difficulty.

Mr. LANDRUM. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am happy to yield to the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield such time as he may use to the gentleman from Michigan (Mr. CONYERS).

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

Mr. CONYERS. Mr. Chairman, I rise at this time because we believe our task is larger. Over the course of this debate no one has quarreled with the fact that the present system of welfare payments needs revision. We now will consider changes in that system when we vote on House Resolution 16311, the Family Assistance Act of 1970. This bill, embodying President Nixon's welfare reform package, is purported to be a progressive and drastically different approach to meeting the crisis of poverty in America. We appreciate the significance of the proposal and the progress that would be made in reforming the present welfare system. However, if we vote for this measure it will be while fully recognizing that it falls far short of what is needed.

The basic annual Federal allowance proposed for a family of four is grossly inadequate. This Federal payment will raise assistance levels in only eight States. Of all those who would receive payments under the plan, the Department of Health, Education, and Welfare reports that the incomes of only 301,000 families would be effectively raised above the poverty level. Is this really fighting poverty? Furthermore, nowhere in the Family Assistance Act is there a provision that would even raise gradually the payment levels to the poverty level, much less to a minimum adequate level.

We believe our commitment must be larger and more immediate. As a necessary first step we advocate that Congress set an adequate level of income for every American as a goal to be attained in the near future. Only in this way can the Government have a standard by which to realistically measure the problem and our progress toward its resolution. An adequate living income is required to guarantee the basic right of every human being—the right to life—a necessary precondition to all other constitutional, civil, and human rights. A major shortcoming of the President's categorical assistance plan is that it departs little from the social theories behind present welfare programs. We believe, on the other hand, that the Government of the richest nation on earth must insure a living income for every American as a basic right. Only such a restructuring of the basic premises of public assistance will yield a program that will meet the real needs of the poor and achieve the goals desired by Congress.

We do not believe that mandatory training and work requirements are the way to develop self-supporting independence in assistance recipients. To break the cycle of poverty, we must not only encourage meaningful employment but foster human dignity as well. The Family Assistance Act, which substitutes coercion in place of work incentives, will inevitably prove counter-productive. We believe mothers should be free to decide for themselves whether or not to leave their children and take a job or enter job training. Even so, to require job training that will lead to meaningful employment is one thing, but if there is no job guarantee at the end of the line it is another cruel hoax designed to placate critics of payments to the poor. Although House Resolution 16311 has been called a viable "workfare" plan, there has been no program for full employment instituted or even envisioned by the Federal Government. We believe the Government should supplement its public assistance programs with public service employment.

The immense and tragic proportions of poverty in America necessitates that we in Congress recognize the problem in its full dimension. We believe that our efforts now must be greater, our will more manifest, if ever we are to conquer it. The challenge we must accept is providing the strength and direction to create for each American adequate conditions in which to live and develop and so to become a fully contributing mem-

ber of our society. The Family Assistance Act of 1970 does not meet this challenge.

Mr. MILLS. Mr. Chairman, I have only one further speaker on this side.

Mr. BYRNES of Wisconsin. Mr. Chairman, this is my final speaker. I yield 5 minutes to the distinguished minority leader, the gentleman from Michigan (Mr. GERALD R. FORD).

The CHAIRMAN. The Chair advises the gentleman from Wisconsin he has 6 minutes remaining.

Mr. BYRNES of Wisconsin. I will give him all 6 at one time.

(Mr. GERALD R. FORD asked and was given permission to revise and extend his remarks.)

Mr. GERALD R. FORD. Mr. Chairman, I spoke at length yesterday and I am very grateful for the consideration given to me on that occasion by the Members of the House. I do not intend to take comparable time on this occasion.

However, let me say that I feel it my obligation to indicate my full support for this legislation. I honestly believe that the House has a unique opportunity today to make a major and long-overdue reform in our welfare system.

Seldom, in my 21 years in the House have I seen an atmosphere exist where you could find the high degree of unanimity from those on the left of the political spectrum and those on the right of the political spectrum who all agree on the need for change which means in this case that the existing welfare system needs to be totally abandoned.

I have yet to find a person in this body or a person in any one of the many places where I have spoken who defends the existing welfare system, not one person to my knowledge has risen to speak up on behalf of the present welfare program.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Chairman, I pride myself in agreeing with what the gentleman from Michigan is now saying. I know there are problems with the present system. The bill before us today may not be perfect, but an overwhelming number of those members who serve on the committee that has had the responsibility for this matter have reported it out and have recommended it to the House as being better than the existing system.

Mr. Chairman, I associate myself with the remarks of the distinguished minority leader is making at this time.

Mr. GERALD R. FORD. I appreciate the observation and endorsement stated by the gentleman from Oklahoma, the distinguished majority leader.

Mr. Chairman, as I was saying, we in this Congress today have a unique opportunity. We have near unanimity. Those on the extreme on the left and those on the extreme on the right all agree that we cannot defend the existing system. The existing system has been in existence for several decades, probably three, but it has been developed by patchwork. The net result has been that our everlasting tinkering has brought us a colossus that has to be scratched and when you scratch something, you have to begin with a totally new program. That was the condition faced by the new President when he took office 15 months ago. As a consequence, the President has recommended to the Congress a brand new approach to the problem of welfare.

I was honored, among many, to introduce that bill. I think that legislation is sound and constructive. It will open new paths to better solutions to the problems we want to solve.

I am delighted that the distinguished chairman of this committee has seen fit to recommend wholeheartedly this legislation.

I have talked to the President of the United States on a number of occasions about this legislation. As a matter of fact, I talked to him today about it. The President of the United States urged me to urge all of you as Republicans, particularly, to vote for this legislation. I hope that we can have on our side an overwhelming vote on behalf of the legislation.

I think it is unique that there is such strong bipartisan support for this far-reaching legislation. All of us can take credit for opening new doors to the solution of the difficult problem of welfare in America.

I simply want to state, Mr. Chairman, that if we pass this bill with the motion to recommit, I think the legislation will probably represent one of the finest legislative proposals that has come to the floor of the House during my term of service. It is my further opinion that we can all take credit for trying to solve the problem for the future which has been unsolvable up to date.

I urge as strongly as I can that all Members support the motion to recommit. It improves the legislation. And when that motion to recommit is approved, as I hope it will be, I trust that on our side of the aisle we will do everything we can, by our individual vote, to support the basic legislation recommended by the President so that we can do the kind of a job that is needed and necessary for the problem of welfare in America.

Mr. MOORHEAD. Mr. Chairman, I rise to express disappointment in the Family Assistance Act of 1970, because it falls so far short of meeting the true needs of the people.

We have waited a long time for meaningful change in our welfare system, and it is a delusion to think that the President's welfare package even comes close to meeting the problem.

At a time when billions are being spent in our military budget, in heavy subsidies to special interest groups, when the President is asking for more money for a supersonic transport, I am appalled at the scant heed paid to the realistic needs of the poor. We do have the resources to meet the social challenges in this country; it is tragic to realize that our priorities are so misplaced.

As this bill comes to us under a closed rule, permitting no amendments, those of us who have serious reservations about the bill—and yet do not want to totally reject its limited structural improvements—simply must take this opportunity to speak out.

I have therefore endorsed the statements of my colleagues, the gentleman from Michigan (Mr. CONYERS), and the gentleman from California (Mr. BURTON) who have also asked for a larger commitment to meet this challenge, and I would ask that my colleagues here and in the Senate seriously consider the recommendations of the National Welfare Rights Organization, and those of the Committee for Economic Development, and work toward a bill that will be a more realistic response to the problem, and that will offer true reform to the people commensurate with their dignity and self-determination.

Mr. Chairman, permit me to mention some of the recommendations of the National Welfare Rights Organization which merit our consideration:

The concept of guaranteed income based on "need." They have requested a "floor" of $5,500 a year, which is the figure determined by the U.S. Bureau of Labor Statistics as the amount really needed for a family of four "just to get by." And with this, provisions for an automatic cost-of-living increase.

The request that jobs should be guaranteed first, so that job training will lead to meaningful employment and that public assistance programs be supplemented with public service employment.

The suggestion of an "emergency fund" for special needs, and a "startup" grant for those just being enrolled.

Further recommendations of the Committee for Economic Development, the research policy arm of the Urban Action Council, headed by former Secretary of Health, Education, and Welfare John Gardner endorse these principles and also recommend:

A phased takeover of State and local welfare costs during the next 5 years by the Federal Government.

The inclusion of the poor working single person and working childless couple who are not covered in this legislation.

A Federal program to assist in the construction of day care centers and to support fully the programs of day care centers enabling more mothers to work.

Mr. Chairman, because the bill does not touch on these provisions is why I say the Nixon package is a delusion and a disappointment. The only reason to support it is to create a vehicle to which true reform can be attached.

I include at this point in the RECORD for the urgent consideration of my colleagues a summary of the proposals of the National Welfare Rights Organization. These are proposals which this Congress should enact:

NATIONAL WELFARE RIGHTS ORGANIZATION PROPOSALS FOR AN ADEQUATE INCOME

The National Welfare Rights Organization is a nationwide grassroots organization of welfare recipients and other poor people. It has 350 affiliates in 48 states and more than 150 cities. NWRO is launching a nationwide campaign for an *adequate income* for every American citizen. NWRO is challenging the country to change its priorities from an emphasis on death and destruction to an emphasis on life and peace. We believe that every man, woman, and child has the right

to live. We call upon our country to begin subsidizing life!

We believe a minimum adequate income for a family of four is $5500. This figure is derived from data collected in surveys conducted by the Bureau of Labor Statistics of the U.S. Department of Labor, which show how much families of four actually spend to live at a lower standard. We call upon the Federal Government to guarantee every American this minimum income.

Our plan includes the following features:

The income should be automatically adjusted for variations in size of family, costs of living in various parts of the country, and changes in cost-of-living and median family income as they occur.

Eligibility should be based solely on need, and should be based on a person's declaration of what his needs are, with spot checks as is done under our income tax system.

The system should provide a work incentive by permitting recipients to keep ⅓ of their earnings.

Recipients should be entitled to a fair hearing prior to the termination or reduction of benefits. The hearing should take place within fifteen (15) days of the application for appeal. Special grants should be provided for recipients to obtain lawyers or other advocates.

The regulations pertaining to rights and entitlements under this system should be public information. Simplified versions should be distributed to every receipient and potential recipient.

Persons eligible for these benefits should be entitled to *free medical care, legal services,* and *day care* facilities of a high quality in the neighborhoods where they live.

Other services to the recipients should be on a completely voluntary basis, administered by agencies separate from those administering the guaranteed income payments. Example of these are: family planning, homemaker services, family counseling, child welfare, etc.

Special grants should be available to take care of all emergency or unusual situations. These would include grants for clothing and furniture to bring the recipient's household up to minimum standards of health and decency at the time they come under the program. Replacement costs would be provided in case of fire, flood, or substantial change in circumstance.

A recipient should have the right to choose between a flat grant or an itemized assessment of his needs, taking into account actual cost of housing, transportation, clothing, and other special requirements he might have. This would be similar to the income tax system where an individual may either itemize his deductions or take a standard deduction, depending on which method of benefits suits him more.

TABLE I.—NWRO PROPOSED ADEQUATE INCOME DETAILED BUDGET FOR FAMILY OF FOUR

Category	Cost per— Year	Month	Week
FOOD			
This allowance is a total of the BLS moderate budget cost for food-at-home ($1,999/yr., $166/mo., $38/wk.) and the BLS lower standard for food-away from home ($238/yr., $18 mo., $5/wk.) The latter includes stacks, school lunches, etc.	$2,237	$186	$43
HOUSING			
These costs represent the BLS lower standard's costs, updated to spring 1969 levels. They are meant to cover all supplies and furnishings for the home and its operations including telephone and postage. Rental costs ($1,108 yr., $92/mo.) include all items like gas, elec., and water.	1,402	117	27
CLOTHING AND PERSONAL CARE			
The items in this budget, shampoo and yard goods as well as clothing and clothing care are unchanged from the BLS lower standard. The cost has simply been updated to spring 1969 levels.	$784	$65	$15
MEDICAL CARE			
Dental, eye care, and nonprescription drugs are included here. BLS consideration of doctor and hospital care has been omitted, as explained in the text. There is no provision for appliances and supplies.	312	26	6
Transportation. Includes schoolbus rides and all other use of public transportation by noncar owners.	484	40	9
Other. Reading, recreation, and education comprise about ½ of this category. There is no provision, according to the BLS study for club membership dues, hobby expenses or the acquisition of musical instruments.	322	27	6
Total	5,541	462	106

WHERE THE BUDGET COMES FROM

Table 1 outlines the adequate income proposal. It is based on the Bureau of Labor Statistics "Lower Living Standard Budget". This is the Labor Department's "lower standard for the maintenance of health and social well being, the nurture of children and participation in community activities."

We reject the income level in the Nixon Family Assistance Plan. At worst it allows a family of four $1600 a year. At best it would continue the present inadequate welfare system. The ceiling of benefits would be at the Poverty Line, now $3720 a year for a family of four.

The poverty line is based on the U.S. Department of Agriculture's Economy Food Plan which, according to the Agriculture Department, "is *not* a reasonable measure of basic money needs for a *good* diet." USDA points out that "the public assistance agency that recognizes the limitations of its clientele and is interested in their nutritional well-being will recommend a money allowance for food considerably higher than the cost level of the Economy Plan."

Under the Nixon Plan, states will have no incentive to raise grants above this level. The Economy Food plan used in the poverty line and the Nixon bill allows a person to survive, according to the Department of Agriculture, with adequate nutrition "for short emergency periods of time and only under very special circumstances."

The so-called "low income poverty line" is based on the USDA's "low-cost food plan." It sets an income of approximately $4650 a year for a family of four. Government surveys show, however, that only one fourth (¼) of the families with food budgets equivalent to the low-cost food plan actually have nutritionally adequate diets.

The NWRO adequate income budget, therefore, uses the USDA "moderate food plan" which would insure the average family an adequate diet. NWRO contends that providing adequate income is the only sure way to combatting hunger in America.

The adjusted budget excludes the basic costs of hospital and doctors care since it is assumed that free medical care would be available through national health insurance or Medicaid or some other program. It should also be noted that this budget includes no money for cigarettes (regarded by BLS as a health hazard), non-prescription drugs or medical supplies, out-of-town travel, long-distance telephone calls, dry cleaning, or use of a laundromat.

TABLE II.—1969 MINIMUM ADEQUACY BUDGET COMPARISON OF MAJOR CITIES[1]

City	Index	Adjusted Bureau of Labor Statistics budget
United States:		
Urban average	100	$5,541
Metropolitan	101	5,596
Nonmetropolitan	94	5,209
Atlanta, Ga	96	5,300
Austin, Tex	90	5,000
Baltimore, Md	98	5,400
Boston, Mass	105	5,800
Cincinnati, Ohio, Ky., Ind	96	5,300
Chicago, Ill., Ind	103	5,700
Cleveland, Ohio	100	5,500
Dallas, Tex	96	5,300
Detroit, Mich	100	5,500
Honolulu, Hawaii	120	6,600
Kansas City, Mo., Ky	101	5,600
Los Angeles, Long Beach, Calif	107	5,900
New York City, N.Y., N.J	101	5,600
Orlando, Fla	93	5,200
Philadelphia, Pa., N.J	99	5,400
St. Louis, Mo., Ill	101	5,600
San Francisco, Oakland, Calif	110	6,100
Seattle, Everett, Wash	111	6,200
Washington, D.C., Md., Va	103	5,700

[1] Computed from the Bureau of Labor Statistics lower standard budget, as described in the text.

The budget is based on statistical averages and is subject to 10% per variations depending on the locality. The range runs from $5209 in most non-metropolitan areas to $6649 for Honolulu. The budget for several cities are estimated in Table 2.

The NWRO budget has been updated to Spring 1969 prices. Inflation has caused a 9.4% increase in the cost of living since BLS computed the cost of living in 1967.

The importance of continued recognition of special needs and of providing alternate ways of meeting needs, either through the adequate income (flat grant) or through individual consideration (computations), is important for two reasons:

1. BLS assumed in establishing the budget that the family had been established for fifteen (15) years and had an accumulated stock of clothing and furniture. The budget was intended only to cover replacements. This assumption does not apply to the average family in poverty. This is why we are asking for special grants for wardrobe and furnishings to bring persons up to minimum standards for health and decency.

2. The budget is based on statistical averaging formulas which do not necessarily apply to real people or real situations. For example, an individual family of four may or may not be able to obtain adequate housing in good condition at the $92 a month rent that the budget allows, even if that happens to be the average for the city in which he lives.

Similar arguments can be applied to transportation costs, where the transportation quantity for school children in the BLS budget was less than the number of days in the school year! This is because it was an average amount children who rode to school and those who walked. It can be assumed that some families would be over in one category and under in another. These statistical differences may not always average out in any given family. If a family has greater need in a number of categories, they should have the option of itemizing their family budget, and applying for a grant that meets the actual needs that they have.

Table 3 gives the minimum adequacy budget for various family sizes.

TABLE III.—MINIMUM ADEQUATE BUDGET—ADJUSTED BUREAU OF LABOR STATISTICS BUDGET[1] BY FAMILY SIZE

Family size	Budget Year	Month	Week
1	$2,000	$167	$38
2	3,500	292	67
3	4,500	375	87
4	5,500	458	106
5	6,500	542	125

[1] Family of four budget computed from the Bureau of Labor Statistics lower standard budget and as described in the text. Budgets for other family sizes are designed to provide adequate income and prevent families from breaking up.

Note: $1,000 per year for each additional family member. Under the NWRO work incentive a family of four will receive benefits up to $10,000 if it receives earned income.

HUNGER

The elimination of hunger in the United States requires that every citizen be assured an adequate income. Poor people know better than anyone else that the hodge-podge of programs set up by the Department of Agriculture are welfare programs for farmers and the food processing and distribution industry. They are not designed to serve the needs of poor people. Welfare programs which exclude people for reasons other than need and which do not provide adequate income are a basic source of hunger and malnutrition.

The Nixon Plan claims that the food stamp program will add about $800 to recipients annual budgets but only about 38% of welfare recipients currently receive stamps according to an Agriculture Department Report dated January, 1970. Recipients cannot afford to participate in the program because the stamps are not free. In the winter this means a recipient has to postpone buying warm clothing of paying a heating bill in order to buy food stamps. While the program is "voluntary" recipients are frequently made to feel obliged to buy food stamps.

The surplus commodity program cannot provide enough of the right kind of food and is operated so cumbersomely that recipients must queue up at a specified time and place or lose their food until the following month.

Both these programs brand recipients as poor people giving them bits of colored paper or marked items that single them out from other people. The best food program is money.

The solution to the problem of hunger and malnutrition is for every citizen to be guaranteed an adequate income to meet his basic food and other needs. Therefore, the money directed toward giving bonuses in food stamps could better be redirected toward providing a more adequate basic income for poor people.

WELFARE REFORM

Much has been said and written about the inadequacies of our present welfare system. Much has been said about the inadequacies of the President's so-called welfare reform. As we press toward an adequate income much can be done to improve the welfare system and the Nixon Plan NOW!

1. Adequate income goals: The bill should set an adequae income goal based upon the NWRO $5500 standard.

COMPARISON OF FOOD BUDGETS—FAMILY OF 4—JUNE 1969

	Per year	Per month	Per week	Budget based on this food plan	Annual budget for plan
USDA moderate food plan	$2,288	$191	$44	BLS moderate standard budget.	$7,813
				NWRO minimum adequacy budget.	5,500
USDA low cost food plan	1,778	148	34	BLS lower standard budget	5,285
				Social Security Administration low-income line.	4,650
USDA economy food plan	1,300	108	25	Social Security Administration poverty line.	3,720
				Nixon family assistance plan	1,600
Food Stamp program	1,272	106	24	Food stamp recipients	
AFDC allowance for food	820	68	16	AFDC average State budget	2,460

2. Higher Federal income floors: The bill should provide a federally guaranteed income floor closer to the $5500 standard. Food stamp allotments could be converted toward raising the cash floor.

3. Time table to reach adequate income: The bill should provide a time table for reaching the adequate standard at the earliest possible date.

4. Emergency grants: The bill should provide for emergency grants to take care of special or unusual situations that poor people have because of the conditions they are forced to live in.

5. Cost of living adjustments: The bill should require annual cost of living adjustments for all federal or federally regulated assistance programs. It should prohibit states form eliminating special grant programs when this would have the effect of circumventing cost of living adjustments. State supplements must be based on state payment levels which reflect required cost of living adjustments as mandated by Section 402(a)(23) of the 1967 amendments.

6. Broadened coverage: Coverage should be extended to *all* persons (including single persons, childless couples and elderly persons) whose requirements fall below the benefit level.

7. Simple Federal administration: The bill should provide direct, unitified federal administration for all programs including aged, disabled and blind.

8. No forced work for mothers: All mothers must be exempted from requirements to accept work or training programs. The right to day care and the mother as judge of adequate day care should also be made clear.

9. Job standards: Work requirements for men must be regulated by strict national standards including minimum wage protection and fair labor standards at least equivalent to those used in unemployment insurance. First priority for jobs and training should be given to all those who volunteer.

10. Rights of recipients: Recipients must be given a clear explanation of their rights under the program. Recipient organizations must be recognized as parties in legal action and be given copies of all regulations and procedures issued under the Act.

Mr. BENNETT. Mr. Chairman, it has been repeatedly said here that today's existing welfare program is heavily criticized. This is true. But most of the criticism is that the present program is too expensive; and further that it benefits people who will not work, who are able to work.

On the first point, not even the most ardent supporters here have suggested that the legislation will cost less than the present program. The official report on the bill indicates, at page 43, that the cost will be at least $4.4 billion more than the present program, on an annual basis. Authorities have suggested that the increase in costs is probably nearer $10 billion a year; and one has suggested a figure of $14 billion additional each year. Even the most ardent friends of the bill admit that its passage will require increased Federal income taxes.

On the second point of criticism of the present welfare program, the prospect of the legislation before us is not all bright, nor all gloom. On the bright side, it will not require a man to leave his family to get welfare benefits; and that should provide a beneficial thrust toward holding families together. Yet, it has been acknowledged repeatedly in this debate that there is also a thrust in the opposite direction, by this legislation toward splitting families because of the permission under this legislation for a family to split itself in two and then draw full benefits as two separate families. To this extent the bill would provide a financial incentive for families to split. The legislation would also seem to give a financial incentive for a single man of low income to marry and beget children for this would provide him a Federal check not otherwise available, whether he was ever employed before or after establishing a family.

The greatest weakness of this legislation is that it tends to equate job training with job placement. There is nothing in the bill that would require anyone to work in fact; and it certainly cannot be termed a job producing type of legislation. H.R. 112, introduced by me on January 3, 1969, and referred to the Ways and Means Committee would produce the type of jobs that are needed among poor people today. It would provide a tax incentive for employers, hire persons among the hard-core unemployed. I have introduced another bill which seems to me to offer better answers than the legislation before us today, and at a much smaller cost. I refer to H.R. 13081, introduced on July 24, 1969, and referred to the Committee on Ways and Means.

I appeared before that committee on October 21, 1969, and in my testimony for that bill I summarized as follows:

Finally, H.R. 13081 would encourage employment among the needy and provide job opportunities. Most people would prefer doing constructive work to being on relief and my bill helps in two ways. First. it provides that any individual receiving welfare assistance, financed in part with Federal funds under the Social Security Act shall not, because of earned income, have his welfare payments reduced by a greater percentage than $1 reduction for every $2 earned. Secondly, the bill authorizes the Secretary of Labor to create a register of individuals who have not been successful in finding employment. City and State governments and Federal departments and agencies would have the right to petition the Secretary of Labor for manpower from this pool. The Federal Government would in each case pay the minimum hourly wage for the work done.

It has been several times said here by members of the committee that Congressmen have not come forth with better suggestions than the bill before us. I think I have done so; and I think such remarks coming from the committee are not very persuasive in view of their request and attainment of a rule which precluded even the tiniest of amendments.

Mr. BEVILL. Mr. Chairman, I have followed the debate of the past 2 days on H.R. 16311, The Family Assistance Act of 1970, with great interest. The distinguished chairman of the Ways and Means Committee has, as usual, developed some very strong arguments in favor of this legislation.

I agree with the Members who have

argued for reforms in our present welfare system. Without question, there must be change. But while this bill offers a number of highly desirable changes, I have some very serious reservations about the guaranteed income provision.

I am concerned that the institution of a guaranteed income may open the floodgates to revolutionary innovations which could all but break the back of the already overburdened American taxpayer.

It is my understanding, Mr. Chairman, that this legislation would add at least 15 million new people to the welfare rolls, at a cost of at least $4½ billion a year.

This is at the beginning. The program is sure to grow and cost more.

While I favor the overall thrust of the bill, namely to provide benefits to families in need in a manner that will encourage employment and family stability, I question whether H.R. 16311 will accomplish this.

Independence and self-sufficiency have long been the hallmark of the American family. Guaranteed handouts from the Government can only undermine the motivation of young people who are reared under these conditions.

I agree with my distinguished colleague from Georgia, (Mr. LANDRUM) that this bill puts the benefits in this order: Cash, food, and work.

What we need to do is turn this around and put work first and cash last.

Mr. Chairman, I cannot, in good conscience, vote to levy additional taxes on the American taxpayer in order to guarantee an income to any person who simply will not work. And I am afraid that is what would happen if we passed this bill in its present form.

I submit, Mr. Chairman, that this bill is too far reaching, too revolutionary, and must be modified. I would like to see some of the provisions become law. But I favor striking out the guaranteed income provision.

In my judgment, what this country needs most at this time is a reduction in spending and an intensive effort by the administration to lower interest rates.

Mr. HANSEN of Idaho. Mr. Chairman, I rise to call the attention of my colleagues to the child care provisions of the Family Assistance Act of 1970. There is a growing awareness of the need to provide child care services as a means of encouraging mothers of small children who can and want to work to move from the welfare rolls into productive employment. There is also a growing recognition of the value of providing a wholesome atmosphere to stimulate the child's physical, emotional, and intellectual growth and development.

The Select Education Subcommittee under the chairmanship of the gentleman from Indiana (Mr. BRADEMAS) has concluded lengthy public hearings on child development legislation. I am confident that we will soon report a bill that will be the product of an effective bipartisan commitment to provide services that are truly responsive to the needs of children in the preschool years. This will be landmark legislation in every sense of the word. The services to children provided in this bill will supplement and complement the services provided in the Family Assistance Act.

Mr. Chairman, in order to answer some questions the Members of the House may have concerning the operation of this part of the bill before us, I include as a part of my remarks a series of questions and answers furnished to me at my request by the Office of Child Development of the Department of Health, Education, and Welfare:

QUESTIONS AND ANSWERS ON THE CHILD CARE PROVISIONS OF THE FAMILY ASSISTANCE ACT OF 1970

1. Question: What are child care services?

Answer: Child care services include the funding of care for the child in his own home, in a family day care program, or in a group day care program. It includes care both for preschool children and for school-age children during the summer, on school holidays and before and after regular school hours. HEW would propose to limit such care to children under the age of 15 except in special circumstances when an older child requires protective care (i.e., mentally retarded children, or handicapped children). There would be no minimum age limit. The length of program for a child will depend on the needs of the parent—it may be only a few hours a day or as long as 10 to 12 hours a day—it may be provided during night time hours as well as during the day. Child care services aim to provide activities that contribute toward the intellectual, physical, social and emotional growth and development of the child.

2. Question: Who is eligible to receive child care services?

Answer: Child care services may be provided for the following families:

(a) Those which have registered for employment or training under the provisions of Part D of Title IV as added by the Family Assistance Act.

(b) Those which are receiving supplementary financial payments from a state pursuant to Part E of Title IV as added by the Family Asssitance Act.

(c) Those which had formerly received benefits under Part D or Part E.

(d) Those with an adult family member referred pursuant to Section 447(d) of the Act to participate in vocational rehabilitation.

(e) Those which are receiving AFDC payments prior to the date when Part D becomes effective for a state.

In each case, the family is eligible only if the purpose for providing child care is to better enable an adult family member to engage in training, to take employment, to continue employment or to participate in vocational rehabilitation. HEW would intend to permit continued child care for short periods of time if the parent is ill, seasonally unemployed, temporarily layed off, or unemployed but actively looking for work. The Secretary is authorized to limit the length of time which an individual may continue to receive child care after they are no longer eligible for benefits under Part D or Part E.

3. Question: Who may receive funds for child care?

Answer: Funds may be provided either in the form of direct grants or contracts to any state or local public agency or non-profit private agency or organization, (only contracts may be arranged with a private-for-profit agency or organization) or through grants to any public or non-profit private agency which is designated by the appropriate elected or appointed official or officials in the area. A capacity to work effectively with the manpower agency is required. HEW would propose to establish criteria for use in determining the competence of organizations to carry out a child care program. Equal consideration would be given to all types of agencies as operators of child care service programs. HEW *would* give preference as to prime grantees to those organizations which either were themselves or were a part of coordinated efforts to deliver day care and preschool services (for example, the Community Coordinated Child Care—4-C—Program). This preference follows the philosophy of the statutory provisions found in Title V-B of the Economic Opportunity Act which mandates the Secretary and the Director of the Office of Economic Opportunity to establish mechanisms for coordination at the local level. On the other hand, the absence of a coordinating mechanism would not be a bar to funding public or private agencies.

Grants could be made to employers, labor unions or combinations thereof. HEW would consider them as eligible grantees but would not give them preference over other public and private agencies.

Child care funds could not be given directly to individuals. It would, however, be possible to give grants or contracts to an intermediary organization which would provide an intake and referral service to parents assisting them in selecting among the many existing child care services in a community. In such cases the intermediary organization would then provide child care through the issuance of a voucher to, or the making of payments on behalf of the parents, to the service provider.

4. Question: What may be funded as a part of child care services?

Funds may be provided to carry out a program of daily activities, to provide transportation, to provide food for use in the program, to provide necessary supplies and materials, and to provide for medical and dental examinations and for referral and follow through with health care agencies. Treatment costs may be funded in the absence of other funds to provide for remedial health care and where it is determined that the absence of such care will adversely affect the ability of the child to participate in the program. Funds may be provided for all personnel costs and for the training of personnel. Funds may be provided for administrative costs necessary for operation of the program. Funds are also available for alterations to buildings, remodeling and for renovation. Funds are available for rent. Funds are NOT available for new construction.

HEW would plan to apply the standards developed under Title V-B of the Economic Opportunity Act (Federal Interagency Day Care Requirements) to the funding of programs under the Family Assistance Act. This is consistent with the requirements of Title V-B of the Economic Opportunity Act that standards be as uniform as possible among day care program.

5. Question: What proportion of total cost will HEW pay?

Answer: The Federal Government will pay up to 100 percent of the total cost of child care programs.

6. Question: Are families required to pay a portion of the cost of day care?

Answer: The law authorizes the Secretary to require families to pay for part or all of the costs of services in such amounts as may be reasonable in light of the family's ability. HEW would propose that no fees be charged when the individual is in a training status or in his first three months of employment. A sliding scale of payments would be developed for those individuals who have entered into employment. This sliding scale would take into account the relationship between income and family size. It would permit recognition of special factors such as unusual medical expenses which make it difficult for a family to pay for day care. The costs which the family pays itself are excluded from their income in calculating their eligibility

for assistance under the Family Assistance Program.

7. Question: What role will the state government play in the administration of the program?

Answer: State agencies may be the grantee for child care funds in those situations where they are in the best position to provide for child care services. HEW will require that all child care programs meet the licensing requirements of the states. HEW will contract with state agencies to provide technical assistance to grantees to help the latter to meet licensing regulations. HEW would also propose to use state agencies under technical assistance contracts to assist grantees to improve their programs.

8. Question: Will funds be available for training and technical assistance?

Answer: There will be funds available for training and technical assistance. These funds may be provided in the form of grants to any public or private (including for-profit) agency or organization. HEW would propose to use training funds for all categories of personnel involved in the provision of child care services; for career development in the case of nonprofessionals, and for graduate level training in the case of those individuals who have supervisory or leadership potential. HEW will also propose to use these funds for the training of evaluation and research personnel.

9. Question: Are funds available for research or demonstrations?

Answer: Funds are available for research and demonstration projects to public and private (including for-profit) agencies or organizations. HEW would propose to coordinate research and demonstration funding under this authorization with research and demonstration funds available under the Head Start program, Section 426 of the Social Security Act and other Federal authorizations administered by the Department.

10. Question: When a family is required to pay a portion or all of the cost of child care, may such cost be deducted from earned income?

Answer: The Secretary may prescribe regulations which permit a family to deduct all or part of such costs from earned income. HEW would propose that the full cost of such care be deductible provided that the costs do not exceed those which the Federal Government would finance under the Federal Interagency Day Care Requirements.

11. Question: How will grants be made?

Answer: Agencies designated as applicants for child care grants will file an application with the appropriate HEW Regional Office of Child Development. Where a community has established coordination mechanisms, priority will be given to those applications for operation of child care service programs which have the approval of the coordinating organization. Where no coordinating agency exists, grants will be made on the basis of the quality and cost of the program proposed by each applicant.

12. Question: What do the words "renovation" and "remodeling" mean?

Answer: The legislation gives no definition of these terms. HEW would propose to give them a very broad interpretation, but would exclude purchase of land or construction of a new building. Minor additions to a building which did not involve an increase of more than 20 percent in the size of the building would be included in the definition of renovation and remodeling. Remodeling and renovation funds would be available for both family and group day care facilities.

13. Question: How much money is available for child care services?

Answer: The law authorizes appropriation of such funds as are necessary to carry out the purposes of the Act. It also requires that the Secretary shall make provision for the furnishing of child care services for so long as he deems appropriate to persons who, pursuant to registration under Section 447, are participating in manpower services, training or employment. Funds are expected to be available in sufficient amounts to ensure that child care services are available to eligible recipients.

14. Question: May the Secretary of Labor provide day care services?

Answer: The Secretary of Labor has authority to provide child care services in support of manpower and training programs under his jurisdiction. However, he must obtain the concurrence of HEW with regard to policies to be used in administering such child care programs. HEW would recommend that the Secretary of Labor provide child care service only in exceptional circumstances and that, in such cases, the Federal Interagency Day Care Requirements be fully applicable.

15. Question: What will happen to day care provided under the Work Incentive Program?

Answer: The Work Incentive Program will be repealed at the time the new Family Assistance Program becomes effective. During the interim period, day care may be provided under the Family Assistance Act in lieu of day care provided under the WIN program. The time at which this transition will be made will depend upon the availability of appropriations.

16. Question: What will happen to day care funded under Parts A and B of Title IV of the Social Security Act?

Answer: States may continue to fund day care programs under Parts A and B of Title IV subject to the policies and regulations presently in effect. It will usually be financially advantageous, of course, to provide such care under the Family Assistance Act rather than Title IV. There are, however, individuals who may not be eligible for services under the Family Assistance Act but who would qualify under the provisions of Title IV. This would be particularly true in the case of potential recipients.

Mr. FISHER. Mr. Chairman, I am opposed to the pending bill. It is being projected as a welfare reform measure, but in reality it would place 3 million additional families on welfare. A total of 15 million would, in one fell swoop, be added to the relief rolls.

The claim is made that such beneficiaries would be expected to apply for work, take job training if necessary, and accept suitable employment. But that requirement is so riddled with loopholes that in my judgment it is rather meaningless.

A highly objectionable provision would guarantee an annual income in the amount of $1,600, along with $800 per year in food stamps, for families of four.

Let us recognize this fact: Once this concept of a guaranteed annual income is given congressional approval, it will become a part of our welfare way of life. There will be no turning back. The pressures will be on to constantly increase the $1,600 base guarantee. Already the Americans for Democratic Action—ADA—is demanding $5,500, and so are the professional welfare organizations.

Now, what about the added cost, and where is the money coming from? Proponents estimate that initially the cost will increase by $4.4 billion, which is admittedly conservative. We must be prepared for two or three times that amount—in addition to what welfare is now costing. Does this mean an increase in taxes to the tune of an additional $5 billion or $10 billion per year? If not, then what about the inflation that will result from deficit financing?

Mr. Chairman, this administration bill should be defeated. Let us help the deserving but let us deny any welfare to those who are able bodied and refuse to work when employment is available.

Mr. McCLOSKEY. Mr. Chairman, I have voted for H.R. 16311 today, the Family Assistance Act, but with some reservations, and with a particular regret that the closed rule did not permit us to offer floor amendments.

The most persuasive argument for this bill is that it provides an incentive for people to get off the welfare rolls and out of poverty.

I think the bill, however, also includes an indirect incentive to remain in poverty, that being its provision that the impoverished family will be allocated an additional $300 per year for every child they bear.

It has been recognized that high birth rates among the poor are not merely a result of poverty; they are also a cause of poverty. Reports by the Census Bureau and other organizations indicate that poor families have a disproportionate number of children relative to the resources at their disposal for raising and educating those children in a manner which would increase their chance for moving out of poverty. Additional children can cause a nonpoor family to drop below the poverty level.

It thus seems inappropriate in this bill to pay an additional $300 per year for each child an already impoverished family may have. It would be hard to concede this is anything but an incentive to continue bearing more children at a time when the impact of our population explosion is pushing us into both high expenditures and urgent concern for slowing if not halting population growth.

It was only a month ago that the President signed into law the population commission bill, directing a study of appropriate methods of achieving proper population levels.

Had an open rule been granted it was my intention to offer a general amendment to H.R. 16311 limiting the number of children to be included as family members to those children born before December 31, 1971, and to no more than two such children born thereafter. Such amendment would read as follows:

Certain Additional Children Ineligible

(f) Notwithstanding any other provision of this part or part E, no more than two children who are natural children of either or both of the parents in the family and who were born after January 1, 1972, shall be included as members of the family for purposes of determining the family's benefits under Section 442(a) or the amounts of such benefits under Section 442(b).

In my judgment, Mr. Chairman, it is essential that the U.S. Government make a firm declaration of national policy that family sizes will have to be voluntarily limited if we are to preserve our environmental quality.

With the dawning realization that unlimited population growth can destroy both the environment and quality of life on this planet, it seems of doubtful wisdom to pass any law at this stage in history which includes encouragement

for large families. It may be that after the new population commission has studied the problem, it will recommend that American population can increase 1 or 2 percent per year without endangering our national goals and way of life. If so, we may then have the luxury of returning to government laissez-faire with respect to family size. Recognizing, however, that the children born today or which will be borne under the encouragement of the bill before us, will have the same inalienable rights to life, liberty, equal protection of the law and the pursuit of happiness that we do, it seems worthwhile to suggest a moratorium until we have more knowledge on the question as to how many people can survive comfortably on this earth.

I appreciate that my remarks do not affect the passage of this bill under the closed rule, but would like to record my position at this point in the RECORD in the hope that it will furnish a basis for further reflection by the Congress on this point in the months ahead.

Mr. DENNEY. Mr. Chairman, H.R. 16311, the proposed Family Assistance Act of 1970, is significant because it proposes—for the first time in the history of this country—that the Federal Government guarantee an income to American families, regardless of their productive abilities or inclinations. In addition to substituting the family assistance program for the present AFDC program, this proposal would make substantial changes in three other existing Federal-State programs—aid to the aged, aid to the blind, and aid to the permanently disabled. These three programs would be combined into a single adult assistance program.

The Ways and Means Committee report on H.R. 16311, indicates that if the family assistance plan had been in effect in calendar 1968, the Federal costs of benefits payments would have been $3 billion greater than the cost of the existing AFDC program. Even though H.R. 16311 would still require large expenditures of State funds, the bill would leave very little State or local control over welfare programs.

Americans long ago accepted the idea of helping those who truly need help and cannot help themselves. But, we have not as yet ever endorsed the idea that the Government should pay welfare to those already working. Once this principle is established in law, the only distinction between those who pay taxes and those who claim them is some arbitrary, Government decreed income level. And as this level is raised, proportionally fewer and fewer people will be paying higher taxes to support more and more welfare recipients. It is argued that a nationwide Federal minimum will eliminate the present differentials in AFDC payments and curb the incentive to migrate to those States which provide larger payments. In my opinion, the proposed Federal minimum will not eliminate these differentials, but the objective is unsound anyway because available studies show that the growth in AFDC in certain States was not caused by a large migration of people just to get on welfare. So, contrary to popular belief, the facts show that better welfare benefits have not caused migration and, therefore, this is not a valid basis for creating a Federal minimum standard.

Even granting the merits of the proposal, the Federal budget is not in shape to accommodate the cost of this new legislation. And it is seriously questioned whether the budgets of future years will be able to meet the rising costs of this welfare expansion program. The proposed budget for 1971 is extremely tight. It appears to me that unless we are willing to tolerate another wave of inflationary deficit spending, some additional taxation will be inevitable.

The objectives of the provisions relating to those unable to support themselves through their own efforts—the aged, the blind, and the completely disabled—are reasonable and sound. Meeting their needs is a responsibility of all—and financing the costs should be shared by all taxpayers through the Federal, State, and local government.

A constructive approach would be to pass legislation that will help those who need it most. There is justification for improving welfare aid for the aged, the blind, and disabled, and the families with dependent children, where the father is either unemployed or absent. And also for providing occupational rehabilitation for those who are able to benefit from it. Congress could accomplish this by eliminating that part of H.R. 16311 which authorizes a guaranteed income for families with working fathers. That would direct help where the help is needed.

Mr. TUNNEY. Mr. Chairman, it is indeed a tragedy that in this country of affluence that their still exist in our midst over 45 millions persons living below or near poverty conditions. Yet it is a greater tragedy that the legislatures in our Nation have not been able to produce an adequate welfare program that can deal constructively with the problems of our poor.

It is obviously that the existing welfare program has failed miserably in its intended goal of reducing the numbers on welfare rolls and putting such recipients successfully back into the labor force. The participation rate in AFDC is rapidly increasing, and if costs rise at the present rate they will have doubled by 1975. This is indicated by the fact that in the last 15 years the number of children receiving assistance has increased 100 percent—from 30 per thousand in the population to 60 per thousand.

The AFDC has also failed in its basic system of paying bonuses to families that break apart. The existing program principally aids female-headed families with no provisions to assist families headed by fathers working full time for substandard wages.

There are also in this program unjustifiable inequities among various States and regions in our country. Reflective of this is the huge discrepancy between the lowest funding for a female-headed family of four—being $45 per month—and the highest benefits—$263 per month.

Another failure of the present system is seen in its built-in incentives to encourage a person to actually quit work. One of its major requirements is that the family have no working male head. In light of the rapid growth of participation rate and cost, encouragement of family break-up, State inequities, and the negative approach toward work, I feel there is an immediate necessity for the passage of this welfare reform bill.

Although there are definite and severe inadequacies in the proposal I find it a necessary and progressive move toward a workable solution to present welfare problems.

The proposed major accomplishments of the family assistance plan would blend strong work requirements with firm work incentive. It would treat the female head of the family on an equal footing with the male. Furthermore, there would be established a national minimum payment combined with national eligibility standards as well as major fiscal relief for the States. Of prime importance to the bill is the planned major expansion in job training and child care facilities for the working poor. Additionally, the bill proposes an increased national minimum payment to the aged, blind, and disabled.

The family, under this program, would receive assistance benefits in the form of Federal payments. This would include all families with children having an earning ceiling of $3,920, for a family of four, and most importantly this would include the working poor. To facilitate the Federal funding there would be established nationwide uniform eligibility standards. Most able-bodied adults would be required to participate in work registration or lose benefits. The family with no earnings would receive $500 for each of the first two members and $300 for each additional member thereafter. The family earning an income would have no reductions of benefits for their first $720 and 50 cents off benefits for each additional dollar earned. This would be an improvement over the present system, as it would include more working heads of families in need who could possibly become self-sufficient.

The States would be required to supplement Federal assistance benefits up to the AFDC payment levels, or poverty level—whichever would be lower. There is no supplementation of the working poor required, and Federal matching would provide for 30 percent of the State payments up to the poverty level. Under the current system there exists a huge burden on the States and this reform proposal encourages a more fully federalized system of funding which lifts some of the burden from the States, who are so often unable to provide adequate benefits.

Of prime importance in this bill is the increased attention given to the aged, blind, and disabled. The bill proposes to require the States to assure a minimum income of $110 per person each month. In addition there would be Federal matching of 90 percent of the first $65 of the average benefits, and 25 percent of amounts above that. Because these proposals would be combined with national eligibility standards as well as resources ceilings and earnings incentives,

I feel such assistance to this particular group of recipients is extremely necessary, although still not adequate.

The family assistance program offers certain work incentives which in itself is not a new principle. This program, however, extends the principle and makes it more effective. There would not only be a $30 minimum monthly training incentive, but also a $60 monthly cost-of-work disregard. Training for decent, acceptable jobs with a 50 percent retention of earnings is certainly a broader incentive plan than we are currently experiencing. Certain training expenses as well as transportation costs that would be reimbursed plus supportive services to encourage continued employment seem to me additional feasible incentives to participate in the work training program. Most importantly, however, the mother would be given a greater opportunity for successful employment by the establishment of quality day-care centers. This last proposal opens up a grand potential in the poverty struggle; and it is in this area that I feel the family assistance plan is not sufficiently developed.

There are specified work requirements that function with the incentive program. Training—with mandatory registration of recipients at a local employment office—and employment are compulsory for benefits, and there is required a referral of family assistance recipients with physical or mental disabilities for vocational rehabilitation.

Such are the major propositions of the family assistance plan. Recognition of the fundamental problem areas is adequate and I support any efforts in such a basic direction. I wish to emphasize, however, that this plan should be only the beginning of a massive awakening to our welfare programs and treatment of the poor. I agree that the Federal Government should provide minimum income standards for those unable to work. Similarily, able-bodied adults—of which 80,000 males are currently on the welfare rolls—should be given remedial education, training, and jobs. It must be remembered that mere funding does not guarantee wise application of dollars by the recipient. Mandatory training and work requirements are not the sole channel through which incentive will develop; the job, income, and living conditions of the breadwinner and family must also foster human dignity. For this reason, I wish to express my serious concern over the stifling effect of the inadequate income offered to the recipient, the lack of an effective job placement program, and the undeveloped potential of the day-care center program.

The U.S. Bureau of Labor Statistics has not employed an objective standard of determining the genuine need for a family's minimum expenditures on decent food, clothing, and shelter. The Department of Labor, however, has offered $5,500 a year as a standard income needed for a family of four. Interestingly enough, American citizens have responded to nationwide poll questions establishing a minimum need at $6,240. It seems ludicrous that the family assistance program should construct a minimum level of $1,600 for the same family, and a ceiling of only $3,720. Thus, a four-member family receiving the highest assistance benefits would barely creep over the official poverty line of $3,552 per year. The program should also contain a provision for automatic cost-of-living increases, now rated at 6.2 percent each year. If a family is to help itself up the social and economic ladder, it certainly must be able to afford decent living conditions. I feel there must definitely and as immediately as possible be additional legislation furthering this goal of placing each American family above the poverty line.

Second, if a job training program is offered it is totally unrealistic to assume it a function of the work-incentive principle unless participants can be guaranteed a decent job at the conclusion of his training. What kind of incentive can there be in a program that could possibly force a person to do menial labor at substandard wages? And what measure of assurance is there regarding continued employment if the worker cannot even find meaningful satisfaction in his labor? Inclusion of the working poor is a revolutionary step in our welfare efforts, but success in raising the self-sufficiency and independence of the worker will not be achieved unless more adequate job placement programs are developed.

Third, I would like to suggest extended and varied use of the day-care programs. Six billion dollars—accommodating only about 500,000 children—has been sanctioned for such centers but truly effective utilization of them requires more funding and attention.

Quality day-care services are extremely important not only to the success of the working parent, but to the future development and growth of the children who have so unwittingly landed in a poverty striken home. A child should be able to remain in his own home and neighborhood. Effective and successful physical, emotional, social, and intellectual growth of the young child in the day-care center requires participation in and by the community.

These centers could provide not only health and educational programs for children, but they could become a focus of community participation and interests. Adult education and consumer information could be offered. Recreational potentials of such facilities are enormous as well as important and necessary to the poor community. Centers such as this could become a place of community concern, as local attitudes can aid in fighting our poverty crisis in this country.

The present AFDC program keeps assistance below the minimum necessary for a humane level of existence. There are so many persons desperately in need who are currently being excluded from help. The nature of the current system repeatedly implies that the recipients are lazy. The welfare worker must combine both his investigative and service functions which further alleviates the poor. The family assistance program could begin to ease these tensions, and pave the way to a newer economic and social orientation toward an old problem. The proposed Federal assistance and standards are a beginning, but I feel the need for more extended and conclusive programs is extremely critical if we are to genuinely help our poor citizens.

Mr. CRANE. Mr. Chairman, I cannot support the bill before the House in its current form. I cannot support it because, while I favor legislation to reform our welfare system, I do not believe that this bill would represent any significant progress toward that end.

This bill has been presented to us as an effort not only to reform and simplify the existing hodgepodge of welfare and assistance programs, but to provide an incentive to get people off of welfare. The objective is a noble one, but we have little assurance that it would be accomplished. Indeed, there is substantial reason to believe that it could have just the opposite effect: that persons who have always been among the "working poor" would find it to their economic advantage to stop working and depend on welfare altogether.

Mr. Chairman, last November Prof. Milton Friedman, the distinguished University of Chicago economist on whose proposal for a "negative income tax" this legislation is based, testified before the Committee on Ways and Means. While expressing his general approval of the concept of the bill, he drew the committee's attention to what he considered to be several serious flaws—and those flaws have not been corrected. I am not in total agreement with Professor Friedman, for reasons which I shall discuss shortly, but I nevertheless believe he made some important points in his statement to the committee, and I include that testimony in the RECORD at this point in my remarks:

STATEMENT OF DR. MILTON FRIEDMAN, PROFESSOR, DEPARTMENT OF ECONOMICS, UNIVERSITY OF CHICAGO

Dr. FRIEDMAN. Thank you, Mr. Chairman. I am glad to be here.

The CHAIRMAN. Mr. Burke, just a moment. I am a little bit out of place here.

Dr. Friedman, I want the committee to know that I have known you and know of you for many, many years, dating back to the time when I served with a great deal of pleasure on the Joint Economic Committee during the 1950's. I want to personally welcome you to the committee.

Dr. FRIEDMAN. Thank you very much, Mr. Mills. It is a pleasure to testify before this commtitee. My connections with it go back very much farther, to 1941, when I was an employee of the Division of Tax Research of the U.S. Treasury Department.

The CHAIRMAN. I know that.

Dr. FRIEDMAN. I strongly endorse the basic principles embodied in President Nixon's proposal for reforming our welfare system: the provision of a strong work incentive; the equal treatment of equals; eligibility requirements based on the objective criterion of income; the separation of financial assistance from other social services. These are principles that I have long supported and long urged. The President's proposal does not go as far as I would like to go in replacing the present welfare system by a system incorporating these principles, but it is a major and welcome step in that direction.

The proposed reform has the potential of greatly improving the social and economic conditions of lower income families in the United States, while at the same time reducing the burden imposed on the taxapyer to help the disadvantaged. But these high hopes will be realized only if Congress can avoid a number of pitfalls in translating the principles into practice.

In my testimony, I wish to direct the committee's attention to three problems that require careful treatment if the principles are to be made effective. Unless this is done,

there is real danger that actions taken on the details of the plan will have the effect of completely undermining its effectiveness and of converting it from a major step forward to a major step backward. These problems are raised by a number of specific features of the imaginative and thoughtful proposal that is before you.

The problems are—and here I summarize the three problems and then I am going to return mostly to discuss the first of these. The problems are:

(1) Keeping the marginal tax rate low enough to provide a real work incentive. This is by all odds the most important issue.

The basic marginal rate is stated to be 50 percent. However, social security and other taxes, and the method of handling State supplements and of integrating food stamps with welfare payments, threaten to raise the effective marginal rate to well above 50 percent, and in some cases to more than 100 percent.

(2) Assuring equal treatment to equals. Persons in similar circumstances who are at the same income level should be treated the same whether or not they are currently receiving welfare payments. The present proposals do not achieve this objective.

(3) Providing administrative arrangements that will best lend themselves to further improvement and development of the welfare system. In my opinion, this would be achieved far better by having the Internal Revenue Bureau administer the negative income tax features of the plan along with the positive income tax than by assigning administration to HEW.

I. RETAINING A WORK INCENTIVE

In my opinion, the most important need in welfare reform is to provide a strong incentive for persons receiving governmental assistance to become self-supporting. The President's proposal does so by two key provisions: first, disregarding the first $720 of earned income in computing benefits; second, disregarding half of the remaining earned income. As you are well aware, this is precisely equivalent to a tax schedule with marginal rates of zero at first and then of 50 percent.

For the class of persons involved, 50 percent is a very high rate. Yet, given the present low exemptions under the positive income tax, which requires that the payment of benefits be ended at a moderate income level, it is hard to construct a feasible scheme with a much lower rate. In my own proposals for a negative income tax, I have reluctantly recommended a 50-percent rate, viewing it as the highest that would give families a strong enough incentive to work themselves off relief.

The addition of an initial zero bracket seems to me an excellent idea. It provides maximum incentive where that incentive is most needed—to make the transition from no employment to some employment—and yet raises the breakeven point only modestly.

The two-step schedule of zero and then 50 percent is therefore an excellent compromise, and I support it fully. The problem is that, when additional features of the proposed plan, plus other features of current law, plus the proposals about food stamps, are taken into account, the final schedule is not a two-step schedule and the final rates are often far higher than zero and 50 percent.

This is clear from the figures in the accompanying table. I hope you gentlemen have this table, which is the last page of this prepared statement, because I would like to refer to it in explaining the further comments.

In constructing this table, I have described the proposal in tax terms, which seems the terms which would be most familiar to you gentlemen on this committee as well as the most effective way to present it.

(This description is different from the way I have usually described such plans. I have usually described them as involving an exemption and a schedule of rates for various brackets of negative taxable income (income minus exemptions). That description has the great advantage that it makes clear the relation between such plans and the positive income tax. For the present purpose, however, it has the disadvantage that both the exemptions and the rates are altered as additional items are taken into account. That is why I have used the equivalent alternative description embodied in the table.)

The way I have done it is to treat the benefit received by any family as the difference between two items: first, a basic benefit; second, a tax imposed on all income other than the benefit at graduated rates but with no exemptions. The excess of the basic benefit over the tax is the net amount the family receives (or the excess of the tax over the basic benefit the net amount it pays).

To keep matters simple, I have considered only a family of four with two adults and two dependents, and I have assumed that any income other than the basic benefit is earned income.

The first part of the table, part A, is for the 20 States in which the family assistance program would replace completely the present AFDC program. In these States, the basic benefit—the amount that would be received by a family with no other income—consists of two parts: (1) A family assistance payment of $1,600; (2) Food stamps worth $720—or a total of $2,320. This would also be the net benefit received if the family had no other income.

(In calculating the food stamp allowance, I have followed the President's proposal, which, as I understand it, would provide a maximum of $1,200, this amount to be reduced by 30 percent of total income, including any family assistance benefit. A family that received the $1,600 family assistance benefit only would therefore be entitled to $1,200 less 30 percent of $1,600 or $1,200 less $480, which equals $720.)

If the family earns up to $720 of income, its family assistance benefit is not affected, so the marginal tax rate, because of the family assistance plan, is zero. That is shown in the right-hand part of that first part of the table. The first column gives the income bracket, and the second the marginal rate for that bracket.

However, its food stamp allotment is reduced by 30 percent of its additional income, as I understand the proposal on food stamps that has been made, so the marginal tax rate because of food stamps is 30 percent. In addition, it will have to pay 4.8 percent for OASI and nothing for Federal income tax, so, going across the table, the total marginal tax rate on that first bracket is 34.8 percent, combining the food stamps plus the social security.

The next bracket runs to $3,000, the point at which the Federal income tax, under current law, becomes effective. Your committee has, of course, voted to change this provision of current law, but in view of the uncertainty about the precise nature of the final tax reform legislation, I have thought it best to stick to the present law, including the expiration of the surtax.

In this bracket, that is, the bracket between $720 and $3,000, the family assistance benefit is reduced by 50 percent for each additional dollar earned, so the marginal tax rate because of the family assistance program is 50 percent. The food stamp rate drops to 15 percent from 30 percent because the food stamp allowance is reduced only on account of the extra 50 cents of each dollar of earnings that is retained by the family. The other items are the same as before, so the total marginal rate is 69.8 percent.

At $3,000, the Federal income tax applies, making the total marginal rate 83.8 percent. At $3,920, the family-assistance benefit has been reduced to zero, so this item drops out, reducing the total marginal rate to 48.8 percent. At $4,000, the food-stamp allowance has been reduced to zero, so this item drops out leaving only social security taxes plus Federal income tax, which combined equal just under 20 percent.

For the crucial range from $720 to $3,920, these are extremely high rates—as high as or higher than the top rate under our positive income tax. In addition, under present law, families on welfare may keep up to $30 a week plus one-third of the balance of outside earnings without a reduction in benefits, so the effective rate for them for earned incomes between $360 a year and $3,000 is 66⅔ percent plus the social security rate, or a total of 71.5 percent, and for earned incomes above $3,000, when they become subject to Federal income tax, 85.5 percent.

The marginal rates implicit in the family assistance program are only trivially lower than the rates in current law, except only for earned incomes between $360 and $720 a year. Yet we are all cruelly aware that current rates do not provide an adequate incentive for families to work their way off welfare.

Moreover, the rates in part A of the table are the most favorable. They are for the States in which the family assistance program will completely supersede AFDC. For all the other States, the marginal rates are still higher.

The exact rates vary from State to State, depending on the maximum benefit now payable. In section B of the table, I have calculated the rate for a sample State that has a current maximum benefit of $3,400 a year for a family of four. I believe that this is roughly the maximum in New York and may be in others as well. In any event, it will serve to give approximate upper limits.

For such a State, the basic benefit has three parts, listed in the lefthand part of the table: (1) the family assistance basic benefit of $1,600; (2) the additional State supplement of $1,800; and (3) a food stamp allowance of $180 ($1,200 minus 30 percent of $3,400)—or a total of $3,580.

Under the proposal, the State is not permitted to reduce its supplementary payment on account of the first $720 of earned income. It is permitted to reduce its supplementary payment by up to 16⅔ percent of the next $3,200 of earned income and by up to 80 percent of still higher earned income.

I have assumed that the sample State applies these maximums. This explains the marginal rates in the column for the State supplement, which is the only additional column in the bottom half of the table compared to the top.

For this State, the food stamp allowance drops out at $600, reducing the total marginal rate from 34.8 percent to 4.8 percent. The rate then jumps at $720 to 71.5 percent, and at $3,000 to 85.5 percent. These are precisely the same marginal rates as under present law. Above $3,920, the rates are still more extreme, even exceeding 100 percent for a bracket just over $500 wide, and then declining to 20.8 percent.

And even this is not the whole story. I have completely neglected city and State taxes on earnings or income, which, in those cities and States where they exist, raise the marginal rates still higher.

These are clearly not very desirable tax rate schedules. They are irregular, declining and rising in a pattern that it is hard to justify on rational grounds. More important, for most of the range of incomes they are far too high to acheive the objectives of the President's proposal. In no State do they provide much more incentive than does the present law for recipients of welfare to work their way out of welfare. In some States, they provide decidedly less incentive than the present law.

Persuaded as I am of the merits of the President's general approach, I am convinced that it would be a tragic mistake to enact it in the form embodied in these tables. These high marginal races are, I am sure, inadvertent—the unexpected combined result or a series of separate decisions. In looking at them as a whole, this committee can enormously improve the present proposals by insisting that no combined marginal tax rate should exceed 50 percent.

The proposals that the committee has already made for reforming the positive income tax will help reduce the marginal rates. But this change, important as it is, will not bring them anywhere close to 50 percent for much of the income range.

The other measures that seem most promising are: (1) Reconsideration of the food stap allowance proposal; (2) alternatively, revising the family assistance basic grant and tax schedule so that, when combined with food stamps, they provide the basic grant and tax schedule now proposed for the family assistance program alone; (3) not permitting States to reduce their supplement for the first 3,920 of earned income, and then permitting them to reduce their supplement by not more than 50 percent of earned income in excess of $3,920.

II. EQUAL TREATMENT OF EQUALS

Under the present proposal, if Jane and Mary work side-by-side in a factory, receive the same low wages, have the same size family, and are in similar circumstances in still other respects, they may still receive different net benefits. They will do so if Jane was formerly a member of a family on AFDC while Mary was employed and received no welfare payments, and if they are in a State that now provides benefits higher than the family assistance benefits. In that case, the State is required to continue to supplement the income of Jane but not of Mary.

Similarly, as I interpret the proposed law, Jane and Mary may have differential access to manpower and training programs and to child care services. If the earned income of both is high enough to reduce the family assistance net benefit to zero, but low enough to entitle Jane, who was formerly on AFDC (to supplementary State benefits), then Jane will also have access to the other programs, while Mary will not.

This is highly inequitable. It is also perverse in its effect on incentives. It encourages the working poor to quit working and to qualify for welfare in order to get the additional benefits. Equals should be treated equally.

III. ADMINISTRATION OF THE PROGRAM

I believe that our ultimate goal should be a complete integration of assistance to low-income families with collection of taxes from higher income families. All persons should be treated alike. All should be required to file the same or equivalent tax returns. If the income as calculated turns out to be below the exemptions provided by law, the taxpayer will be entitled to receive a payment, a negative income tax. If the income as calculated turns out to be above the exemptions, the taxpayer will pay a tax.

This will end the present demeaning division of our population into two classes—people on welfare and the rest of us. It will end the present demeaning eligibility requirements for assistance. It will subject all to the same criterion of ability to pay—a reasonably objective measure of level of income. It will also improve greatly the administration of both the positive and negative tax by requiring essentially universal filing and thereby reducing the opportunities for avoidance and evasion of tax. Finally, it will be politically healthy, because no additional benefits could be legislated without simultaneously altering the tax structure, and conversely.

This goal is thoroughly feasible in the not too distant future. The main obstacle at the moment is simply the different definitions of income employed for the positive income tax and the proposed negative income tax and the limited scope of the family assistance program.

The goal will become far less feasible, however, if the administration of the new program is assigned to the Department of Health, Education, and Welfare instead of to the Internal Revenue Service. That will assure the growth of two largely distinct administrative hierarchies, two sets of detailed regulations and rulings, and two sets of political vested interests.

In addition to keeping open the feasibility of an integrated income tax structure, there are other advantages in administration by the Internal Revenue Service, notably the contribution that would be made to the prompt and efficient collection of positive income taxes now avoided or evaded.

And I might add to my written testimony one minor example that I should have included. We now deduct tax at source through Internal Revenue withholding. The right way to provide an income supplement to people who are working but have incomes below the exemption level is to add to their paychecks in exactly the same process, which illustrates one way in which combining the two would render the administration of both efficient.

In deciding this issue of where the administration should be placed, I urge the committee to look not merely to the present but also to the future.

Thank you very much.

Mr. BURKE. Thank you, Professor Friedman.

Are there any questions?

Mr. BYRNES. Mr. Chairman?

The CHAIRMAN. Mr. Byrnes.

Mr. BYRNES. I was intrigued with your last statement about administration of income supplements. I think we do have serious problems. I have some great concern about using the Social Security Administration with the old age and survivors insurance system rather than having the administration of supplements stand separately. But I am intrigued with your statement that you would provide the benefits under the negative income tax through the paycheck.

Dr. FRIEDMAN. Yes. You see, that is the appropriate way to do it for those people who are receiving benefits, what the proposal calls "the working poor."

Mr. BYRNES. I wonder where do we come out when we start making the employer——

Dr. FRIEDMAN. We now do it. We now do it for the subtraction from the paycheck.

Mr. BYRNES. Well, we do in part, but then we also provide for a recapitulation at the end. You would be taking out money that the employer has an obligation, in a sense, to pay to the employee in an employer-employee relationship. Now you would bring in an employer relationship to the Federal Government in terms of the money.

Dr. FRIEDMAN. Representative Byrnes, I would also in administering this program have an annual recapitulation for those who receive as well as those who pay. I would treat both groups alike. You must do that in any event because you will be operating the family assistance program on the basis of advance estimates and you need a reconciliation in order to compare what happens after the event with what was planned.

So the same worker, for example, might in some weeks be receiving a supplement to his pay and in other weeks having his income tax subtracted, because the same worker might one week have a wage that was so low that if he continued on that level for the year, he would be——

Mr. BYRNES. We have so much trouble today, though, Professor, in my judgment, with respect to the refund recapitulation with such a higher percentage having refunds. Would we get into a morass of problems here as we add this factor into the——

Dr. FRIEDMAN. This reduces that problem, Mr. Byrnes, because now one of the reasons you have refunds is precisely that if a person who is employed falls below the level at which taxes should be subtracted from his pay, nothing is subtracted and nothing is added. And as a result he accumulates a benefit which later on provides him with a refund.

By treating him throughout the year symmetrically on both sides of the exemption, the problem of refunds, I believe, would in the main be reduced and not made worse.

In both cases, it seems to me, the employer would be acting as an agent of the Federal Government. He is now acting as an agent of the Federal Government in subtracting the withholding taxes. He would also be acting as an agent of the Federal Government in supplementing the wages by whatever provision was made for such supplementation.

In both cases the employee would have to provide once a year a form reconciling what was deducted or added during the year with what he was entitled to and with his other sources of income. And it is precisely this possibility of combining these different parts or our structure that seems to me a major argument in favor of having this administered by the Internal Revenue Service rather than linking it with social security.

Mr. BYRNES. Of course, what we have done—and I think probably quite intentionally—is to have a system that in many cases overwithholds as a collection device.

Do you suggest that as far as the negative payments are concerned, you would underpay for the same basic reason, so that at the end of the year you would be more inclined to be paying the family some additional funds rather than having to require them to pay back some funds that they had already received?

Dr. FRIEDMAN. Under our present withholding we do have a great many refunds because of overcollection, but we also have a great many people who underpay and have to pay subsequently, because with the best will in the world it is impossible to collect from all accurately. I would expect that doing the best job you could, you would find that in paying out the negative taxes just as in collecting the positive taxes, you would have a considerable number of people who would have to pay additional sums, but also a considerable number who would receive refund.

Clearly, if I were setting this up, I might try to veer us a little bit in the direction of underpayment but not much, because the contemporary cost to the people of being underpaid, it seems to me, would be rather important.

Mr. BYRNES. You address your whole paper here to the dollar-and-cents aspects.

Dr. FRIEDMAN. Right.

Mr. BYRNES. And, of course, that can't be underestimated in its importance, but to me one of the major thrusts of equal significance and importance, and which in some respects may be even more important in the long run, is the thrust of the administration proposal placing the emphasis on job training, bringing job opportunities together with the individual.

And I wonder whether the emphasis you put here doesn't almost ignore that aspect.

Dr. FRIEDMAN. I believe not.

Mr. BYRNES. Or do you think it can be ignored?

Dr. FRIEDMAN. Oh, no, I don't.

Mr. BYRNES. What is your attitude in that area?

Dr. FRIEDMAN. I don't believe it can be ignored. But I believe that those aspects of the proposal will not be effective unless the people involved have a very strong incentive to take advantage of the opportunities that are open.

Mr. BYRNES. That is your 50 percent?

Dr. FRIEDMAN. Right. It seems to me you have two problems. One is to have opportunities available. The second problem is to make the people themselves who are involved have a strong incentive to take advantage of those opportunities.

No civil servant bureaucrat is going to be able, with the best intentions in the world, to pick out which people should get the training, which people should have the opportunities, and force them to do it. That has to come from the individual himself.

One of the most effective ways to have it come from the individual is to give him as great an incentive as possible to take advantage of the opportunities available. We are, seems to me, asking a good deal of a very impoverished person, a person of a very low income level, if we say to him, "You go take a job and work, leave your home and incur the extra expenses of going back and forth. But, of course, you are only going to get back 30 cents for every extra dollar you earn, or at a higher level you are only going to get back 16 cents for every dollar you earn."

It seems to me that unless we can say to people, "You will get back half of what you earn, anyway, at least," it is going to be very hard to provide them with the kind of incentive that you and I would like them to have to take advantage of the opportunities available.

I may say on one other point that is suggested by your comment, one of the major reasons why I would like to see this handled evenhandedly, and particularly the withholding arrangement, is for nonmonetary reasons. If the program is handled by HEW as proposed, those people who receive a payment are in a wholly different category from those who don't. They have to go and make special application at a different office. They are going to get a separate check somewhere else.

Particularly for the working people who are receiving a supplement, if you can integrate the whole thing, everybody in that factory working in the plant is on the same basis. There aren't two classes of citizens. Everybody gets his paycheck at the end of the week. Some of the people who have had high pay have a little deducted. Others who have had low pay have a little added. And a person may shift from one category to another from month to month. From the point of view of morale and of not making people feel that they are somehow pariahs and making them participate in the activity of the economy, it seems to me that is a very great advantage.

Mr. BYRNES. Your paper and your comments are most intriguing and most interesting. Thank you very much.

Mr. BURKE. Are there any further questions?

Mr. Corman?

Mr. CORMAN. Thank you, Mr. Chairman.

Dr. Friedman, would you agree that we really can't consider a negative income tax until we get to the point where we tax all sources of wealth? We get ourselves in this dilemma where people may have a rather substantial number of dollars at their disposal and yet they aren't subject to the income tax.

What would we do with them when we talk about the negative income tax?

Dr. FRIEDMAN. This is what was intended in the comment I made here when I said that the chief barrier at the moment is simply the different definitions of income employed for the positive income tax and the negative income tax. As an ultimate ideal I agree thoroughly with what you say. I would myself like to see a far more far-reaching reform of the entire positive and negative income tax structure so that all incomes would be treated alike.

But I believe we want to be very careful not to let the best destroy the good. I think we are now faced with a situation in which we have a chance to improve the system as a whole substantially by introducing the principle of a negative income tax but with a different definition of "income" than that which is used for the positive income tax. That is a step forward.

Let's not refrain from taking it because there is a still bigger step that you and I would like to take as the opportunity offers.

Mr. CORMAN. Another question I have concerns the supplement to the paycheck. In the long run what effect is that going to have on the willingness of employers to pay living wages out of their own pockets.

Dr. FRIEDMAN. It will have no effect, sir, because the willingness of employers to pay what they have to day does not derive from their social conscience. It does not derive from their concept of a living pay. It derives from competition. It derives from the fact that unless they pay as much as other employers pay, they are not going to get anybody to work for them.

So there is no reason that I can see why from the side of the employer he will be affected in any significant way by the fact that in part he is serving as an agent of the Federal Government.

Let me put it to you, if I may, another way. If his administering this for the Federal Government would affect him, then his knowledge that the individual is getting a supplementary check from the social security board or somebody else would have the same effect, and I think that it would be very hard on economic grounds to see any reason why that should have any measurable effect on the wages. Not that he wouldn't be willing to pay more. Any employer is willing to pay an indefinite amount if he can afford to do so. But he can't afford to pay more than the market requires him to pay to attract the labor, and he can't afford to pay less, because if he pays less, he doesn't get any workers. If he pays more, he is going to go out of business.

Mr. CORMAN. Yes, sir, but my concern is of the marginal worker, the person who doesn't have great skill, and there is competition for those jobs. It presents a dilemma. You don't want the man to live on less than a reasonable amount of money.

On the other hand, I would think that this employer might say, "I can pay you at the poverty level. The Government is going to subsidize a portion of it, and I will pay you the rest, and you take the job."

I think I would be concerned with whom we are really subsidizing with supplementary payments. It seems to me we have to hedge those with some protection for the other taxpayers, to require minimum wages or something of that sort. It seems to me we just compound the problem if we tell the employer, "You don't want to pay him any wages. We will supplement it, and you put it on the paycheck. And the employee is going to go home with enough dollars to keep body and soul together, even though it isn't going to cost you very much of it."

You really don't think that is a problem?

Dr. FRIEDMAN. On the contrary, I believe, sir, that it is really rather the other way around.

One of the reasons we have unduly high unemployment among the so-called "marginal" and "skilled" workers is because of the effect of the minimum wage rate, the legal minimum wage rate, which arises because of a confusion between a wage rate and income. It has always been a mystery to me how a teenage boy is better off being unemployed at $1.60 an hour than being employed at $1.40 an hour. And yet the effect of the minimum wage rate has been to render unemployed, people whose economic productivity does not equal the minimum wage rate.

What the well meaning proponents of the minimum wage rate have wanted to do is to provide some kind of a minimum income, not a minimum wage rate, which is of no value unless employment is available, on that rate. In fact, the effect of this kind of a negative income tax program is precisely that it serves the real function which the well meaning proponents of minimum wage rates have mistakenly believed that they could serve by minimum wage rates. It serves that real function of enabling people to earn what they can in the market, whatever their skill, and improve their skills through on-the-job training, while at the same time, through supplementing their income, you maintain a minimum level of take-home pay, which is available for them to purchase goods and services.

The fear that the employer would somehow be in a position to take advantage of this is a very understandable and natural fear. But I believe it does not correspond to the facts of the marketplace.

With respect to the group of workers we are now speaking of, there are, in general in most market areas in the country, a considerable number of potential employers. Those potential employers are in competition with one another, and they have no effective leeway to pay people less, simply because they are getting some supplement from somewhere else.

Mr. BURKE. Mr. Gibbons?

Mr. GIBBONS. Dr. Friedman, I am intrigued by your testimony. I never had an opportunity to read much of your material except what has appeared in the newspapers, and you have thrown some new light on it here today.

You are suggesting that perhaps a way that this could be worked, your negative income, is by adding through a private business employer an additional amount of money, just as we now deduct an additional amount of money from the paycheck for the Internal Revenue. I would assume, following that on through, that eventually, the employer would have to get the money from somebody. He would get the money from the Government the same way he now pays the money to the Government. He would just submit a statement saying that, in effect, "I have so many people who are employed, and they have this kind of a social background. Therefore, I am entitled to money back."

This is a silly situation, but I could envision an employer perhaps going to employees and saying, "Maybe you better go home and have a few more kids. You don't want to work any harder, but I can get more money for what you are now doing."

Dr. FRIEDMAN. No, sir.

Mr. GIBBONS. You don't think it will work that way?

Dr. FRIEDMAN. No, it doesn't work that way now with the positive income tax. He doesn't say to the employees, "Why don't you go home so I don't have to pay over to the Government as much in withholding tax." The actual way it would work is that each employer would be withholding from most of his employees. The number of employees whose wages he would be supplementing would be relatively small. Given the kind of tax rates you have been thinking of, he would hand into the Internal Revenue a net payment. He would pay over. He would say, "This is the amount of money I have collected on your behalf. This is the amount of money I have paid out on your behalf. The difference is the amount I pay over to you."

Mr. GIBBONS. Wouldn't your program really encourage the employer to discriminate and to hire the poor and the disadvantaged and the large family person, as opposed to a single person, perhaps?

Dr. FRIEDMAN. Not at all. His wage cost is exactly the same regardless of the family status. His personal wage cost that enters into business calculations is not affected by the family status of the person, just as now

the fact that he has to deduct more from the pay of a man with a small family, of a single person, than of a man with a large family does not lead him now to prefer the man with the large family. His wage cost is a wage rate he pays for the job to the man whom he employs.

Then in addition to that, he now serves as an agent of the Internal Revenue in withholding at source from that man's pay the taxes that are due to the Federal Government in the same way he would serve as an agent of the Federal Government or the Internal Revenue in paying over an additional sum to which the man was entitled.

Mr. GIBBONS. Let me give you an illustration.

Suppose you have a man working on an assembly line and maybe he is making $2 an hour, and he is operating a machine or something like that. That would be pretty minimum pay. He turns out x number of products an hour, which result in an economic benefit to his employer, so much.

If that man were poor—of course, he would be poor at $2 an hour—but if that man were poor, let's say, then his employer would, in effect, get a refund from the Federal Government, which he would in turn pay to that man.

Dr. FRIEDMAN. That is right.

Mr. GIBBONS. Yet he would still be paying $2 an hour, wouldn't he?

Dr. FRIEDMAN. That is right.

Mr. GIBBONS. And maybe the man would then be taking home $2.25 an hour, or $2.50 an hour. It looks like to me that there would be a great encouragement in your system to hire the poor first.

Dr. FRIEDMAN. No.

Mr. GIBBONS. I wish you would draw me a picture of it. I don't want to take up the committee's time.

Dr. FRIEDMAN. Let me give you this.

Here right now an employer hires people at $2 an hour, some of whom, for all he knows, have extra income and some of whom don't. Does that affect which ones he hires? Or does he pay those who have extra income outside less money than he pays those who don't?

Right now suppose you adopted the proposal as suggested by the President. Then the employer would know. He would know perfectly well that John Jones is getting an additional check from somebody because of the fact that he has six children and has a lower income than the income he would have to have in order not to receive a grant, so he knows what he is getting.

Employers are not fools. They know perfectly well what the other arrangements are, and so changing the bookkeeping by having somebody a block down the street hand the man the check, instead of combining it with the payroll operation of the firm itself, doesn't change the facts.

Mr. GIBBONS. I regret to say most of us live by forms. Have you ever gone so far in your thinking as to figure out what the new form 1040 would look like under your proposal?

Dr. FRIEDMAN. Yes.

Mr. GIBBONS. Do you have that?

Dr. FRIEDMAN. I don't have that with me, but I have in earlier cases when I have worked on this drawn up forms 1040 to handle the negative income tax.

Mr. GIBBONS. I wonder if you could just supply one, so we could put it in the record at this point.

Mr. Chairman, would that be all right?

Dr. FRIEDMAN. I will see if I can get one. "Unfortunately, I was unable to locate in time the forms I had drawn up earlier and time did not permit my writing out new ones in full. However, for form 1040, only changes that would be necessary would be (a) to add several lines in computation of tax parallel to those now used in computation of positive tax, e.g.:

"'(1) If deductions and exemptions exceed reported taxable income, enter excess here.

"'(2) See Tax Table—for payment to which you are entitled.

"'(3) Enter advance payments received during year.

"'(4) Enter any taxes withheld during year.

"'(5) If (2) and (4) is greater than (3), enter excess here. This is amount you will receive.

"'(6) If (3) is greater than (2) and (4), enter excess here. Remit this amount with tax return.'

"(b) To allow in b only of return of items of income on deductions treated differently for positive and negative income tax."

Mr. GIBBONS. At least mail me one, anyway.

Dr. FRIEDMAN. Sure.

Mr. GIBBONS. And I would like to see what the form looks like that the employer would furnish the Internal Revenue Service to claim the additional compensation.

Those are all the questions I have, Mr. Chairman.

Mr. BURKE. Thank you. We thank you very much, Professor Friedman, for your appearance here today and your testimony.

I can assure you the entire membership of the committee and the committee staff will study your statement very carefully and also your chart.

Thank you.

Dr. FRIEDMAN. Thank you.

(The chart referred to follows:)

MARGINAL TAX RATES IMPLICIT IN WELFARE PROPOSAL

[Family of 4 (2 adults, 2 dependents); all income earned (other than welfare grants and food stamps); city and State income taxes neglected]

A. 20 STATES WHICH NOW PAY BENEFITS LESS THAN PROPOSED FAMILY ASSISTANCE BENEFITS

Income bracket [1]	Tax schedule: Marginal tax rate (percent)					Basic benefit		
	Family assistance	Food stamps	Social security [2]	Federal income tax [3]	Total	Family assistance	Food stamps	Total
0 to $720	0	30	4.8	0	34.8	$1,600	$720	$2,320
$720 to $3,000	50	15	4.8	0	69.8			
$3,000 to $3,920	50	15	4.8	14	83.8			
$3,920 to $4,000		30	4.8	14	48.8			
$4,000 to $5,000			4.8	15	19.8			

B. SAMPLE STATE WITH CURRENT MAXIMUM BENEFIT OF $3,400 A YEAR (NEW YORK STATE)

Income bracket [1]	Tax schedule: Marginal tax rate (percent)						Basic benefit			
	Family assistance	State supplement	Food stamps	Social security [2]	Federal income tax [3]	Total	Family assistance	State supplement	Food stamps	Total
$0 to $600	0	0	30	4.8	0	34.8	$1,600	$1,800	$180	$3,580
$600 to $720	0	0		4.8	0	4.8				
$720 to $3,000	50	16.7		4.8	0	71.5				
$3,000 to $3,920	50	16.7		4.8	14	85.5				
$3,920 to $4,000		[4] 80.0		4.8	14	98.8				
$4,000 to $5,000		[4] 80.0		4,8	15	99.8				
$5,000 to $5,503		[4] 80.0		4.8	16	100.8				
$5,503 to $6,000				4.8	16	20.8				

[1] Income excludes basic grant and is all assumed to be earned income.
[2] Employee's tax under OASI.
[3] Present law, excluding surtax.
[4] Maximum permitted under proposal.

Professor Friedman objects to this bill on the following basis:

First, that when the value of food stamps and State supplementary benefits is figured in, the marginal tax rate on the earned income of the working poor is far higher than the apparent 50 percent—that, indeed, it may actually come to more than 100 percent, thus providing a serious disincentive to accept employment rather than the incentive that this program is designed to create;

Second, that families in similar economic situations should be treated equally, and that this is not the case under the provisions of the bill as it now stands, either in the regulations relating to State supplemental benefits or in the advantages it may give persons who do not work over those who do. Thus, the act does not require states to pay supplemental benefits to the working poor—which means that two men could be working at similar jobs and earning the same wages, but one would receive the state supplemental by virtue of the fact that he had been unemployed, but the other would not. This is a clear incentive for the working men to "arrange" unem-

ployment category status in order to qualify for the extra benefit; and

Third, that the arrangements proposed to administer the provisions of this bill are cumbersome and costly, and that it could actually be administered far more efficiently through the system already in existence for payroll deductions and income tax payments.

Let me conclude this section of my remarks by noting that Professor Friedman—the father of the negative income tax—stated in a public meeting last Saturday, April 11, 1970, in Chicago that:

If I were a Member of Congress, I would vote against H.R. 16311, as it is presently written.

As I have indicated, however, I am not totally in agreement with Professor Friedman. One of the main objections that I have to the pending bill, that he does not share, is the inclusion of the working poor in the Nation's welfare population. I must object to this on several counts: First, its cost; second, its bureaucratic implications; and third, its moral and psychological implications.

My first objection is to the enormous financial burden that this extension of the concept of welfare will impose upon the American people. It is estimated that the cost of increasing the number of welfare recipients from the present 10 million to about 22 million under the pending bill will be $4.4 billion in the first full year, and that it will increase substantially thereafter. In 1 year we will add 12 million new persons to the welfare rolls—most of them the very people who have struggled for years to avoid subjecting themselves to that very indignity.

The second point is that the present bill would add a whole new bureaucracy under the Social Security Administration of the Department of Health, Education, and Welfare. As Professor Friedman so aptly pointed out in his testimony to the Committee on Ways and Means, the wrong administrators could use this new program to expand their own offices and staffs. It should also be noted that one of the ways in which our present welfare system is most in need of reform is in the bureaucracy that has grown up to administer it. We should not now be looking for ways to expand that bureaucracy or give it a new lease on life.

My third objection to the pending legislation as it affects the working poor is probably the most serious of all. Heretofore, we have always believed that work was the proper way for a family to support itself in our society. As a people, we have realized our obligations when it came to particular hardship cases, such as the disabled and the aged; but in general the work ethic has been an integral part of our whole national fabric and, I believe, vital to our national success.

In the past, welfare programs have sought to encourage those who are unemployed to seek employment. They have been, at least in theory, temporary or emergency measures. To be on welfare and to receive a Government handout has had a definite social stigma attached to it. And this is as it should be, if we are to encourage individuals, capable of doing so, to stand on their own two feet. Now, however, we are seeing this long-standing principle demolished. In recent years we have witnessed a new class of permanent welfare recipients come into being and produce a second and third generation of welfare families. And today we have before us a proposal that will even further institutionalize this new and tragic welfare class, this time under the aegis of the Federal Government.

I believe such a system will be truly demoralizing for those citizens who have long been too proud to accept a dole from the Government. Those who claim that the proposed legislation will provide incentives to the nonworking poor to get jobs, apparently have not looked at the other side of the coin—that it will also provide a disincentive for the working poor to stay employed.

NEW FEDERALISM

Mr. Chairman, the President has consistently expressed his belief that we should be returning to a reinvigorated federalism in our Nation's domestic affairs.

I support this viewpoint and heartily concur that we must redress the imbalance that currently exists in our State-Federal relations. We must enable the States to determine the priority of their own programs, so that dictation by the faceless Federal bureaucracy is not determining the lives of individuals in the Arlington Heights', Keokuk's, and Springfield's of the Nation.

The pending bill would move us in the wrong direction—it would move us toward more Federal control, and away from State determination of their own future programs.

It seems to me that this point has been completely overlooked by those who support the pending bill.

SUMMARY

To summarize, then, I oppose this bill because I do not believe that it takes into account the dangers involved in establishing a "guaranteed income" for American families. I am opposed to its enactment because it does not, in my opinion, provide any genuine incentives to work for anyone not now employed, but rather that it does the contrary. I further oppose this bill because it treats the working poor and the nonworking poor unequally, and to the disadvantage of the working poor. I oppose it because it would bring into being a new and extensive Federal administrative bureaucacy, including the social workers needed to police the system, at a time when we are supposedly trying to reduce the size of government. Finally, I oppose it because it represents one more step toward the centralization of government rather than decentralized federalism.

Mr. REID of New York. Mr. Chairman, I rise today in strong support of H.R. 16311, the family assistance plan.

The occasions are all too rare that I find myself honestly excited about innovative and original legislation on this floor, but today I think that we have before us a truly creative proposal which lightens not only my spirits, but also the spirits of poor people all over the country, who for too long have lived with a morass of residency requirements and broken, fatherless families.

So it is not for reasons of congressional courtesy that I now commend the President and the Committee on Ways and Means, who have respectively introduced a good bill, and made a good bill better, and together worked to propose what may well be the most constructive and original initiative I have seen over the past several years.

This is a positive program. It is a program which keeps families together rather than splitting them up; which induces economic independence rather than humiliating subservience; which provides day-care centers and manpower training programs; and which makes of what was once a stifling and even counterproductive system an open and productive one.

It is a program through which a recipient can see the light at the end of the tunnel. Where all too often the life cycle of an AFDC recipient was from dependency to stagnation, now it can be one of independence and dignity.

The precedents that this bill sets are invaluable—first of all, it has been recognized that family security is the responsibility of the Federal Government, and no matter how important States' rights are, it is basically wrong for a family in Mississippi to get $39 a month while a family in New Jersey gets $263 a month. Poverty happens to be national in scope and in origin—it should indeed be national in solution, and the concepts of national minimus and a Federal income floor are progressive steps in this direction. Second, been certified as deserving of Federal assistance; and third, it is the responsibility of the Federal Government to help people who want to work but cannot, by providing day-care centers and job training facilities.

This is not to say that I think that the program, as outlined in this document before me, is perfect. I come from a State which has served its poor relatively well; benefit levels in New York are presently the second highest in the Nation. Yet, this new plan threatens to substitute new inequities for the old. For instance, although New York State bears 15 percent of the national welfare caseload, under this plan it will get only about 6 percent of the funds. And New York City, which alone bears 10 percent of the national caseload, will get only 1 percent of the funds—a mere $40 million out of more than $4.4 billion in the program.

It is indeed unfortunate that the formula as presently stated in the bill appears to penalize New York and the wealthier States which have been progressive enough to institute decent benefit levels. To remedy this and to guard against this possible new inequity, I therefore would urge that the formula be changed and, as the National Governors' Conference has recommended and as both Governor Rockefeller and Mayor Lindsay have recommended, that within 3 to 5 years the Federal Government assume all benefit costs and all administrative costs. Federal matching funds should be provided for costs above the $1,600 floor, and they should be in-

creased annually so that within 5 years all costs would be federalized.

I am concerned also about the eligibility requirement which precludes childless couples and single persons from receiving assistance under this plan. To deny benefits to people because they are unmarried, though they may be just as poor, just as destitute, as the families around them, is discriminatory. And to penalize a couple who choses not to bear children, though they too may be jobless and homeless, is unjust and unreasonable. In New York State, for example, there are at least 93,000 poor people who would fall into these categories but who are excluded from benefits under this bill. I would strongly urge, therefore, that the eligibility definitions be reconsidered to provide assistance based on need, not on numbers.

Second, I believe that the concept of, let alone the funds for, day-care facilities, should be broadened to be more than a welfare benefit. Families in a middle-income bracket who desire or need day care for their children should have this opportunity, and could pay for the services according to their ability. Although I will of course support the day-care authorizations in this bill for the poor, in New York State alone we need 300,000 to 400,000 day-care places, so I warn against limiting our horizons in this area. I urge broadening both the concept and the funds to include quality educational care as well as custodial care, and funds for construction as well as renovation of facilities.

Third, although I applaud the manpower training program and the work incentives, statistics differ as to the number of persons actually able to work, let alone the availability of jobs for them. It is important that the training be related to the local employment market, and that a decent job will be available upon completion of the training.

Finally, I am not at all sure that a mother with school-age children should be required to work, as she is in this bill. If she is, then the State is in fact dictating that her child must be cared for by a day-care center rather than by herself. Possibly it is old fashioned of me to suggest this, but I am inclined to believe that to involuntarily deny a woman the option of caring for her own child is wrong. I am under no circumstances saying that "a woman's place is in the home," but I am saying that she should be given the free choice of working or staying at home, as she would in a nonassistance family.

I submit these reservations basically as a cautionary note that this bill in and of itself may not end all poverty, and as a reminder that we must remain open to suggestions. Despite these reservations, however, I consider this legislation a monumental breakthrough. And although I will continue to urge that the Federal Government take a still larger portion of the responsibility by broadening eligibility, authorizing greater day care funds and employment responsibilities, and reconsidering the mandatory work provision for mothers, I continue to believe that this legislation represents a vital and historic step toward lifting the poor from dependency to dignity.

Mr. ABBITT. Mr. Chairman, I rise in opposition to H.R. 16311, the Family Assistance Act.

This bill pretends to be a reform of the present welfare system when actually it opens a Pandora's box which will greatly increase the total cost of welfare in every county and city in the United States. In my opinion, the bill now before us, if adopted, will be a major step toward a Federal dole system.

This is a matter of much importance, and I believe that the so-called reforms which are now being considered may in fact be the most encompassing domestic legislation to come before the Congress since the adoption of the Social Security Act in the 1930's. This greatly concerns me and I am afraid that in our haste to reform the present system, we may in fact be creating far greater problems than now exist.

There is no question that the present system needs reforming to some extent. We have tolerated too long certain features of the present law which tend to benefit those who are not interested in working, but feel that they were entitled to support from the Government. On the other hand, there are certain aspects of the present laws which tend to penalize needy families simply because of the bureaucratic structure which does not take into account personal circumstances in individual cases. I also feel that the present system does not provide for adequate investigation and followup in some welfare cases.

However, I believe that the reform proposals now before us do very little, if anything, to change this situation. In fact, the bill incorporates most of the bad features of the present welfare system and makes provision for no improvement in the administrative tangle that makes the existing program so ineffective. This simply adds a new Federal layer on top of a system that is already buried in bureaucracy. The Family Assistance Act has all of the features which tend to foster indolence and encourage reliance on the Government. In addition, by establishing national standards, it undercuts the established patterns of welfare systems in many States.

The thing that concerns me most is that the Department of Health, Education, and Welfare is using unfairly the claim that the present aid for dependent children program encourages the breakup of families. The truth of the matter is that HEW is simply using this as a facade to get approval of a guaranteed annual income and once the door is open there is no telling what the eventual ramifications and cost will be.

According to my understanding, the statistics being used by HEW in support of the family assistance program were obtained in a survey of only 18,000 homes. This compares with approximately 50 million homes in the country and such a sampling would be only thirty-six one-hundredths of 1 percent of the total. It is incredible that Congress should be called upon to act on the basis of the meager information which has been presented to us in this instance.

I have looked over the figures supplied by HEW and frankly am at a loss to understand exactly how they have arrived at certain statistics. It is indicated on the one hand that there are now 1.7 million families receiving AFDC funds on a regular basis. This involves approximately 7 million persons. Under the proposed family assistance plan, the total would be increased to 3.9 million homes—including the 1.7 million under AFDC—and a total of 20 million persons. Still other figures which have been circulated show that the possible total to be covered by the program would include not 3.9 million homes but 5.2 million which would up the total number of persons to 26 million, so nobody knows exactly what the statistical situation is.

Enactment of the family assistance plan will eventually cost incalculable sums which must be made up some place. The guaranteed income is, of course, subject to rising living costs, so that it is a foregone conclusion that once the principle of guaranteed income is established, increases will surely follow. I am opposed to the guaranteed income as such but also realize that the figure provided in this bill is low enough so that if the law is passed, there will be an immediate clamor to raise the level.

I am diametrically opposed to trying to solve problems by creating new levels of Government bureaucracy with the idea that they may be able to grope toward workable solutions. We have had far too much of this and HEW is perhaps the most significant example in the Government of the inadvisability and inefficiency of such attacks on problems.

It is obvious to those who have taken the time to study the family assistance proposal that reform of existing programs is secondary to the objective of establishing a guaranteed income. I am opposed to this and feel that the vast majority of our people are against it. HEW is merely trying to camouflage its real purposes by putting forth the idea that this will encourage families to stay together. I do not believe that any action by the Government per se can be called the primary reason for the breakup of families. This bill would add to the Government welfare rolls vast millions of people and establish the precedent that the Government will guarantee to them a basic income. No one in authority seems to be able to give any idea as to how many people will be involved, how much the cost will be, how many more administrative personnel will be required, or where the road will eventually lead.

For this reason, I feel that it is a mistake to go into a program of this kind without more painstaking study by Congress. Past experience has shown that we cannot rely too much on the statistical information provided by HEW and we need only the recent experience with medicare to cause us to pause and raise questions as to where this all will lead.

It seems to me that we have gone far afield in this country as to our understanding of the role of the Government in relation to its citizens. The Government was never established to take care of the people but to simply provide a

climate wherein its citizens may have the freedom to make a living and go about their daily pursuits without governmental interference. We have traveled already too far down the road toward socialism and the establishment of a dole system would be the final major step toward the completion of the socialistic pattern. Obviously there are many good features to the welfare program and the present bill makes improvements in aid to the blind and other handicapped persons, child care and certain incentives toward manpower training, and so forth. I am afraid, however, that taken on balance the bill before us would create more problems than it would solve and will establish patterns which will be difficult to reverse once it is obvious that they are wrong.

One of the main failings of the Federal Government is that we too often think of solving problems in terms of creating bureaucracy and making Federal aid available. In the instance of public welfare my feeling is that too much money has been spent to accomplish too little good and that along the way we have contributed to the establishment of a pattern whereby many individuals tend to rely on public support rather than to recognize their own responsibilities. I see nothing in the present bill which would reverse that trend but, in fact, feel that it is likely to be accelerated under its terms.

Mr. HANLEY. Mr. Chairman, we have before us today one of the most far-reaching pieces of legislation to be debated in the 91st Congress, the family assistance plan. I am pleased that we are moving in this direction, but I am concerned at the procedure under which the bill is proceeding. While I am in general agreement with the concepts contained in the bill, I was hopeful that the measure could have been presented to us under an open rule permitting amendments. It was for this reason that I voted against the closed rule yesterday. I intend to vote for the bill on final passage while at the same time expressing the hope and the belief that the Senate will refine certain of the provisions with which I am not in wholehearted agreement.

For a moment now, I would like to discuss a few of the more important features of the bill.

The President proposes a floor of $1,600 income for a family of four, paid entirely by the Federal Government. Additional payments to families with no income at all would be made by those States where current benefit levels exceed $1,600. For families where a member is working, the first $720 per year earned income will not be counted against the $1,600 floor. In addition, only one dollar of each two earned over the $720 will be taken from the floor payment. For the family of four, when earned income reaches $4,000, the Federal payment would no longer be paid.

I am pleased with this provision because it will represent a substantial improvement in the lives of the poor and the indigent in some States, but I do not believe that the inherent disparity in benefits among the States will slow or alter the trend toward uprooting and migration. I am pleased that the eligibility features for the family assistance plan will apply nationwide, and I hope that the bill is amended in the Senate to close even more the gap which exists in benefits among the States.

I regret that the President's program does not contain a new proposal to strengthen the hand of the welfare agency in obtaining support payments from deserting fathers, but two provisions should help to cut down on desertions: Removal of the "man in the house" rule and imposition on the deserting parent or spouse of a financial obligation equal to the amount of Federal assistance paid to his or her family as a result of the abandonment. This first provision is a humane and stabilizing feature because we are removing the incentive which exists for a father to desert his family when he is unable to provide for them and when his mere presence is a stumbling block to the family's receipt of public assistance. It replaces the incentive to desert with an incentive to find work or accept job training. The second provision moves in the direction of insuring that the Government is not picking up the tab for someone who is capable of picking it up himself.

One of the more negligent points in the bill before us, and one which I am sure the Senate will attempt to revise in its consideration, is the fact that the legislation does not move in the direction of providing relief for State and local taxpayers by assuming a greater Federal share of the costs of the program in the more progressive States like New York. The Nixon program requires the States to supplement the income of welfare families in the amount which exceeds the basic $1,600 up to the level of welfare paid in that State at the beginning of 1970. Unfortunately, the bill provides that the Federal Government will pay only 30 percent of the cost of these supplementary payments, and no Federal assistance will be available where the State makes a supplemental payment to the working poor. In my judgment, this provision of the Nixon program offers New Yorkers no relief to speak of from the burden of welfare. The bill has to be amended in the Senate to provide for a much larger share of the supplemental benefits and aid should be available for the working poor.

Mr. Chairman, my remarks today, of necessity, could not cover all of the features in this complex bill, owing to the time element. I am going to vote for the bill because, on balance, it is a good one. I did, however, want to take this opportunity to address the attention of my colleagues to some of the more obvious deficiencies in the measure and at the same time urge our colleagues over in the Senate to seriously consider amendatory language.

Mr. OTTINGER. Mr. Chairman, I rise in support of H.R. 16311, the Family Assistance Act of 1970. While I believe that this bill should have been brought to the floor under an open rule to allow us to offer much-needed amendments, the measure is a step in the right direction of reform of our drastically ineffective, inequitable, and misdirected welfare system. I have been advocating welfare reform since early in my congressional career, and I am gratified that we at last have a vehicle to enable us to carry forward the necessary struggle to eliminate hunger and poverty in the United States.

Our existing welfare system should have been discarded long ago. It places recipients in the awful position of having to refuse employment that would reduce their meager income from public assistance. It encourages dependency and creates generational cycles on relief rolls. It breaks up families in areas where "man in the house" rules have restricted eligibility. And it encourages the poor to flock to overcrowded cities where welfare payments are higher. When a family of four receives $44 a month in Mississippi and could be eligible for $264 a month in New Jersey, who could resist the impulse to emigrate?

It is heartening to witness the public support for overhaul of public assistance. Significant elements of the business community, the Presidential commission on income maintenance, key figures in the administration, public-service agencies such as the Urban Coalition, the National Welfare Rights Organization, and many, many more have lent their backing to this effort, and while the Family Assistance Act falls short of what needs to be done, it deserves our support because it will incorporate many desirable principles into the Nation's public assistance programs.

I specifically endorse the bill's emphasis on jobs and job training for all able-bodied welfare recipients who have no small children to care for; the establishment of minimum Federal standards for eligibility and expanded Federal financing and administration; complete Federal funding of day-care centers for working mothers; a floor on income for the very poor; assistance to the working poor whose income falls well below the poverty level; and a minimum guaranteed payment for aged, blind, and disabled individuals who have no other income. These initiatives embody much-needed principles if we are to break the pervasiveness of poverty which so debases the moral posture of a Nation with a gross national product nearing $1 trillion a year.

I was, however, among those who requested an open rule on this legislation to give all Members of this body a full opportunity to add still further innovations and increases needed to make this truly a welfare reform bill.

While the Family Assisance Act does provide for greater Federal involvement, it will still allow for variations in the amounts of assistance paid by different States and will, therefore, not completely discourage the migration of the poor to cities like New York where public welfare burdens distort the entire municipal budget. Equity demands full Federal funding and administration of public assistance, and we will not have a truly workable and adequate system until this basic step is taken.

Further, the principle of an income floor is a major breakthrough and a long

overdue reform. But how any family of four in the United States can live with dignity on $1,600 eludes me completely. Instead of testing the water with our toe, we ought to act on our realization that even the official poverty borderline of $3,720 is not adequate in most sections of the country to maintain a decent standard of living. In New York $5,500 would be a more reasonable and realistic minimum, and we should not blanch at such a positive move toward social justice. For those who cry that we are establishing a new welfare population, we have many alternatives to prevent such an occurrence. It is my conviction that all men want the satisfaction and dignity of self-supporting employment, and by expanding the job-training provisions of this program, and also creating jobs if we must, we can bring this principle into operation. Thus the income floor will be but a springboard to a higher goal.

The Family Assistance Act does not penalize the working individual for earning minimal outside income, but the disregard amounts to only $720, beyond which 50 to 67 percent of earnings would be deducted from the person's income. Surely there is no equity in levying this steep a tax on family heads trying to support dependents on $2,320 a year, and a built-in disincentive to seek further work will be embodied in the program. This is the same fault in existing welfare rules, and by not deleting these penalties at low-income levels, we will once again encourage the search for hidden income and other subterfuges plaguing the relief system today. One of the most interesting proposals I have seen on the work-incentive problem has been developed and advanced by a distinguished and successful New York businessman, Mr. Leonard M. Greene, who has devoted considerable time and effort to removing the stigma of poverty from our national life. Mr. Greene's admirable plan is labeled "fair share," and in the belief that Congress should give full and fair consideration to this solution, I append Mr. Greene's position to my remarks. We simply must remove all government barriers and penalties on the working poor in the form of excessive taxation of meager earnings, and fair share deals eloquently with a remedy for this practice.

Mr. Chairman, I am also perplexed that H.R. 16311 excludes childless couples and single people from public assistance. This is a major shortcoming of the bill and belies the reform label. A poor person is a poor person, and by passage of this legislation we shall have failed to help untold numbers of the disadvantaged, while at the same time we will place a premium on family size at a time when we should rather be discouraging the accelerating growth of our population. There can be no justification for penalizing people for not bearing children.

Furthermore, while stress has been placed on the work-incentive provisions of this bill, let us not lose sight of the fact that over 90 percent of present welfare recipients are aged, blind, disabled, dependent children, and mothers caring for preschool children. With national unemployment zooming to 4.4 per cent, we need to be mindful of the limitations and not imply that we will force mothers to work. Certainly no able-bodied person should be allowed to refuse decent employment, and this bill includes safeguards to prevent exploitation of the employable poor, but we need to beware of allowing punitive action to intrude on our legitimate effort to ensure a life of dignity, with adequate housing and nutrition, for every American. The needs of children must be kept uppermost in mind as we attempt to uplift those in need of help.

In addition to raising family support levels, Mr. Chairman, we must increase the guarantee for the blind, disabled, the aged, from the proposed $110 to at least $150 a month. The staggering rise in the cost of living is a burden on most, but none more so than those on fixed incomes and unable to work. Age eligibility should be reduced to 60 for men and 55 for women, and cost-of-living clauses seem only fair. Cost-of-living increases are coming to be the recognized necessities in all wage determinations, Mr. Chairman, and we should include them in the overall provisions of the public assistance program.

Mr. Chairman, we have today an opportunity to begin—and it is only a beginning—to strike out in new directions in our society. We have among us 15 million malnourished, 30 million poor, and 77 million deprived people. We have the worst welfare system of all the developed nations of the world. Ten countries have lower infant mortality rates, and 15 have higher literacy rates than the United States. National pride and human decency impel us to move boldly to eradicate the flaws in our social fabric. We must compete not only in armaments and technology and trade, but in the far more fundamental reforms which will improve the quality of the lives of all of our people. Instead of taking one small step as men, let us take that giant leap for mankind.

The article referred to folows:

FAIR SHARE—A FULL INCENTIVE PLAN TO REPLACE WELFARE

(By Leonard M. Greene)

THE PROBLEM

Recently, the widowed mother of five children living in Westchester County, New York, on funds provided by our present welfare system was delighted when her eldest daughter came home and announced proudly that she had obtained a job at the checkout counter of a supermarket.

The family's joy was short-lived. It quickly discovered that with a wage earner in the home, welfare payments were reduced. When simple costs such as lunches and bus fares were subtracted from the total, the family had less moneys to live on than it had had before. To be of real help at home, the disappointed youngster was forced to resign. The unhappy episode is a tragic example of how "second generation" welfare cases are created and how abysmally another "Noble Experiment" in America has failed because of a lack of imaginative planning.

WELFARE REFORM

In his current proposals for welfare reform, President Nixon has taken note of this "incentive pitfall." Reactions of leaders in various fields to his suggested improvements range from high to extremely faint praise. Certainly, almost any change from the utter chaos of the present system which sees welfare rolls zooming upward during years of national prosperity is welcome. A "step in the right direction" thus far has been the favored summation.

But is a step enough? I, for one, and a lot of other people with me, do not think so. For example, the new "welfare reform" still contains the same fatal flaw that doomed the original high-minded concept of help for the poor—it does not provide the vital *full incentive* that inspires a person to lift himself up and improve his lot in life.

Under the new plan, the basic Federal benefit for a family of four would be $1,600 per year; $500 for each of the first two family members and $300 per member thereafter. So far, so good. But here comes our old pitfall beneath a fresh camouflage. According to the official "Welfare Reform Fact Sheet" issued by the United States Government, "Benefits would be reduced by 50 per cent as earnings increase above $720 per year."

A 50-PERCENT TAX FOR THE POOR

In other words, a welfare recipient who labored to make $61 a month would immediately leap into a 50 per cent tax bracket! Figuratively, he would be rubbing elbows with highly-successful doctors, lawyers and business executives. Undoubtedly, his elbows would be considerably more frayed but he would be in that relatively exclusive company nonetheless.

His *incentive* to earn that extra dollar must evaporate by 50 percent according to the "law" of human nature. This "law" has not yet been repealed despite the hopeful administration declaration, "With such incentives, most recipients who can work will want to work. This is part of the American character."

It is also part of the "American character" to expect to be fully rewarded for one's efforts.

That is why I propose a *complete new plan* that we have named "Fair Share" which abolishes welfare altogether, wipes out the enormous bureaucratic machine that administers it, and, most important, gives every American citizen that spiritual spark, that incentive drive which says, "I can do better, and my efforts will be fully rewarded."

ABOLISH WELFARE

How can this be done? Remember that the welfare problem in this country is immense and the situation is growing more explosive daily. Bold, drastic measures reminiscent of the early days of the New Deal that met the Great Depression head-on must be taken. *Abolishing welfare* sounds as outrageous as closing the banks did then. But that courageous strategy worked and we who believe in "Fair Share" are confident that this equally forceful and daring plan also will succeed where any halfway measure, any patchwork stopgap is doomed before it starts.

FAIR SHARE

Briefly, this is how the "Fair Share" plan can replace welfare, providing the poor with the necessities of life while at the same time opening wide the door of opportunity and inviting them to better their standard of living.

Poor or not, every citizen (and that includes President Nixon, the butcher, the baker and you and me) would receive a *taxable* allowance. For example, Congress might set this figure at $900 for an adult and $400 for a child. This would give a family of four an annual "Fair Share" income of $2,600.

Disbursement of these "Fair Share" funds would be handled by and combined with our existing internal revenue service system.

A 100-PERCENT ENCOURAGEMENT TO WORK

Our present welfare system offers the recipient 100 per cent discouragement against working. The proposed "welfare reform" still offers 50 per cent work discouragement. In my opinion, that remains fatally high

and it will not produce the miracle we need to solve our problem. "Fair Share" offers, instead, 100 per cent *encouragement* to take a job, and that is the kind of booster power we must have if we are ever to get this American society-saving missile off the pad.

Let's look at a table that shows how much better off a family of four would be under "Fair Share" than it would be under the reform proposal with its 50 per cent work discouragement.

Earned income	Welfare reform	Fair share
0	1,600	2,600
720	2,320	3,320
1,000	2,460	3,600
1,500	2,710	4,100
2,000	2,960	4,600
2,500	3,210	5,100
3,000	3,460	5,600
3,500	3,710	6,100
3,920	3,920	5,520

The recipient of reformed welfare who somehow fought his way to an annual income of $3,920 despite the 50 per cent benefit deduction on everything he made over $720 would at that point have $3930 in his pocket. He would have been dragging a 50 per cent ball and chain ever since he passed the $720 mark and now would be receiving no benefits at all for his tremendous effort.

But consider a recipient who adds his "Fair Share" of $2,600 to earnings of $3,920 to support his family of four. He has $6,520. Assume he takes the ordinary 10 per cent deduction plus $2,400 for members of his family and pays a surcharge of 20 per cent as all taxpayers would be required to do to finance the program. At present rates, he would return to the government $635.47 in taxes and still have $5,884.53 in his pocket.

He would have had *full incentive* to climb the ladder of earning power because as he climbed, his spendable income would have risen with him rung by rung.

REDUCE TAXES FOR MOST

It will not be until the higher brackets are reached that the "Fair Share" allowance is canceled out by increasing income taxes.

Those with low income receive the greatest benefit which goes hand in hand with incentive to earn.

And because "Fair Share" both gives and it takes—it gives in allowance and takes in taxes—it will pay for itself; these taxes plus *the money saved by scrapping the bureaucratic anti-poverty programs* that cost an estimated $50 billion a year would balance the "Fair Share" payments.

Admittedly, because of the 20 per cent income tax surcharge on present rates needed to get "Fair Share" started, persons in the highest brackets would at first pay more than they are paying now. But eventually they too, would benefit as America recovered its economic health and more of the people would be in a position to contribute taxes and the tax rates could be lowered.

CHECK INFLATION

Millions of persons now on welfare will instead be encouraged to seek jobs. They would begin to fit again into society, to perform services, to manufacture articles for sale. The Gross National Product could rise dramatically to a point where the value of the dollar would no longer be attacked by the threat of inflation.

Gone forever into the limbo of unhappy economic experiments would be the cost of welfare workers who are misusing their talents to examine shoes, poke mattresses and scan cupboards to determine if a person is entitled to relief. Gone with them would be the ghettos born of the rush to be where the handout is biggest.

"Fair Share" protects every American citizen from destitution simply because he is an American citizen. He would be able to hold his head high, to put his heart, his mind, and his hands to the business of earning a better living.

Mr. ROUDEBUSH. Mr. Chairman, we have before the House today welfare reform legislation which aims to revamp the chaotic welfare system in the Nation.

I certainly concur that there is ample need for improvement in our welfare program which has grown like Topsy and has placed a very heavy tax burden on our citizens.

All Americans share the concern and sympathy for the less fortunate in our society, but at the same time it is difficult for our productive and hard-working citizens to accept a system that seems to actually encourage indolence and dependence on assistance even though employment and the ability to work is available.

We are all willing to assist those who by physical disability or by economical circumstances cannot find work. But a new plan that will, according to some estimates, nearly double the number of persons receiving welfare does not appear to offer reform, but instead seems to be an expansion of an already ponderous and expensive program.

Therefore, rather than further compound the problems of the present program, it is my intention to oppose this legislation.

I do not think the Federal Government should be the encourager and multiplier of the welfare "way of life" in this Nation.

Our citizens will never turn away from those honestly and sincerely in need of assistance, but to tax our productive citizenry exorbitantly to prolong and expand an already misused program, is not good legislation.

Mr. ANNUNZIO. Mr. Chairman, many of us have long looked forward to the opportunity to contribute toward the passage of basic welfare reform legislation. Therefore, I would like to commend those who have paved the way for today's vote on H.R. 16311, which will make very important structural changes in our present welfare system.

In particular, I want to call attention to the contribution of the Honorable WILBUR MILLS, whose role as chairman of the Committee on Ways and Means was crucial to the development of the proposal which is now before us. The committee, under the leadership of Mr. MILLS, worked both quickly and successfully in studying the proposal made by the administration and making amendments to strengthen it. The chairman is to be commended for his very constructive leadership for welfare reform.

The bill before us is a good one. It does not please everyone, but surely we must recognize that welfare legislation never will please everyone, whatever it contains. It does, however, go very far in the direction of rationalizing our present irrational system. It also introduces a much-needed element of equity into determining eligibility for—and the amount of—welfare assistance which families throughout the country are entitled to receive.

I have been concerned about the growing crisis in welfare for some time. In August 1967, Cook County began a growth in the number of recipients of aid to families with dependent children which was unprecedented, and which has not yet begun to slow. The number of families receiving AFDC in Cook County increased nearly 20 percent in the last year. Overall, the county now includes about 380,000 individuals who are receiving some kind of cash welfare assistance. We now have slightly more than two-thirds of all the welfare recipients in the entire State of Illinois.

What is distressing about all this is not only the numbers, but the human misery behind the numbers. A substantial number of those now on welfare, both those new to Chicago and old-time residents, might never have had to ask for assistance, or might have worked their way off by now, if we had a system which helped them at the time and in the way that they needed it.

We know that our public welfare system, although created to promote the general welfare, has in some ways undermined it. It has—too often—provided too little assistance for those in desperate need. It has—too often—promoted inequities both for welfare recipients and for taxpayers. And, finally, it has failed to provide assistance and incentives designed to promote family stability and independence.

H.R. 16311, the Family Assistance Act, is not a cure-all for the problems of poverty in this country. However, it constitutes a major departure from previous policy, and moves very definitely in the direction of providing a national floor for welfare payments, removing the discrimination against families in which the father is present and working, and toward uniformity in eligibility requirements.

The bill would provide at least $1,600 a year for a needy family of four, regardless of where in the United States it lived. This basic payment would be supplemented in several ways, depending on the family's circumstances. The working poor, who would be eligible for assistance for the first time, would, of course, supplement the payment through their earnings. Other families would, in all except a few States, be eligible for State supplementary payments. And all poor families would be eligible for food stamps to add to their cash income.

In addition to providing a minimum standard of assistance payments, the proposal contains very promising provisions for work incentives. The provision for disregarding certain earned income should give recipients strong economic incentive to maximize their incomes through employment.

I believe the manpower training features of the bill will also be of immeasurable value to those who need an opportunity to improve their employment potential. In Cook County we have had extensive programs for training recipients of AFDC in the past, but our efforts should be manifestly more effective under this new legislation. The bill makes possible a mobilization of all kinds of services to assist individuals in training for and finding jobs, and we know from experience that it is this kind of comprehensive

approach which welfare recipients often need.

Perhaps the most valuable of the supportive services which the bill provides is for expanded child care services. Many people fail to realize that a large number of mothers on welfare are already working, but are haunted by the constant worry that their children are not being properly cared for. Many more mothers want to work, but have refrained from seeking employment because they could not arrange for appropriate child care.

The Family Assistance Act would assure that all mothers who participate in employment or training under the family assistance plan would have appropriate child care. It is estimated that 450,000 child care openings would be provided under the bill, including 150,000 for quality preschool care and 300,000 for after-school care.

The bill would also provide a greatly improved program of assistance for the aged, blind, and disabled. These people, who are the most disadvantaged of all in our society, would be assured a minimum welfare standard of $110 for each individual, or $220 for a couple. This standard, which was increased substantially by the Ways and Means Committee above the administration's proposal, will make it possible for many more Americans to live with some measure of decency and dignity.

Another major improvement in the bill is the strengthened role of the Federal Government in the administration of welfare assistance. The Federal payments for family assistance recipients would be made by a new Federal agency which could draw upon other Federal resources to assist it in making eligibility and payment determinations. For example, the vast record and computer resources of the Social Security Administration could be used to check earnings statements for purposes of family assistance.

By having the plan administered by the Federal Government, we can end the very wide discrepancies which have existed in the past in welfare determinations by the States. We can introduce a much needed uniformity, and a greater assurance that poor families will be treated in a dignified and fair way.

The Ways and Means Committee also improved the likelihood of having Federal administration of the State supplementary payments and of the adult programs by providing 100 percent Federal funding for the costs of administration in those States which make agreements with the Federal Government for Federal administration. This is another step toward equity and rationality in public welfare.

Mr. Chairman, the Members of the House of Representatives, Republicans and Democrats alike, cannot lose the opportunity now before us to legislate basic welfare reform. We have castigated the present system for years. We know its failings and weaknesses. We know that we cannot in good conscience let it grow and fester, and further contribute to our social problems.

H.R. 16311 offers a new and promising alternative. It does, as I have already outlined, accomplish some very important reforms: First, it eliminates discrimination against working poor families; second, it offers incentives to training and employment; third, it establishes Federal standards and requirements to promote equity among the States; and fourth, it provides new Federal machinery to improve welfare administration.

I believe this bill, as reported by the Committee on Ways and Means, constitutes the kind of reform we have long been seeking. I strongly support its passage.

Mr. LLOYD. Mr. Chairman, our present welfare system is not succeeding and needs change. This is a generally accepted judgment and is supported by a margin of more than 6 to 1 by those citizens in my district who have responded to my inquiry. The question before us now is whether the costly changes proposed by the legislation before us constitute the proper solution. Actually, no one can say. Each of us must be guided by what seems to us to be the best evidence and by our own conscience in the matter as influenced by our individual search.

For our free system with expanding opportunity to survive, it is necessary that it be responsibly bulwarked by proper recognition of and aid to those who, through misfortune or circumstances generally beyond their control, are living or raising families under conditions of exceptional poverty and wretchedness.

Our present welfare system is failing and getting worse. Particularly is this true in the case of families with growing children where the head of the family is either unemployable or failing to be charged with clear responsibility to go to work. Cost of our present system is about $4.2 billion annually. The cost of this system which is generally acknowledged to be failing in important ways is projected to rise to $12 billion annually in the next 5 years, according to the Departments of Labor and Health, Education, and Welfare. This Congress is faced with the challenge to act to acknowledge this failure of the present welfare system and to adopt a system which has prospects for success rather than the certainty of continued failure. It is time we stopped going downhill and that we find a path that goes up the hill, and we must run the risk, in my opinion, that the uphill path will be a costly and difficult one. But at least we will have the satisfaction of trying to fight our way up rather than continuing the easier road down.

This decision to decide on what I consider to be the upward leading path has not been an easy one for me or perhaps most of us, because the difficulties of this course are plain to see and we cannot even be sure such a course actually is an upward one. I am under no illusions. This plan, too, may end in failure. The Nixon administration has, however, conducted exhaustive research and has recommended this course without reservation. The greatly respected Ways and Means Committee of this House has conducted its own inquiries in depth and urgently recommends this course to us. We have ample testimony and ample evidence from qualified witnesses that this alternative upon which we vote today will in actual fact result in substantial transition to work where idleness now exists.

In making this difficult decision, I have been most mindful of an experience I had during the recent Easter recess. In answer to an inquiry in March of my constituents regarding their feelings on this issue, I received a letter from a citizen of middle to modest income, living in a clean and unpretentious neighborhood in which he stated that he and his wife had worked hard at unskilled and skilled labor for the past 23 years. He said that he was not able to give his children everything they perhaps needed, but that as a result of his work and that of his wife, they were getting along and paying their bills without having much of anything to save except the payment on their mortgage. But they were living in dignity and passing this pride down to their family. He said it was his view and that of his associates and neighbors in similar circumstances that it was unfair to them to add to their tax burdens in order to make increased welfare payments to those who were not willing to make similar efforts to work and to take care of themselves.

It was a very impressive letter to me and I wrote in reply asking that I might meet and talk to him during the recess. While home in my district, he invited me to his home one night, and there I gathered with his neighbors and friends. I am a Republican. This was a Democratic neighborhood. I did not ask them their politics, but I assume they were predominantly Democratic, since those are the clear figures of the district. They were not concerned with politics, however. In this room full of neighbors and friends, they were all devoted to taking care of their own needs. All hard, honest workers on modest income, and every one of these good citizens, without rancor and with good will, told me they believed an increase in welfare payments would increase the desire of many of their neighbors to remain or go on welfare, and add unfairly to the burden of those self-reliant citizens who desired to work and to raise their children in an atmosphere of work and dignity.

Memory of that evening has remained strongly with me making it even more difficult to reach the decision to vote for this bill. I can only say to them that my decision is based on the fact that I believe we have more chance of putting these idle people to work under this bill before us today which demands registration for work and willingness to work at suitable employment as a condition to receiving public welfare.

As to the charge by others that this represents a "guaranteed annual income," my reply is that in my view this legislation represents a conditional payment, conditioned upon willingness to work. As to a guarantee to those unable to work and unable to take care of themselves, we already have this type of guaranteed payment in every one of the 50 States, and by this bill we are merely acknowledging that conditions of poverty and wretchedness exist and we are raising our priorities in relation to aid and encouragement to this unfortunate segment of our society, and as I stated

at the beginning, we cannot expect a healthy capitalistic, free system to survive if we do not establish this bulwark against actual misery.

The most expensive part of this legislation is the addition of the working poor to the welfare rolls. To the annual minimum guaranteed payment of $1,600 per year to a family of four—$500 for each parent, $300 for each child—we are adding the right to work and earn money up to $720 per year. Beyond that, 50 cents of each welfare dollar is deducted for each $1 earned, and the complete transition from welfare to self-reliance is reached at $3,920. This is not a perfect formula, but to allow the recipient to retain more than 50 cents would add improperly to costs of the program, and to require him to deduct more from his welfare would discourage him from working. I am not satisfied with this formula, but I know none better and we will have to learn from experience in order to make needed corrections.

To allow and to encourage the welfare recipient to work to supplement his income seems only civilized to me and we must face the initial cost of carrying the welfare recipient in order to promote him to self sufficiency.

There is widespread impression among many of my friends that the welfare rolls are filled with lazy persons who would not work. There are some, but the proved percentage is very low. Of all those on welfare, the figure for these individuals in my State, for example, is 6.7 percent. For those "lazy persons who would not work," this legislation has an answer, which is "work, or else." This applies to females who are heads of families and whose children are above 6 years of age. Our present welfare program contains no such ultimatum.

In conclusion, our present system is an economic and social disaster. If it continues unchanged, it can only lead to higher costs, more broken homes, and hopeless numbers of otherwise employable people living off Government welfare. The family assistance plan offers an alternative—an alternative which I believe I should support as Congressman from my Second Utah District, not because it offers a sure solution, but because it offers what my personal research and instincts lead me to believe is a better way, with reasonable hope of less cost in the long run than the present program, and with reasonable hope that there will result greater proportionate employment and less proportionate dependence on Government.

Mr. BRADEMAS. Mr. Chairman, I take this minute to read the text of the following letter to me dated March 16, 1970, from the distinguished former Secretary of Health, Education, and Welfare, the Honorable Wilbur J. Cohen, now dean of the School of Education at the University of Michigan and a recognized authority on welfare programs.

As sponsor of H.R. 13520, the Comprehensive Preschool Education and Child Day Care Act, which is now under consideration in the Committee on Education and Labor, I asked Mr. Cohen to comment on the relationship between that bill and the day care provisions of the bill under consideration today, H.R. 16311, the Family Assistance Act of 1970. Here is Mr. Cohen's letter:

THE UNIVERSITY OF MICHIGAN,
SCHOOL OF EDUCATION,
Ann Arbor, Mich., March 16, 1970.

Representative JOHN BRADEMAS,
House of Representatives,
Washington, D.C.

DEAR JOHN: This is in further reference to your request for my views on the relationship of your bill, the Comprehensive Preschool Education and Child Day Care Act" (HR 13520) to the Family Assistance Act of 1970 (HR 16311).

I have studied both bills very carefully and I find that the provisions of your child development bill are in no way in conflict with the Family Assistance legislation. In fact, your legislation is supplementary to the day care provisions of the Family Assistance program. As I see it, the child development provisions in your bill would provide the financial authorization for services to persons not on the family assistance rolls, and provide the basis for an educational and learning component which is so important.

The regulations of the Department of HEW which I approved during my tenure and which are still in effect provide for a mechanism to coordinate any and all day care and preschool programs, thus assuring that there will be effective cooperation among programs for those children on the family assistance program and those who are not.

I strongly favor the provision of your bill encouraging parent involvement (section 6(d)(9)(5)). I hope this feature will be implemented in the Family Assistance program.

I strongly support the objectives of your proposal. If there is anything else I can do please let me know.

Sincerely,

WILBUR J. COHEN, *Dean.*

Mr. Chairman, I am glad to say that the distinguished chairman of the Committee on Ways and Means, the gentleman from Arkansas (Mr. MILLS) has read Mr. Cohen's letter and has advised me that he agrees with the interpretation in this letter on the relationship between the two bills.

Mr. ICHORD. Mr. Chairman, like every other Member in this Chamber, I am highly discontented with the operations of the present welfare program. During this debate, several Members have characterized the present program as a "mess." With that characterization, I wholeheartedly agree. The present program has had the effect of destroying the will to work on the part of many welfare recipients. We need a new program—a new direction.

I believe that this legislation is an earnest effort on the part of the majority of the members of the Committee on Ways and Means to combine a "carrot and stick" approach to get welfare recipients who are able to work off the "welfare rolls" and on the "payrolls." There are many provisions in the legislation which would lead me to vote for the same. The establishment of a nationwide floor is definitely desirable. The "carrot" is provided in the form of incentives to work. The "stick" is present in the form of requirements on the part of certain recipients to either work or train to work. However, when I examine the specific provisions of the bill, I must conclude that the "stick" has not been fashioned sufficiently strong to reach the objectives so meritoriously sought. In fact, the "stick" in at least one instance is used to encourage the welfare recipient to have more children in order to stay on welfare. The distinguished chairman of the committee has stated that 75 percent of 1,700,000 aid to dependent children families now are receiving welfare are families where there has not been a marriage. This bill, I fear, rather than alleviate the present situation will operate to make matters worst. Why? Because of the provision exempting the mother of children under 6 years of age from having to work or training for work. Under the present program, the only possible incentive for the mother to have another child is the additional money she would receive for the child. I doubt that the small amount of additional money she would receive would operate as an incentive. But, under this legislation, if the mother does not have another child she is required to work or train for work. This, in my opinion, is using the stick to induce the mother to have further children. Rather than improve the situation, I believe we are burning down the house to destroy the rats. With the closed rule under which we are considering this bill, there is no opportunity to correct this most ill-advised provision. I must, therefore, cast my vote in opposition and I hope that the Senate in its consideration of the measure will fully appraise the ramifications of this exemption.

Mr. ROTH. Mr. Chairman, I am certain there is general agreement in this Congress that the present welfare system is badly in need of revision. In my judgment, however, it is of primary importance that we look before we leap.

Certainly, the President's proposal of the Family Assistance Act of 1970 is new and imaginative, and may indeed be what is needed to find our way out of the present welfare mess. I heartily commend the President for his efforts. Indeed, we are told that this legislation will get people off of welfare and put them to work. We are told that it will eliminate the seemingly paradoxical "incentives" of the present program, which seem to encourage the breakup of families, to penalize industriousness, and to create dissension by arbitrarily providing assistance to some of the needy while denying it to others.

If these benefits will be realized by the passage of H.R. 16311, then it will truly be a landmark piece of legislation. But I would ask this particular question: How do we know? A small number of similar but limited programs have been tested, but much of the data from these experiments is inconclusive. I suggest that a full-fledged pilot program should be instituted so that the family assistance plan can be adequately tested and studied for at least a year, in one or more States with major cities, before we commit ourselves to a program that might create a welfare mess greater than that with which we are now confronted.

Many questions must be answered, and in my judgment the answers will be available only after we put the family assistance plan into existence on a smaller scale and examine the results. To what extent might the Family Assistance Act

undermine the work motivation of the millions of new recipients—the working poor—who will be added to the welfare rolls? Does this bill's implicit tax rate on other income really offer the best work incentive for the least cost? Will the employment and training programs in H.R. 16311 really be effective in moving people off the welfare rolls, or will they, like the similar provisions in present law, prove to be little more than expensive window dressing? As a practical matter, will the mandatory work provisions be effective, or will recipients who are so inclined to be able to evade them? Will this bill help to heal whatever animosity there may now be between welfare recipients and the working poor, who are ineligible for welfare? Or is it possible that any such animosity will be deepened when both groups are eligible for welfare but the working poor are excluded from State supplemental payments and from the benefits of the medicaid program?

Indeed, will a guaranteed annual income actually promote work? What requirements will be necessary to clarify the term "suitable" employment? In this time of financial stress, do we have the resources to find the program adequately? Are adequate provisions available to account for the different standards of living in urban and rural areas? And, perhaps most important, what will this legislation cost the Government in 5 years, or 10, or 20? I raise this last question because of our unpleasant experience with the skyrocketing costs of the medicare program. According to the Bureau of the Budget, the cost to the Federal Government of "providing or financing medical services" has increased an estimated 1,000 percent since 1966, accounting for approximately 15 percent of the entire increased Federal expenditure since that time.

The immediate cost of this program also concerns me. It is estimated that during the first full year of operation, the family assistance plan will cost the Federal Government an additional $4 billion, above and beyond the current Federal expenditure of $4.2 billion annually. An additional $4 billion of spending by the Federal Government in what still might be an overheated economy will not help ease our financial crisis. It is estimated that under the current welfare system costs will rise to $8.8 billion by 1975, double the present outlay, and I think we need to be very certain that a program of "workfare" will lift people off the welfare rolls to avoid the possibility that this program, too, might cost twice as much in 5 years.

Let me stress exactly what my thoughts are. Perhaps the Family Assistance Act is workable and practical, and it certainly is innovative. To take such a giant step—at least in its present form—demands in my judgment much more documentation and many more facts than we no whave at hand. I suggest, therefore, that this Congress give careful consideration to the idea of instituting a fully funded and legally authorized pilot program before we take off, since I am certain none of my colleagues would want to take a ride in an airplane that had not yet been flight tested. If such a program is instituted, and if the basic concepts of the Family Assistant Act prove workable, then this proposal can safely be made a permanent replacement for the present welfare system.

I would like to add one further thought. As yesterday's vote indicated, a number of my colleagues and I deeply regret that consideration of this legislation is limited by a closed rule. Such a rule prohibited not only possible amendment of the legislation to improve specific sections but also denied us the possibility to propose immediately what I believe to be a needed pilot program.

Mr. TAFT. Mr. Chairman, I want to express strong support for H.R. 16311, the Family Assistance Act of 1970. As a welfare board member, as chairman of the Hamilton County Council of Social Agencies, as a State legislator, and as a Member of Congress, I have had personal contact with the hardships to people and the problems of society crowded or aggravated by the deficiencies of our existing welfare programs.

This measure proposes a broad frontal attack to correct family disruption, disincentive to work, inadequate levels, welfare-motivated desertion and migration, and a lack of adequate training and day care facilities. It may develop some problems on its own. Any comprehensive measure of this sort would be almost certain to do so, but it is, at least, a courageous assault on monumental existing difficulties, and represents an honest attempt to adapt our institutions to meet realistically present-day needs and challenges. The alternative is to stand by and watch family relationships deteriorate further, the relief cycle of generation to generation to continue, and the burden on our States, and metropolitan areas mount.

Much has been said already about the bill's provisions, I would just like to add emphasis that the approach of this legislation may well have the effect of stemming the flow to the cities of those in need of help and opportunity. It would do this by enabling our working and our nonworking poor of the nonurban areas to maintain a minimum standard of living where they are and thus to encourage the development of such areas commercially and as labor plentiful areas.

Mr. FUQUA. Mr. Chairman, the debate here today has contained much comment that we are revising our present welfare program. Well, there is no question that our present welfare program is in need of drastic revision, but this is not the answer.

What we are actually doing here is an entirely new concept which will add millions to the welfare rolls at a cost of billions of additional dollars to the American taxpayer.

I believe with many other Members of the Congress that the priorities of this legislation are wrong. They are: cash first, food second and work or productive lives third. I believe that there should be a reversal of these priorities, that our thrust should be to help people lead productive lives and secondly to provide food for the needy, and cash third.

Little has been said about the fact that an estimated 12 million persons could be added to the welfare rolls and the Federal cost of the program increased by as much as $5.5 billion.

The American people have simply not been told the facts about this proposal.

We need emphasis on job training so that those who are able to work can do so and not be relegated to the welfare rolls.

A guaranteed annual income would not serve as an incentive for an American to make a contribution to our society. Many will find that it is more advantageous to sit idly by while they receive a monthly dole from the Federal Treasury, making no effort to lead productive lives.

This is more of the something for nothing philosophy. The American people are going to be shocked when they understand the additional costs which they must pay through their taxes for this program.

Another thing that disturbs me is that once we start with this type of program, the only way it will go is for an increase in expenditures. And we are either going to raise taxes to support such a program or else suffer more deficit spending.

We need to improve our welfare program. We need to be concerned about the plight of the blind, the physically handicapped, the helpless child, and all of the other unfortunates of our society.

At the same time we have an obligation to make every effort to allow and encourage every citizen who can make a contribution to do so. This program, if adopted, will prove to be an expensive mistake and I hope that the Members of the Congress will vote against its passage and begin immediately to revise our present welfare laws to eliminate some of the inequities to truly serve the plight of the needy and those who will have to pay the costs of any such program.

Mr. MURPHY of New York. Mr. Chairman, for more than a generation, welfare programs throughout the Nation have grown in size and cost, but accomplished precious little in reclaiming human resources, providing dignified assistance to those genuinely in need, and providing a ladder out of poverty for millions of Americans. Indeed, these systems have been counterproductive—they have served to lock people into poverty and despair, rather than lift them out.

No single piece of legislation in the past 25 years has been as critical to the problem of welfare as the bill we are considering today, the Family Assistance Act of 1970. I strongly support this bill, and I extend my congratulations and compliments to Chairman MILLS and the members of the Committee on Ways and Means for bringing this vitally needed legislation before us.

I have long favored a greater Federal assumption of responsibility and participation in welfare programs because I believe that the Federal Government is the only instrumentality capable of tackling the problem on a national basis. The lesson of a generation is that no other solution will work, because poverty knows no regional, sectional, or other jurisdictional boundaries. It is truly a national problem, requiring a national solution.

Over the years, the large urban areas of America have borne the brunt of the national problem without having the national resources needed to provide effective and productive welfare assistance. Our cities can no longer be expected to shoulder this burden alone.

In my district in New York there is wide-ranging support for this bill—among those who must receive welfare, and among those who do not. All recognize that the existing situation is intolerable and should be changed. They recognize that only under the Federal plan will the welfare system fill the needs of those who it is intended to serve, and distribute the burden evenly throughout the Nation.

This legislation establishes a family assistance plan with Federal eligibility standards and benefits for families with children, and also provides standards and minimums for aid to the aged, the blind, and the inform. National standardization will stop the drift of poor into the already intolerable ghettos of the cities, and give hope to those who subsist on welfare.

It is important to note that this new approach to welfare contains strong requirements for Federal work-registration and referral-for-employment procedures. The bill authorizes a new work incentive program, and provides for additional day-care facilities. These important provisions will insure that those on welfare who are capable of working will work. There will be no more opportunity for those who have used the present system incorrectly to live on the system without a genuine effort to find and hold employment.

Support for this legislation has come from many quarters. The AFL–CIO supports the bill, and notes that it contains important labor standard safeguards. The American Labor Alliance, the National Association of Manufacturers, the National Association of Senior Citizens, and the Urban Coalition are on record in support of the national assumption of the welfare burden, and of the Family Assistance Act of 1970.

A major point of controversy in consideration of the bill has been the question of adequacy of income levels authorized by the bill. Some have argued that the guaranteed minimums are too low; an equally sincere number of people have argued for lower minimums. It is my belief that the levels contained in this bill are adequate for the initiation of the program. Of course, it is impossible to project with 100-percent accuracy how well these levels will work. However, the Congress is certainly free to adjust these levels as the future warrants—up or down—and the program should be permitted to operate for a time on the levels established by the bill.

The family assistance plan is a vitally needed first step toward the elimination of poverty and despair in America. It will give new hope to those on welfare—hope for a brighter future, filled with dignity and promise. It will also herald new hope for those in our society who support welfare, but understandably demand that the money and energy spent truly work for the elimination of poverty. The burden on these Americans will be eased, and the future of those on welfare brightened. I strongly support this legislation, and heartily commend it to my colleagues.

Mr. DERWINSKI. Mr. Chairman, we have had thorough debate these past 2 days on the merits of this legislation and I believe that the debate was consistently objective.

It is obvious that there is legitimate doubt as to the workability of the program, as well as legitimate concern over the cost and ineffectiveness of existing programs.

I was impressed by the argument that the existing welfare programs could and, therefore, were not being effectively administered and the proposal before us was at least a practical alternative.

After carefully reviewing the figures presented in the committee report and interpretation of the figures that many critics of the bill have produced, I am convinced that instead of replacing the welfare program, we are adding a new dimension to the welfare burden. Therefore, I will cast my vote against the measure, emphasizing that the questions raised by many Members have not been effectively answered.

May I also direct the attention of the Members to the possibility that the Senate will make drastic revisions of this plan, adding new costs, and administrative complications to it and the House conferees will be hard pressed to maintain the House position against the other body in the conference.

I am afraid the bill as drawn will substantially increase the tax burden of the residents of Illinois and other States, due to the great number of people that will be added to the welfare rolls. In turn, incentives to work will not produce the results needed to remove people from the rolls.

The bill does not contain enough emphasis on incentives for people to remove themselves from assistance rolls and, therefore, we are not solving the welfare problem through this measure but unfortunately compounding it. Therefore, for these and other reasons I will reluctantly cast my vote against the measure.

Mr. HALPERN. Mr. Chairman, the decade of the 1960's brought many of our social problems to the forefront, but none of them have struck our minds and our consciences more forceably than those involving our system of public welfare. We have become ever more aware that our present system has not provided the kind of support and incentives which poor families in this country need.

It is gratifying, therefore, that positive action toward welfare reform has been initiated by the administration and is being considered by the Congress. I believe that the Family Assistance Act, which we have before us today, will create a genuinely constructive welfare system. Its major purpose is to strengthen families, and by so doing it will strengthen our entire social structure.

Our present program of aid to families with dependent children, which is the public assistance program designed to assist families with children, has a number of basic flaws. First and foremost, it does not, in some States, provide even a subsistence level of welfare payments. It is, therefore, creating an ever-growing future welfare population through its failure to sustain the present one. Seriously deprived children, as we know, all too often grow into deprived adults who cannot hold their own in today's world.

Second, although it provides money, it does not provide additional kinds of encouragement and help to families in need. It has not helped adults prepare for and find employment, it has discouraged them. It has not helped people build their own secure futures, but has encouraged them to fall back on the security of a welfare payment. It also has embodied strong incentives for family breakup.

In short, what should have been a constructive program, has in fact been destructive. The many billions of dollars which we have invested in welfare have brought a bitter return.

H.R. 16311 represents a turning point in our efforts. It establishes the goal of encouraging stable and self-sufficient families, and provides the machinery to achieve this goal.

Perhaps the most important, and certainly the most controversial aspect of the proposal is for cash assistance to the working poor. The family assistance plan would cover some 20 million people, instead of the 6.7 million who are now receiving AFDC. This is an impossible hurdle for some. The very idea of helping so many millions of individuals is abhorrent to those who believe the only proper goal of a welfare program is to eliminate itself.

And yet, the President has stated, and as the Committee on Ways and Means has agreed, coverage of the working poor is a necessary investment in the future. By helping poor families in which the father is employed we are not simply providing them with needed cash assistance for the moment, we are helping those families retain their viability, and we are reducing the incentive for fathers to leave their families in order to qualify them for welfare.

We all recognize that one of our major causes of poverty and of many of our social ills is the broken family. One of the greatest contributions which we can make to the public welfare is to help families stay together. This bill would help them. And if the cost is great, I believe it is nonetheless a cost we must accept. It is, in any case, a far lower cost to society than the alternative of allowing the problems of our existing system to continue to grow.

The proposal also contains incentives for all families on welfare to undertake manpower training and to become employed. Much has been learned from the experience of the work incentive program in the last 2 years, and the new manpower provisions represent an improvement over existing law.

The bill would require all adults, with certain specified exceptions, to register with the employment service. This procedure would eliminate the current problem of irregular and uncertain referrals from the welfare agencies to the employment service.

The bill would also require the employment service to provide vital services to each individual who registers. An employability plan would have to be drawn up for each person, and a whole range of rehabilitative resources would be drawn upon in order to help the welfare recipient to be trained for and to find a suitable job.

Individuals who enter training will receive a training allowance. Perhaps even more important, mothers who require day care services for their children in order to participate in work or training will be provided them. The bill makes possible a major expansion of day care resources by authorizing the Secretary of Health, Education, and Welfare to pay for up to 100 percent of the cost of necessary day care projects.

Studies of the present work incentive program have shown that one of the major impediments of welfare recipients to entering or retaining employment is the lack of adequate child care facilities. This bill would work toward eliminating this impediment, and at the same time provide the kind of quality child care services which many disadvantaged children need. The bill envisages preschool child care programs which will include educational, medical, nutritional, and social services. In this way, too, it will reduce the likelihood of rearing a new generation of welfare recipients.

The bill moves toward a greater federalization of welfare, and I believe that welfare recipients throughout the United States will benefit from this. A new Federal payment floor is established, and welfare recipients who live in the States which now pay amounts below that floor will benefit very obviously by being eligible for a higher cash payment. But needy families everywhere will benefit from Federal administration of family assistance payments and from the new Federal standards for eligibility. The family assistance plan will introduce greater equity, uniformity, and dignity into the treatment of welfare recipients.

The States will benefit, also. They can, if they choose, elect to have the Federal Government administer the entire welfare program for them, retaining only the obligation of providing supportive services to welfare recipients who are in training, and of contributing their share of the cash assistance payments.

Hopefully, then the proposal will help to equalize the current welfare burden among the States, at the same time that it contributes toward greater equity for welfare receipients.

Although I have concentrated my remarks on the provisions of the bill which relate to families, because as we all recognize that it is the heart of the welfare problem, I am also in strong support of the provisions which relate to the old, the blind, and the disabled. The new Federal minimum standard of need will be of very great assistance to this group of needy individuals. A payment of $220 for a couple, which is provided by the bill, will enable many to move out of poverty. This is surely the least which we can do for them. The new liberalized provisions relating to earnings exemptions will be of great help to those who are in a position to undertake employment, and will also encourage them to do so.

By combining the three existing adult programs into one single program and providing for Federal eligibility requirements, we will be promoting greater equity and uniformity for this group, just as we will be for recipients of family assistance.

Mr. Chairman, this bill has strong merits. Probably every Member of the House has some point, major or minor, with which he disagrees and would like to change. But the administration has worked long and hard over the bill. The Committee on Ways and Means has spent months in public hearings and in executive session refining the proposal. And we have now a well thought-out package of true welifare reform.

There will, in the future, be improvements which we will want to make. But I am satisfied that the bill moves in the proper direction. Levels of assistance will certainly have to be reconsidered in the future, as the administration has testified will be necessary. But the family assistance plan can stand now as a solid social program which will benefit both the needy and the general public. I urge my colleagues to join with me in voting for H.R. 16311.

Mr. MONAGAN. Mr. Chairman, I am supporting H.R. 16311, the Family Assistance Act of 1970.

The President has urged the passage of this bill as a means of reducing welfare loads and his request and assurance are entitled to great consideration.

Although there are many debatable points about this legislation, there are two principal considerations which impel me to support it. One is the fact that the proposed method of providing for poor families may bring about the elimination of the scandalous defects in the aid to the dependent children program. Certainly the present system has proved to be a disaster and I agree that we must embrace any reasonable alternative.

The serious shortcomings of the welfare system in its present form are obvious. In operation the system fosters family breakups, it encourages benefit recipients to stay on welfare by failing to have workable incentives and provisions for becoming employed, and it has failed to slow the steady movement of needy families from State to State in search of higher welfare payments. In short, the present welfare system is unworkable; it definitely must be changed in the direction of encouraging employment and family stability. No one can guarantee, of course, that this will work but I am convinced that we must try this method. It is significant, I think, that no one has offered any alternative.

The second important point is the provision in this bill for a reduction of variations in payment levels among the States through the introduction of a Federal floor for family assistance payments. This provision should help to eliminate the flow of people to the most generous States, such as Connecticut, where payment levels have been markedly higher. This is an objective which I have advocated for a long period of time and it would have a marked effect upon the increasing welfare rolls in the State of Conecticut.

In the first session of the 91st Congress I introduced legislation to require the establishment of nationally uniform minimum standards and eligibility requirements for public assistance, and I am gratified to see that my proposal is included in the provisions of this bill. The uniform eligibility requirements coupled with standardized welfare payments will help correct inequities in the present system which have resulted in my own State of Connecticut spending a staggering 30 percent of the State's gross general fund expenditures for gross welfare expenditures in 1968–69.

One of the most significant innovations of this proposal is to require that as a prerequisite to receipt of benefits every adult in assisted families register at an employment office for work or training or sign up for vocational rehabilitation. Although work incentives were put into Federal public asistance programs by major legislation in 1962 and again in 1967, the incentives have not been effective and there is a continuing need to tighten provisions tying the receipt of benefits to a firm commitment to work.

It is the children, our future citizens, who are my concern. In them lies the hope of tomorow. If we can contribute to greater stability in the family and eliminate the financial encouragement for fatherless families, I believe that we are taking a major step in the right direction, and I am convinced that this plan should have an opportunity to be tested.

Mr. STOKES. Mr. Chairman, that evening last August when President Nixon announced his proposed welfare reform plan, a national radio network asked me to perform one of those "instant analyses" which later became so unpopular with the administration. My very first comment on the President's suggestions was that parts of the proposal should be recognized as meaningful and progressive, while others should be exposed as mere continuations of the atavistic mentality which created the current welfare problems in the first place. Eight months and innumerable contentions later, I find that my view has changed very little.

There is no question that the President deserves credit for opening up the issue of welfare reform and for a number of the specific recommendations in his bill. The minimum Federal payment guarantee, the inclusion of the working poor in the programs, and the nationalization of eligibility standards are all desperately needed changes in the present AFDC system.

The House Ways and Means Committee should likewise be complimented for several improvements they fashioned in the original proposal. I was especially pleased that the base payment for aid to the aged, blind, and disabled was increased by over 20 percent. The added incentives which should result in Federal administration of the entire family assistance program was also a very necessary betterment, as was the elimination of 10 percent local matching requirements for day care centers.

Collectively, these suggestions mark a significant forward thrust in the Federal Government's attitude concerning its responsibilities to the poor of this Nation, and for that reason I shall vote for H.R. 16311. Nevertheless, my colleagues should thoroughly understand that this bill falls far short of reaching what those responsibilities ought to be, and that all of us in this chamber who have worked so long for an adequate welfare system will not be satisfied until they are.

My primary objection to H.R. 16311 concerns the payment provisions, which are inferior even to those in the President's original bill. It is disgraceful, for instance, that the eight Southern States that have done the very worst job of providing for their needy citizens are rewarded in this legislation by allowing them to terminate all State payments.

Mr. Chairman, we have all been presented with documented proof that Americans are starving to death in these States—that children are often forced to eat clay to quiet their empty stomachs. How then can we justifiably turn around and tell those very State governments primarily responsible for creating these intolerable conditions that they need no longer contribute anything to their eradication? Surely no one rationally believes that a welfare mother in Atlanta, Birmingham, New Orleans, or St. Louis can raise her child on the 82 cents a day from the Federal minimum. At least the President's bill required these States to continue 50 percent of their former paltry share. I thought that provision was inadequate—the current one is unconscionable.

Of course, meager though it is, at least AFDC recipients in those eight Southern and border States will receive some increase in their monthly checks—which is more than can be said for recipients in Ohio or any of the other 41 States. If both Houses of Congress would pass H.R. 16311 and the President sign it today, these people would get the same unacceptable pittance tomorrow that they received yesterday. A rather unbelievable result from a bill heralded as a great humanitarian measure.

Moreover, the problems with the bill only begin with the amounts. The working requirements, while somewhat clearer after the committee's action, are still an administrative nightmare. The $30 per month allowable income is barely enough to cover the cost of going to and from the job. The welfare mother with school-aged children is deprived of raising them—the most blatant form of discrimination against the poor. There is no provision for cost-of-living increases. And perhaps most pernicious of all, the whole scheme seems to still be premised on the attitude that the recipient is basically a lazy, booze-guzzling ne'er-do-well—an attitude proved totally fallacious long ago to all who cared to listen.

So, Mr. Chairman, I shall vote for the bill. However, neither I nor a number of my colleagues who believe that poverty should not exist in the richest country in the history of this planet will walk from the floor in any state of euphoria. But we promise you that we will be back.

Mrs. SULLIVAN. Mr. Chairman, apparently a lot of votes are going to be cast for or against this very controversial piece of legislation, the so-called family assistance plan, or FAP, on the basis of hunch, or hope, or of sympathy for the poor or prejudice against the poor, or because of confidence in the judgment and wisdom of the President and Mr. Moynihan, or because of lack of such confidence. Any of these motivations may perhaps be defensible ones for casting a vote for or against this bill but they are not nearly as good reasons as listening to the full debate and trying to make an independent judgment. And, unfortunately, many of the deeply thought-out and well-reasoned arguments on this bill over the last 2 days have been made to a nearly empty House.

NEW DIRECTION OR DISASTROUS MISTAKE?

This is tragic. There is very little other legislation we will consider in this Congress of potentially more far-reaching significance. This bill challenges us to decide if we are on the threshold of a brilliant new direction in solving some of our most serious social problems, or on the verge of an economically and socially disastrous mistake of incalculable consequence.

I have been in attendance throughout the entire debate on this bill, hoping to find solid evidence that a far-reaching bill so strongly urged upon us by the President and so strongly supported by the Committee on Ways and Means, which includes Members who enjoy the highest degree of respect and esteem among all Members of the House, is one which I could support. I have found no such evidence.

I know from long exposure to the bitter problems in a major city that our welfare program, initiated in the early days of the New Deal to meet what were then well-understood family crisis situations—a program little changed since then except in details—is completely out of date in terms of today's problems. If this family assistance plan had been a part of the original Social Security Act of 1935, it would have made a great deal of sense. In those days, the concept of public asistance was new and people who needed welfare assistance could not wait to find the jobs which would get them off welfare. Most of them would have leaped enthusiastically to take advantage of the opportunity to learn new skills, and would have welcomed supplemental benefits while in job training and then when starting to work, benefits which would have speeded the economic rehabilitation of most of the families then eligible for the kind of help now called for in this bill.

WORK INCENTIVE PROGRAMS ALREADY ENACTED

We made repeated attempts during the Kennedy and Johnson administrations to establish programs to achieve what this bill is now intended by its sponsors to do—that is, to encourage people on public assistance to take training and gradually become self-supporting. The chairman of the Committee on Ways and Means (Mr. MILLS), who played an enormouse role in the passage of those programs, referred to them yesterday. The States, he said, have not accepted their responsibilities to make those programs work as intended, and so the results have been disappointing.

Therefore, this bill would place almost the entire burden of responsibility—administrative and financial—on the Federal Government, getting rid of the case-by-case investigation of eligibility and letting people just file a form saying they are eligible and immediately receiving checks from the Government to bring their income up to specified levels.

In view of the degree of welfare cheating which is already regarded by the public as being so widespread as to be absolutely shameful and indefensible, I wonder what public reaction would be to a plan of this nature—where you could just rate yourself as eligible, whether you are or not, and hope the computer will never catch up with you. Catching the cheats is not insurmountable if you have enough computers and enough people to check the computers, but in a democracy even the best-intentioned law cannot survive if there is public conviction that it is being widely abused by chiselers at the expense of the moderate-income taxpayer who has just noted once again this week, with shock and dismay, how high a percentage of his pay is going to Uncle Sam.

PUBLIC UNDERSTANDING AND ACCEPTANCE ARE ESSENTIAL

This is one of the reasons I am so much against turning the food stamp program into a free handout, giving the stamps to people to buy enough food to eat well without having to pay anything for them. It is not the cost of the stamps which disurbs me. We can afford, out of our tremendous abundance of food in this country to help every American to eat a proper, nutritious diet. What worries me about giving the stamps out free is the implication that the Government has the obligation to give every poor family all the food it needs without any cost to it whatsoever, so that the money that family would normally spend for food could be spent for other things.

Once that principle were established, the moderate income family, which struggles to pay its bills and struggles to afford a decent diet, would so resent the idea of other families receiving absolutely free more food than the self-supporting family can afford to buy that such resentment would destroy the basis of public support for any kind of food stamp program.

I feel that this so-called family assistance plan invites a similar reaction—not envy for someone who is needy getting a little help or even a lot of help; rather it is the likelihood of indignation by the taxpaying family that its taxes are being used to subsidize someone who abuses the program.

Most people will gladly pay taxes at personal sacrifice to help children break the welfare cycle. But they insist that any such program be tightly administered to weed out adult chiselers who use the welfare payments for their own indulgence rather than for the children for whom the money is intended. And this is why the aid to dependent children program is in such bad public repute. If I thought this bill would solve the prob-

lems, I would not hesitate for a second to endorse it wholeheartedly.

MAIN NEED IS FOR ADEQUATE DAY CARE CENTERS

But throughout the long hours of debate on this bill, I have not been able to see or learn how this bill would solve our real welfare problems. All it would do, it seems to me, would be to give the impression the problems were in some way being solved, as if an income of $31 a week—which is what this bill would assure a family of four, including their own earnings—would unify broken homes, prevent deserting, encourage job training, and so on.

I do not know what the figure would have to be to serve as incentive enough to accomplish those objectives; no one in the debate has ventured to give such a figure. We all know that if the figure were set high enough to really achieve these goals, the sums needed to carry out the program could never be appropriated.

Probably the main key to getting more welfare mothers motivated into taking job training and getting off welfare is to provide adequate—and I mean adequate—daycare centers for their children. This bill does not do that. It nibbles at the problem. I would gladly vote to spend all the money the bill authorizes to be spent for the supplementary benefits if it were used instead to build and operate the kind of day care center one can find, for instance, in the center of downtown Singapore, but hardly anywhere in the United States. We had such centers during World War II, and mothers gratefully left their young children there each day to take jobs where their skills and hands were needed. If we can do it in a war, we can certainly do it in the achievement of the social objectives of this bill—knowing that we would be cutting right to the heart of this whole issue.

I have never pretended, even to myself, that everyone else is wrong and I alone am right because I know that could not happen in the Congress or anywhere else. But I have deep reservations about this bill after hearing the entire debate—reservations so deep about the eventual direction or cost of this program, compared to its anticipated results, that I have reluctantly decided I must vote against it.

The fact that it would cost so much to do so little, and the fact that the cost of doing what would have to be done if the concept of the bill were really to solve anything would be so prohibitive, fortify my conclusion.

DEFEAT OF BILL COULD RESULT IN BETTER PROGRAM

My whole record in the Congress has been directed toward helping all of our people, and particularly our very low income people, to enjoy a better standard of living. I have often been criticized and even attacked for my efforts in behalf of social welfare legislation, and I have been willing to stand on my record because I think we all prosper in this country only as every American has a decent opportunity to advance himself economically. If I thought this bill would solve any of our serious welfare problems, I would be delighted to vote for it.

Perhaps other Members have more wisdom, more knowledge of this issue, more confidence in the draftsmanship of this program, and do not suffer the same doubts I feel so strongly. I recall that a lot of Members of Congress could not see the good in the social security bill in 1935, and made a partisan issue of it, and voted against it, and of course were wrong. On a measure like this bill, one can imagine that a "no" vote, for whatever reason, might stand forever as a monument to one's lack of foresight. Thus, with so many Members ready to accept this bill, I feel somewhat lonely in taking a negative position, but I think the Members here know that I do not cast my vote lightly on any issue or without feeling in my heart that my vote is the right one. On that prayerful basis, I will vote "nay."

On the unlikely possibility that it might be defeated here, or is recommitted. I am sure the Committee on Ways and Means could give us a bill its members were convinced could do what they know this bill can never accomplish in achieving a real, thorough, reform of our whole welfare program.

Mr. DONOHUE. Mr. Chairman, as we approach a determination on the measure before us, H.R. 16311, I think we should be mindful of two basic facts.

First, experts of all political persuasions agree that the present welfare system is a tragic failure.

Second, it is the Federal Government's responsibility to try to establish a workable system; one that will restore human dignity to those caught in the welfare trap; one that eases the plight of the taxpayer by moving persons, by work incentives and requirements, from welfare rolls to payrolls; one that preserves, rather than attacks, the basic family structure.

The present program of aid to families with dependent children—AFDC—actually discourages recipients from accepting jobs. In almost all States, allotments are reduced customarily by the amount of family earnings, so that the effect is to put a 100-percent tax on earnings. Even more disturbing, a family with the father employed full time is ineligible for benefits, no matter how small his income or how large his family. This situation inevitably encourages the worker to quit his job to increase his family's income.

Under the measure before us a family's payment will be reduced by only half of total earnings. The principle will be firmly established that a family with earned income from a job will be better off as a result of that job.

As you know, Mr. Chairman, an experiment conducted in New Jersey over the last 3 years confirms the tendency of incentives to encourage people to work themselves out of poverty. An early report on the experiment concluded that—

The work effort of participants receiving payments increased relative to the work effort of those not receiving payments.

Let us realize further that in most States the present AFDC program creates a financial incentive for the breakup of family units. Since families with a male head of household are cut off from any AFDC benefits, a father, by deserting his wife and children, can entitle them to public assistance. How can we hope to survive as an individual nation, Mr. Chairman, and as the leader of the civilized world, if we encourage by Government policy the disintegration of the basic unit of society, the family?

The bill before us would eliminate this family instability incentive, and encourage the father to stay and seek employment.

Also, Mr. Chairman, the wide variation in State levels of public assistance permitted under the present welfare system has placed an unfair burden on those States attempting to shoulder the responsibility for their needy and deprived.

With the family assistance program providing a nationwide set of benefits and eligibility standards, these inequities will be eased, and every State system will be relieved to some extent, with an overall reduction of almost $600 million.

There are many other features of this bill, of course, designed to insure that it accomplishes its goal of moving persons from welfare rolls to payrolls. Able-bodied adults will be required to register for work or work training, unless caring for preschool children or sick adults. Day-care facilities will be expanded, to make it possible for welfare mothers to work while their children get adequate supervision. A nationwide, computerized job bank is to be set up, and manpower programs will be bolstered.

Mr. Chairman, this is in no sense a partisan matter. President Nixon's basic proposals are contained in H.R. 16311, along with significant revisions voted by the distinguished House Ways and Means Committee. The bill is supported by groups as diverse as the AFL–CIO and the National Association of Manufacturers. The family assistance plan is designed and intended to offer to the poor not a handout, but rather a hand-up.

Let us extend that encouraging hand in conscientious effort to project wholesome, farsighted reform into an admittedly antiquated welfare system while we remain ever watchful and ready to promptly repair any unexpected weaknesses or even initiate repeal review of the whole program if administration and congressional anticipations are not quickly fulfilled.

Mr. COHELAN. Mr. Chairman, I rise in support of H.R. 16311. I do so, however, with mixed emotions.

This bill provides for a Federal assistance payment of $1,600 for a family of four with no other income. This basic benefit is increased by the exclusion of the value of food stamps from the definition of earned income so that it is possible to have Federal assistance for a family of four at the level of $2,464.

In addition to this Federal assistance there are provisions for a State supplemental assistance, of which the Federal Government could pay up to 30 percent. These supplemental payments are to be maintained payments at January 1970 AFDC levels or up to the poverty level, which ever is lower. Under the provisions of the bill the Secretary of Health, Education, and Welfare would be required to annually update the property levels to reflect the increased cost of living. This

bill also consolidates the assistance for the blind, disabled, and aged.

The coverage under this bill will increase those assisted from 7 million to 20 million under family assistance plan—FAP—and from 3 to 4 million under the blind, disabled, and aged. The total Federal-State cost is estimated to be increased by an additional $4.4 billion for FAP including $500 million for blind, disabled and aged and $600 million for job training features and day-care centers.

In analyzing this bill, I share the concern of a number of my colleagues that the $1,600 Federal minimum is inadequate to cover even the barest necessities of food, clothing, and shelter for our less-fortunate citizens. Although this will be increased by the State supplement, I would like to see a cost-of-living feature in the direct Federal contribution. Since this bill comes to the floor under a closed rule, we cannot amend the bill, but I think that the final version should include a higher Federal base and the cost-of-living feature in the Federal contribution so that our poorer citizens are not left out in the cold by fluctuations in our economy.

The coverage of this bill is commendable but in some areas falls short. The bill quite correctly extends coverage to the poverty-level families headed by full-time employed males—working poor—and families where the father is unemployed and at home. This hopefully will curb the trend in the dissolution of the family structure of the poor.

This bill also requires FAP beneficiaries to register for work training and employment. Those specifically exempt are: the aged, disabled, and ill; mothers caring for children under 6 years of age; mothers in cases where father register; citizens caring for ill members of the household; or citizens under 16 or under 21 and in school. All others are required to register. Under the bill, the Secretary of Health, Education, and Welfare is required to provide for child-care centers for working mothers and those in job training. These centers can be funded 100 percent by the Federal Government.

The House Ways and Means Committee has to be congratulated because of its improvements over the administration's work-requirement proposals, but I still have serious reservations about the required registration of mothers for job training and job referrals. In addition, I am concerned that there will not be enough high quality day-care centers or job training programs even though they are carefully delineated in the bill. Also, I am not convinced that the food stamp program feature of the family assistance plan should not be replaced by a cash equivalent.

Yet, the bill represents a step ahead of the crumbling AFDC structure it replaces. The AFDC has, as some Members point out, institutionalized poverty. The projected cost of AFDC this year is $4.3 billion, and HEW projects the cost to exceed $12 billion by 1975. This new family assistance program attempts to redress some glaring weaknesses of the present structure:

It establishes Federal standards to eliminate inequitable treatment but the $1,600 Federal minimum seems painfully inadequate;

It extends coverage to families headed by an unemployed father and extends coverage to the working poor;

It will reduce State and regional differences although some States will still have reductions;

It establishes Federal standards and minimums for the Nation's aged, blind, and disabled; and

It attempts through stronger Federal participation to extend job training and job placement.

All of these new directions should be subject to the most rigorous testing and analyses to correct difficulties that arise.

This new family assistance plan is not a panacea for ending poverty but I do feel that it offers an increased opportunity for many of our less-fortunate citizens to break out of the poverty cycle. The existing welfare structure has not been effective, I think the family assistance plan represents a prudent first step in correcting some of its deficiencies.

Mr. RANDALL. Mr. Chairman, I am against the passage of H.R. 16311, labeled "the Family Assistance Act of 1970."

There are so many good and valid reasons to oppose the passage of this bill that it becomes a problem to enumerate such reasons in their relative importance or to decide which deserves the greater emphasis. It will take too much time to provide detailed statistics to prove the danger of this bill. But all of these back-up figures can be fully documented and substantiated.

This welfare package is a 100-page bill with an accompanying report of 85 pages. It will entail a first annual Federal cost of $4.4 billion in three categories. By 1975, it is estimated the annual cost will have increased to $7.3 billion.

Under the provisions of this bill a family which consists of the parents and two children will be assigned a family benefit level of $1,600 per year. If their income falls below this amount, supplements will be paid to elevate their income to the $1,600 level. So far as I have been able to find out, this is the first time in the history of our country the Federal Government has agreed by law to provide a guaranteed annual income to its citizens.

In my opinion, this is a wrong turn for our country to take at this time. Regardless of the magnitude of the figures that are involved, under the provisions of this bill, there is a philosophy which is closely akin to a pure socialistic philosophy.

In the present law administered by the States it is true there is aid or welfare for the aged, the badly disabled and the blind. This is true welfare. On the other hand, to pay able-bodied people to do nothing is a shame. Such people who can sit at home and be guaranteed a fixed amount of income may very well soon lose their own self-respect. As much as I deplore the depression conditions which necessitated WPA at least this was a true work program for the able-bodied. With all of the jobs that go begging in our country today, people ought to work and should not be encouraged to stay home in idleness.

Of course we are all mindful of the words that have been used to make this act saleable. It is argued that "workfare" should replace the word "welfare." Yet, careful study of those portions of the bill which require each member of the family to register for employment or training, will reveal there is a long list of exceptions, exclusions as well as a long list of exemptions. One member suggested that the bill took at least three pages of print to provide all the loopholes for those who want to receive welfare but do no work.

One of the worst things about this entire welfare package is that the guaranteed annual income amounts to a kind of foot in the door that could very well be open ended. True, we have established a definite figure for this current year but I have reason to believe that those who vote for this measure today will have opponents campaigning against them who will be promising an increase in guaranteed annual income if they are elected. Each of those who support this bill today should pause long enough to ask themselves the question, Will they be for larger payments next year? And the next year? And the following year?

If we pass this bill today we, in effect, establish a policy that the Federal Government will reward those who will choose to take advantage of every exclusion, exception, and exemption under the beautiful description of workfare. This beginning of a national guaranteed income, instead of proving any kind of an incentive, could well be described as a disincentive to improve earnings or occupational capacities, and a disincentive for recipients to improve their lot in life.

Today, we hear so much about revenue sharing with the States and the desirability of decentralization toward greater State responsibility. Has anyone taken the time to consider what this bill will do to such concepts? It should be recalled that benefits payable under title II of this measure spells out that there must be a State supplement in order to receive Federal funds. The very natural question to follow is how well can the already improverished States afford these additional demands on their treasuries for welfare funds?

In passing, it should be noted that if the present program is repealed a new Federal program is substituted under which the States are forbidden to impose restrictions such as duration of residence requirements and the prohibition of payments to aliens. Then this means that the recipients in low-benefit States will flock to States where higher benefits are paid with the result of further overcrowding of the already teeming cities in those States where higher paying State programs are in effect.

I hope I am making it clear that I am not opposed to all of the provisions of this bill. I am unalterably opposed to that part which commences or begins for the first time a revolutionary guaranteed income plan. Because of the gag rule under which all the Members of this House are muted, muzzled, and have had their voices stilled to offer any amendments, there is no way to eliminate this most objectionable provision, unless the minority is fair enough to offer a motion

to recommit or else hope for the defeat of the bill or final passage.

Nearly all of the Members of the House are for welfare reform, but most of us are also against welfare expansion. If the figures which have been made available to me are correct, this bill will provide for tripling the number of persons on welfare. It would add about 3 million more families, or 15 million more persons. These figures have been rather carefully concealed in most of the discussions. It is little wonder that they have, because therein lies the entry wedge for the guaranteed annual income.

The present measure extends the guarantee to families with fully employed fathers. I recognize that the proponents will counter such a statement by saying that if the head of a family refuses to work or take a better-paying job he will lose his welfare. That is true. But what really happens is that his share—$300 per year—will be deducted from the family welfare allotment and the rest of the family allotment will continue to be guaranteed with nothing required and no questions asked about the expenditure of the remainder of the money.

One of the best criteria of the weakness of the so-called workfare section of the bill is that it is the subject of criticism by conservatives because they believe there are too many loopholes and at the same time is the target of criticism by the liberals because there are not enough loopholes. Both groups thus seem to admit that it will take a costly, cumbersome bureaucracy which will grow to supervise the assignment of job opportunities and the training of millions of people if such provisions are to be really and truly enforced. The bill deserves a lot more consideration by the Committee on Ways and Means and should be restudied in detail if we expect to reform our welfare programs rather than the vast expansion of these programs.

Search as carefully and as frequently as you choose and you will find nowhere in this bill any provisions to finance it. Even if all the surplus anticipated by the present administration in this current year's budget materializes, there would not be enough money to pay for the benefits of H.R. 16311. No matter how hard an effort is made to conceal the fact, if this bill is passed, this same Committee on Ways and Means will have to propose a tax increase to pay for this handout. Does this Committee on Ways and Means expect to extend the surtax, with increased rates back to 10 percent in order to finance what has been so cleverly called the Family Assistance Act?

Does the Committee on Ways and Means intend to raise the payroll tax provisions? Do they propose a social security payroll tax increase, doubled in order to provide family assistance benefits? These are questions which no one has answered during this debate and so far as I know, no one has made an attempt to answer.

I had hoped I could be granted a few minutes out of the 6 hours of debate to propound some questions to those three members on the Committee on Ways and Means who were opposed to this bill. Even with 6 hours, like any other Members, I was denied by the floor managers of this bill even a few minutes to interrogate some of the members of the committee. The questions I would have asked would have been to explain how the distinguished members of this most distinguished committee proposed to finance the cost of H.R. 16311. I would have also asked the proponent members of the committee who wrote this measure, to try to explain that if the present program is a failure how do they expect to resuscitate it by spending 4 billion more money on a program that is quite similar, but differing only in the machinery for paying out money for nonproductiveness and adding about 15 million people to the welfare rolls as H.R. 16311 will do?

To recapitulate, our principal objection is directed to that part of the bill which begins guaranteeing incomes to families with employed fathers. Once we start this it could well be that it will not be too long before one-third or more of our national population will be receiving income supplements at a cost of $20 billion more annually. The bill offers no improvement in the present administrative tangle that causes the present welfare program to be so ineffective. As those three members of the committee who joined in dissenting views put it "for all the rhetoric about work incentives the bill merely puts cash payments first."

We commenced consideration of this bill on April 15 which is the day on which everyone in America must file their income tax returns for 1969. It is significant that we conclude debate 1 day later giving all of our taxpayers an additional day to think of the potential impact that this legislation will have upon them in future years.

The truth is that the provisions of H.R. 16311 providing for a guaranteed income is a dangerous snowball that can grow and grow to where it can saddle future generations of taxpayers with an unbearable burden.

Mr. RARICK. Mr. Chairman, our forefathers who carved this civilization out of a wilderness did so without any expectation of a guaranteed income or livelihood. As free men they sought individual liberty under God.

Immigrants from foreign lands who have come to our country to become Americans were not induced by the promise of a guaranteed dole—most sought escape from tyranny, and a chance for a better life through freedom.

I care not what name it bears, any measure of law which would take from the worker and give to the nonproducer—who is not ill or handicapped—is recognized by the people as a guaranteed income plan—legalized theft. It is an accursed philosophy which will demoralize every worker.

Have we not tormented and politically exploited the poor long enough? Must they be blamed further? For, ironically, the motivating force behind this sinister plan flows stronger from the wealthy—the successful and upper-income groups of our society—than from the misfortunate poor who do not understand who benefits from controlled economics.

Who gains from distribution-of-the-wealth programs? In four generations of rehabilitative welfare, many of the same families remain on welfare while the rich, the manipulators of the program, have become richer.

Few among us would have ever feared that a controlled Socialist plan such as guaranteed income would be the announced goal and program of a Republican President. Had this proposal arisen under a Democratic President, one doubts it could have received such a bipartisan support?

The positive thinkers urge us to look at the good side of the plan—to ignore the evil—while the progressives say give the plan a chance to see what will happen.

I say neither time or experience is needed to know a scheme born of upside down fantasy. Socialism but begets socialism.

In our lifetime we have seen empire building by a central government under both national parties exert more and more power and control over our lives and institutions, and, as always, through the inducement of our moneys.

Federal funds are but followed with Federal control. Witness the downfall of State authority, local government, industries, public schools, labor unions, and now this latest attack on the basic unit of our society—our families.

This bill is a menace to the family—with its expected guidelines and the ever-present threat of a removal of funds for noncompliance with some bureaucrat's ideological dictates.

Today's bill places a ceiling of $1,600 a year for coverage. Who will guarantee that next year the ante will not be $10,000 or $20,000?

We have all witnessed socialism with its foot-in-the-door advance. It survives only on growth and requires expansion to bring more and more people under its nefarious umbrella.

If H.R. 16311 passes this body and becomes law, we are participating in the creation of a new feudal system in the United States, in which case we are attending the funeral of the American traditions of our fathers—work, pride, thrift and individuality.

The class war will then have officially been instituted.

I would never cast my people's one vote for such an un-American measure.

Mr. BYRNES of Wisconsin. Mr. Chairman, we have no further requests for time.

Mr. MILLS. Mr. Chairman, I have no further requests for time. I had some time to reserve for myself, but I yield back the balance of my time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

Mr. MILLS. Mr. Chairman, there are no committee amendments.

PARLIAMENTARY INQUIRY

Mr. BURLESON of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BURLESON of Texas. Mr. Chairman, I have a preferential motion. Is it in order to offer a preferential motion at this time?

The CHAIRMAN. Will the gentleman advise the Chair what sort of preferential motion he has in mind?

Mr. BURLESON of Texas. To strike the enacting clause.

The CHAIRMAN. The Chair will advise the gentleman from Texas that that motion is not in order unless amendments are in order, and are offered. There being no committee amendments, that motion will not be in order at this time.

Mr. BURLESON of Texas. Mr. Chairman, may I inquire, if there are no committee amendments to be offered, if the bill is perfected?

The CHAIRMAN. The Chair will advise the gentleman from Texas that the chairman of the Committee on Ways and Means, the gentleman from Arkansas (Mr. MILLS), has just advised the Chair that there are no committee amendments. That being so, the motion is not in order at this time.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 16311) to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes, pursuant to House Resolution 916, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

PARLIAMENTARY INQUIRY

Mr. BURLESON of Texas. Mr. Speaker a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BURLESON of Texas. Mr. Speaker I have a preferential motion which was not permitted to be made in the Committee of the Whole. The preferential motion is to strike the enacting clause. Is it in order in the House at this time?

The SPEAKER. Due to the fact that the previous question has been ordered on the bill to final passage, the motion is not in order at this time.

MOTION TO RECOMMIT OFFERED BY MR. COLLIER

Mr. COLLIER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. COLLIER. In its present form I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

PARLIAMENTARY INQUIRY

Mr. LANDRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. LANDRUM. Mr. Speaker, is it not true under the rules of the House that the motion to recommit should go to one who is unqualifiedly opposed to the bill?

The SPEAKER. The Chair will state that a Member who states that he is opposed to the bill in its present form qualifies.

Mr. LANDRUM. Mr. Speaker, is that not a modification of the rule that a Member in order to qualify must be opposed to the bill?

The SPEAKER. The gentleman from Illinois (Mr. COLLIER) qualifies because he has stated he is in opposition to the bill in its present form, which is the bill now before the House.

PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. GROSS. Mr. Speaker, the gentleman from Illinois has repeatedly stated, as recently as a few minutes ago, that he firmly supports the bill.

Mr. COLLIER. Mr. Speaker, I said I firmly support the principle and the concept of the bill. That is what I said, but I am opposed to the bill in its present form.

The SPEAKER. The gentleman from Illinois has stated that he is opposed to the bill in its present form. Therefore, the gentleman, with that statement, and upon his responsibility, qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. COLLIER moves to recommit the bill (H.R. 16311) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Page 21, line 1, strike out "suitable".

Page 21, lines 2 and 3, strike out "suitable".

Strike out line 21 on page 21 and all that follows down through line 17 on page 22, and insert in lieu thereof the following:

"(b) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is (or would, but for subsection (a), be) a member of such family refuses work under any of the following conditions:

"(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(2) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality;

"(3) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(4) if the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency."

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker being in doubt, the House divided, and there were—ayes 69, noes 60.

Mr. ASHBROOK. 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 Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 248, nays 149, not voting 33, as follows:

[Roll No. 82]

YEAS—248

Abbitt	Evans, Colo.	Marsh
Adair	Evins, Tenn.	Mathias
Albert	Fallon	May
Alexander	Findley	Mayne
Anderson, Ill.	Fish	Melcher
Anderson, Tenn.	Fisher	Meskill
Andrews, N. Dak.	Flowers	Michel
Arends	Ford, Gerald R.	Miller, Calif.
Ayres	Foreman	Miller, Ohio
Beall, Md.	Fountain	Mills
Belcher	Frelinghuysen	Minshall
Bell, Calif.	Frey	Mize
Bennett	Fulton, Tenn.	Mizell
Berry	Fuqua	Monagan
Betts	Galifianakis	Morse
Bevill	Garmatz	Morton
Biaggi	Giaimo	Mosher
Biester	Goldwater	Moss
Blanton	Goodling	Murphy, N.Y.
Blatnik	Griffin	Myers
Boland	Griffiths	Natcher
Bow	Gubser	Nelsen
Bray	Halpern	Nichols
Brinkley	Hamilton	O'Konski
Brock	Hammer-schmidt	Pelly
Brooks	Hansen, Idaho	Pepper
Broomfield	Hansen, Wash.	Pettis
Brotzman	Harsha	Pike
Brown, Mich.	Harvey	Pirnie
Brown, Ohio	Hastings	Poage
Broyhill, N.C.	Hechler, W. Va.	Poff
Buchanan	Hogan	Preyer, N.C.
Burlison, Mo.	Horton	Price, Tex.
Burton, Utah	Hosmer	Pryor, Ark.
Bush	Howard	Pucinski
Byrnes, Wis.	Hungate	Purcell
Camp	Hunt	Quie
Carter	Hutchinson	Quillen
Cederberg	Ichord	Railsback
Chamberlain	Jarman	Randall
Clancy	Johnson, Pa.	Reid, Ill.
Clausen, Don H.	Jonas	Reifel
Collier	Jones, Ala.	Rhodes
Collins	Jones, Tenn.	Riegle
Conable	Kee	Robison
Conte	Keith	Roe
Corbett	King	Rogers, Colo.
Corman	Kleppe	Rogers, Fla.
Coughlin	Kuykendall	Rostenkowski
Cowger	Langen	Roth
Cramer	Lloyd	Roudebush
Crane	Long, Md.	Ruppe
Cunningham	Lujan	Ruth
Daddario	McClory	St. Onge
Daniel, Va.	McCloskey	Sandman
Davis, Wis.	McClure	Saylor
Delaney	McCulloch	Schadeberg
Dellenback	McDade	Schwengel
Denney	McDonald, Mich.	Scott
Dent	McEwen	Sebelius
Derwinski	McFall	Shipley
Dickinson	McKneally	Shriver
Dowdy	Macdonald, Mass.	Sikes
Downing	MacGregor	Sisk
Edmondson	Mahon	Skubitz
Edwards, Ala.	Mailliard	Slack
Eshleman	Mann	Smith, Calif.
		Smith, Iowa
		Smith, N.Y.
		Snyder

Springer	Thompson, Ga.	Widnall
Stafford	Thomson, Wis.	Wiggins
Staggers	Udall	Williams
Stanton	Van Deerlin	Wilson, Bob
Steed	Vander Jagt	Winn
Steiger, Ariz.	Waldie	Wold
Steiger, Wis.	Wampler	Wolff
Stratton	Watkins	Wright
Stubblefield	Watson	Wyatt
Stuckey	Watts	Wydler
Sullivan	Weicker	Wyman
Symington	Whalen	Yatron
Taft	Whalley	Zion
Talcott	Whitehurst	Zwach
Teague, Tex.	Whitten	

NAYS—149

Abernethy	Eilberg	Minish
Adams	Esch	Mink
Addabbo	Farbstein	Montgomery
Anderson, Calif.	Fascell	Moorhead
	Flood	Morgan
Andrews, Ala.	Flynt	Murphy, Ill.
Annunzio	Foley	Nedzi
Ashbrook	Ford, William D.	Nix
Ashley		Obey
Aspinall	Fraser	O'Hara
Baring	Friedel	Olsen
Barrett	Gallagher	O'Neal, Ga.
Bingham	Gaydos	O'Neill, Mass.
Blackburn	Gilbert	Passman
Boggs	Gonzalez	Patten
Bolling	Gray	Perkins
Brademas	Green, Oreg.	Philbin
Brasco	Green, Pa.	Pickle
Burke, Fla.	Gross	Podell
Burke, Mass.	Hagan	Powell
Burleson, Tex.	Haley	Price, Ill.
Burton, Calif.	Hall	Rarick
Button	Hanley	Rees
Byrne, Pa.	Harrington	Reid, N.Y.
Caffery	Hathaway	Reuss
Carey	Hawkins	Roberts
Casey	Hays	Rodino
Celler	Hébert	Rooney, N.Y.
Chappell	Helstoski	Rooney, Pa.
Chisholm	Henderson	Rosenthal
Clark	Hicks	Roybal
Clawson, Del	Holifield	Ryan
Clay	Hull	St Germain
Cleveland	Jacobs	Satterfield
Cohelan	Johnson, Calif.	Scherle
Colmer	Jones, N.C.	Scheuer
Conyers	Karth	Stephens
Daniels, N.J.	Kastenmeier	Stokes
Davis, Ga.	Kazen	Taylor
de la Garza	Kluczynski	Thompson, N.J.
Dennis	Koch	Tiernan
Devine	Kyl	Ullman
Dingell	Kyros	Vanik
Donohue	Landgrebe	Vigorito
Dorn	Landrum	Waggonner
Dulski	Latta	Wilson, Charles H.
Duncan	Leggett	
Dwyer	Lowenstein	Yates
Eckhardt	Martin	Young
Edwards, Calif.	Matsunaga	Zablocki
Edwards, La.	Meeds	

NOT VOTING—33

Brown, Calif.	Grover	Mikva
Broyhill, Va.	Gude	Mollohan
Cabell	Hanna	Ottinger
Culver	Heckler, Mass.	Patman
Dawson	Kirwan	Pollock
Diggs	Lennon	Rivers
Erlenborn	Long, La.	Schneebeli
Feighan	Lukens	Teague, Calif.
Fulton, Pa.	McCarthy	Tunney
Gettys	McMillan	White
Gibbons	Madden	Wylie

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

Mr. White with Mr. Teague of California.
Mr. Cabell with Mr. Erlenborn.
Mr. Mikva with Mr. Fulton of Pennsylvania.
Mr. Ottinger with Mr. Gude.
Mr. Feighan with Mr. Pollock.
Mr. Gettys with Mr. Grover.
Mr. Gibbons with Mr. Broyhill of Virginia.
Mr. Hanna with Mr. Diggs.
Mr. Long of Louisiana with Mr. Schneebeli.
Mr. Patman with Mr. Wylie.
Mr. Rivers with Mr. Lukens.
Mr. Tunney with Mr. Kirwan.
Mr. McMillan with Mrs. Heckler of Massachusetts.
Mr. Culver with Mr. McCarthy.
Mr. Mollohan with Mr. Brown of California.

Mr. PERKINS changed his vote from "yea" to "nay."

Messrs. WRIGHT, STAGGERS, GUBSER, CLANCY, SCHADEBERG, and McFALL changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. HAYS. Mr. Speaker, I have a preferential motion.

The SPEAKER. Will the gentleman state his motion?

Mr. HAYS. I move that the enacting clause be stricken out.

The SPEAKER. The Chair will state that that motion is not in order. The Chair passed on it awhile ago. That motion is not in order.

Mr. MILLS. Mr. Speaker, in accordance with the instructions of the House in the motion to recommit, I report back the bill with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment:
Page 21, line 1, strike out "suitable".
Page 21, lines 2 and 3, strike out "suitable".

Strike out line 21 on page 21 and all that follows down through line 17 on page 22, and insert in lieu thereof the following:

"(b) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is (or would, but for subsection (a), be) a member of such family refuses work under any of the following conditions:

"(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(2) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality;

"(3) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(4) if the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency."

Mr. MILLS. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

H.R. 16311

An act to authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Family Assistance Act of 1970".

TABLE OF CONTENTS

TITLE I—FAMILY ASSISTANCE PLAN

ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

SEC. 101. Title IV of the Social Security Act (42 U.S.C. 601 et seq.) is amended by adding after part C the following new parts:

"PART D—FAMILY ASSISTANCE PLAN

"APPROPRIATIONS

"SEC. 441. For the purpose of providing a basic level of financial assistance throughout the Nation to needy families with children, in a manner which will strengthen family life, encourage work training and self-support, and enhance personal dignity, there is authorized to be appropriated for each fiscal year a sum sufficient to carry out this part.

"ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE BENEFITS

"Eligibility

"SEC. 442. (a) Each family (as defined in section 445)—

"(1) whose income, other than income excluded pursuant to section 443(b), is less than—

"(A) $500 per year for each of the first two members of the family, plus

"(B) $300 per year for each additional member, and

"(2) whose resources, other than resources excluded pursuant to section 444, are less than $1,500, shall, in accordance with and subject to the other provisions of this title, be paid a family assistance benefit.

"Amount

"(b) The family assistance benefit for a family shall be payable at the rate of—

"(1) $500 per year for each of the first two members of the family, plus

"(2) $300 per year for each additional member, reduced by the amount of income, not excluded pursuant to section 443(b), of the members of the family.

"Period for Determination of Benefits

"(c)(1) A family's eligibility for and its amount of family assistance benefits shall be determined for each quarter of a calendar year. Such determination shall be made on the basis of the Secretary's estimate of the family's income for such quarter, after taking into account income for a preceding period and any modifications in income which are likely to occur on the basis of changes in conditions or circumstances. Eligibility for and the amount of benefits of a family for any quarter shall be redetermined at such time or times as may be provided by the Secretary, such redetermination to be effective prospectively.

"(2) The Secretary shall by regulation prescribe the cases in which and extent to which the amount of a family assistance benefit for any quarter shall be reduced by reason of the time elapsing since the beginning of such quarter and before the date of filing of the application for the benefit.

"(3) The Secretary may, in accordance with regulations, prescribe the cases in which and the extent to which income received in one period (or expense incurred in one period in earning income) shall, for purposes of determining eligibility for and amount of family assistance benefits, be considered as received (or incurred) in another period or periods.

"Special Limits on Gross Income

"(d) The Secretary may, in accordance with regulations, prescribe the circumstances under which the gross income from a trade or business (including farming) will be considered sufficiently large to make such family ineligible for such benefits.

"Puerto Rico, the Virgin Islands, and Guam

"(e) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"INCOME

"Meaning of Income

"SEC. 443. (a) For purposes of this part, income means both earned income and unearned income; and—

"(1) earned income means only—

"(A) remuneration for services performed as an employee (as defined in section 210(j)), other than remuneration to which section 209 (b), (c), (d), (f), or (k), or section 211, would apply; and

"(B) net earnings from self-employment, as defined in section 211 (without the application of the second and third sentences following clause (C) of subsection (a)(9)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c); and

"(2) unearned income means all other income including—

"(A) any payments received as an annuity, pension, retirement, or disability benefit, including veteran's or workmen's compensation and old-age, survivors, and disability insurance, railroad retirement, and unemployment benefits;

"(B) prizes and awards;

"(C) the proceeds of any life insurance policy;

"(D) gifts (cash or otherwise), support and alimony payments, and inheritances; and

"(E) rents, dividends, interest, and royalties.

"Exclusions From Income

"(b) In determining the income of a family there shall be excluded—

"(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, the earned income of each child in the family who is, as determined by the Secretary under regulations, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment;

"(2)(A) the total unearned income of all members of a family 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 $30 in such quarter, and (B) the total earned income of all members of a family 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;

"(3) an amount of earned income of a member of the family equal to all, or such part (and according to such schedule) as the Secretary may prescribe, of the cost incurred by such member for child care which the Secretary deems necessary to securing or continuing in manpower training, vocational rehabilitation, employment, or self-employment;

"(4) the first $720 per year (or proportionately smaller amounts for shorter periods) of the total of earned income (not excluded by the preceding paragraphs of this subsection) of all members of the family plus one-half of the remainder thereof;

"(5) food stamps or any other assistance (except veterans' pensions) which is based on need and furnished by any State or political subdivision of a State or any Federal agency, or by any private charitable agency or organization (as determined by the Secretary);

"(6) allowances under section 432(a);

"(7) any portion of a scholarship or fellowship received for use in paying the cost of tuition and fees at any educational (including technical or vocational education) institution; and

"(8) home produce of a member of the family utilized by the household for its own consumption.

"RESOURCES

"Exclusions from resources

"SEC. 444. (a) In determining the resources of a family there shall be excluded—

"(1) the home, household goods, and personal effects; and

"(2) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion.

"DISPOSITION OF RESOURCES

"(b) The Secretary shall prescribe regulations applicable to the period or periods of time within which, and the manner in which, various kinds of property must be disposed of in order not to be included in determining a family's eligibility for family assistance benefits. Any portion of the family's benefits paid for any such period shall be conditioned upon such disposal; and any benefits so paid shall (at the time of the disposal) be considered over-payments to the extent they would not have been paid had the disposal occurred at the beginning of the period for which such benefits were paid.

"MEANING OF FAMILY AND CHILD

"Composition of Family

"SEC. 445. (a) Two or more individuals—

"(1) who are related by blood, marriage, or adoption,

"(2) who are living in a place of residence maintained by one or more of them as his or their own home,

"(3) who are residents of the United States, and

"(4) at least one of whom is a child who (A) is not married to another of such individuals and (B) is in the care of or dependent upon another of such individuals,

shall be regarded as a family for purposes of this part and parts A, C, and E. A parent (of a child living in a place of residence referred to in paragraph (2)), or a spouse of such a parent, who is determined by the Secretary to be temporarily absent from such place of residence for the purpose of engaging in or seeking employment or self-employment (including military service) shall nevertheless be considered (for purposes of paragraph (2)) to be living in such place of residence.

"Definition of Child

"(b) For purposes of this part and parts C and E, the term 'child' means an individual who is (1) under the age of eighteen, or (2) under the age of twenty-one and (as determined by the Secretary under regulations) a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment.

"Determination of Family Relationships

"(c) In determining whether an individual is related to another individual by blood, marriage, or adoption, appropriate State law shall be applied.

"Income and Resources of Noncontributing Adult

"(d) For purposes of determining eligibility for and the amount of family assistance benefits for any family there shall be excluded the income and resources of any individual, other than a parent of a child (or a spouse of a parent), which, as determined in accordance with criteria prescribed by the Secretary, is not available to other members of the family; and for such purposes such individual—

"(1) in the case of a child, shall be regarded as a member of the family for purposes of determining the family's eligibility for such benefits but not for purposes of determining the amount of such benefits, and

"(2) in any other case, shall not be considered a member of the family for any purpose.

"Recipients of Aid to the Aged, Blind, and Disabled Ineligible

"(e) If an individual is receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, or if his needs are taken into account in determining the need of another person receiving such aid, then, for the period for which such aid is received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the family assistance benefits of the family.

"PAYMENTS AND PROCEDURES

"Payments of Benefits

"SEC. 446. (a)(1) Family assistance benefits shall be paid at such time or times and in such installments as the Secretary determines will best effectuate the purposes of this title.

"(2) Payment of the family assistance benefit of any family may be made to any one or more members of the family, or, if the Secretary deems it appropriate, to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(3) The Secretary may by regulation establish ranges of incomes within which a single amount of family assistance benefit shall apply.

"Overpayments and Underpayments

"(b) Whenever the Secretary finds that more or less than the correct amount of family assistance benefits has been paid with respect to any family, proper adjustment or recovery shall, subject to the succeeding provisions of this subsection, be made by appropriate adjustments in future payments to the family or by recovery from or payment to any one or more of the individuals who are or were members thereof. The Secretary shall make such provision as he finds appropirate in the case of payment of more than the correct amount of benefits with respect to a family with a view to avoiding penalizing members of the family who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this part, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration of this part.

"Hearings and Review

"(c)(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be a member of a family and is in disagreement with any determination under this part with respect to eligibility of the family for family assistance benefits, the number of members of the family, or the amount of the benefits, if such individual requests a hearing on the matter in disagreement within thirty days after notice of such determination is received. Until a determination is made on the basis of such hearing or upon disposition of the matter through default, withdrawal of the request by the individual, or revision of the initial determination by the Secretary, any amounts which are payable (or would be payable but for the matter in disagreement) to any individual who has been determined to be a member of such family shall continue to be paid; but any amounts so paid for periods prior to such determination or disposition shall be considered overpayments to the extent they would not have been paid had such determination or disposition occurred at the same time as the Secretary's initial determination on the matter in disagreement.

"(2) Determination on the basis of such hearing shall be made within ninety days after the individual requests the hearing as provided in paragraph (1).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review as provided in section 205(g) to the same extent as the Secretary's final determinations under section 205; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court.

"Procedures; Prohibition of Assignments

"(d) The provisions of sections 206 and 207 and subsections (a), (d), (e), and (f) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II:

"Applications and Furnishing of Information by Families

"(e)(1) The Secretary shall prescribe regulations applicable to families or members thereof with respect to the filing of applications, the furnishing of other data and material, and the reporting of events and changes in circumstances, as may be necessary to determine eligibility for and amount of family assistance benefits.

"(2) In order to encourage prompt reporting of events and changes in circumstances relevant to eligibility for or amount of family assistance benefits, and more accurate estimates of expected income or expenses by members of families for purposes of such eligibility and amount of benefits, the Secretary may prescribe the cases in which and the extent to which—

"(A) failure to so report or delay in so reporting, or

"(B) inaccuracy of information which is furnished by the members and on which the estimates of income or expenses for such purposes are based,

will result in treatment as overpayments of all or any portion of payments of such benefits for the period involved.

"Furnishing of Information by Other Agencies

"(f) The head of any Federal agency shall provide such information as the Secretary needs for purposes of determining eligibility for or amount of family assistance benefits, or verifying other information with respect thereto.

"REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR MANPOWER SERVICES TRAINING, AND EMPLOYMENT

"SEC. 447. (a) Every individual who is a member of a family which is found to be eligible for family assistance benefits, other than a member to whom the Secretary finds paragraph (1), (2), (3), (4), or (5) of subsection (b) applies, shall register for manpower services, training, and employment with the local public employment office of the State as provided by regulations of the Secretary of Labor. If and for so long as any such individual is found by the Secretary of Health, Education, and Welfare to have failed to so register, he shall not be regarded as a member of a family but his income which would otherwise be counted under this part as income of a family shall be so counted; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member for purposes of determination of the family's eligibility for family assistance benefits, but not (except for counting his income) for purposes of determination of the amount of such benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) An individual shall not be required to register pursuant to subsection (a) if the Secretary determines that such individual is—

"(1) unable to engage in work or training by reason of illness, incapacity, or advanced age;

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

"(3) 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 paragraph (1), (2), (4), or (5) of this subsection (unless the second sentence of subsection (a), or section 448(a), is applicable to him);

"(4) a child who is under the age of sixteen or meets the requirements of section 445(b)(2); or

"(5) one whose presence in the home on a substantially continuous basis is required because of the illness or incapacity of another member of the household.

An individual who would, but for the preceding sentence, be required to register pursuant to subsection (a), may, if he wishes, register as provided in such subsection.

"(c) The Secretary shall make provision for the furnishing of child care services in

such cases and for so long as he deems appropriate in the case of (1) individuals registered pursuant to subsection (a) who are, pursuant to such registration, participating in manpower services, training, or employment, and (2) individuals referred pursuant to subsection (d) who are, pursuant to such referral, participating in vocational rehabilitation.

"(d) In the case of any member of a family receiving family assistance benefits who is not required to register pursuant to subsection (a) because of such member's incapacity, the Secretary shall make provision for referral of such member to the appropriate State agency administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act, and (except in such cases involving permanent incapacity as the Secretary may determine) for a review not less often than quarterly of such member's incapacity and his need for and utilization of the rehabilitation services made available to him under such plan. If and for so long as such member is found by the Secretary to have refused without good cause to accept rehabilitation services available to him under such plan, he shall be treated as an individual to whom subsection (a) is applicable by reason of refusal to accept or participate in employment or training.

"DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER SERVICES, TRAINING, OR EMPLOYMENT

"SEC. 448. (a) For purposes of determining eligibility for and amount of family assistance benefits under this part, an individual who has registered as required under section 447(a) shall not be regarded as a member of a family, but his income which would otherwise be counted as income of the family under this part shall be so counted, if and for so long as he has been found by the Secretary of Labor, after reasonable notice and opportunity for hearing (which shall be held in the same manner and subject to the same conditions as a hearing under section 446(c)(1) and (2)), to have refused without good cause to participate or continue to participate in manpower services, training, or employment, 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 by the Secretary of Labor, after notification by such employer or otherwise, to be a bona fide offer of employment; except that if such individual is the only member of the family other than a child, such individual shall be regarded as a member of the family for purposes of determination of the family's eligibility for benefits, but not (except for counting his income) for the purposes of determination of the amount of its benefits. No part of the family assistance benefits of any such family may be paid to such individual during the period for which the preceding sentence is applicable to him; and the Secretary may, if he deems it appropriate, provide for payment of such benefits during such period to any person, other than a member of such family, who is interested in or concerned with the welfare of the family.

"(b) No family shall be denied benefits under this part, or have its benefits under this part reduced, because an individual who is (or would, but for subsection (a), be) a member of such family refuses to work under any of the following conditions:

"(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

"(2) if the wages, hours, or other terms or conditions of the work offered are contrary to or less than those prescribed by Federal, State, or local law or are substantially less favorable to the individual than those prevailing for similar work in the locality;

"(3) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; or

"(4) if the individual has the demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency."

"TRANSFER OF FUNDS FOR ON-THE-JOB TRAINING PROGRAMS

"SEC. 449. The Secretary shall, pursuant to and to the extent provided by agreement with the Secretary of Labor, pay to the Secretary of Labor amounts which he estimates would be paid as family assistance benefits under this part to individuals participating in public or private employer compensated on-the-job training under a program of the Secretary of Labor if they were not participating in such training. Such amounts shall be available to pay the costs of such programs.

PART E—STATE SUPPLEMENTATION OF FAMILY ASSISTANCE BENEFITS

"PAYMENTS UNDER TITLES IV, V, XVI, AND XIX CONDITIONED ON SUPPLEMENTATION

"SEC. 451. In order for a State to be eligible for payments pursuant to title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any quarter beginning on or after the date this part becomes effective with respect to such State, it must have in effect an agreement with the Secretary under which it will make supplementary payments, as provided in this part, to any family other than a family in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not unemployed.

"ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY PAYMENTS

"SEC. 452. (a) Eligibility for and amount of supplementary payments under the agreement with any State under this part shall, subject to the succeeding provisions of this section, be determined by application of the provisions of, and rules and regulations under, sections 442(a)(2), (c), and (d), 443(a), 444, 445, 446 (to the extent the Secretary deems appropriate), 447, and 448, and by application of the standard for determining need under the plan of such State as in effect for January 1970 (which standard complies with the requirements for approval under part A as in effect for such month) or, if lower, a standard equal to the applicable poverty level determined pursuant to section 453(c) and in effect at the time of such payments, or such higher standard of need as the State may apply, with the resulting amount reduced by the family assistance benefit payable under part D and further reduced by any other income (earned or unearned) not excluded under section 443(b) (except paragraph (4) thereof) or under subsection (b) of this section; but in making such determination the State may impose limitations on the amount of aid paid to the extent that such limitations (in combination with other provisions of the plan) are no more stringent in result than those imposed under the plan of such State as in effect for such month. In the case of any State which provides for meeting less than 100 per centum of its standard of need or provides for considering less than 100 per centum of requirements in determining need, the Secretary shall prescribe by regulation the method or methods for achieving as nearly as possible the results provided for under the foregoing provisions of this subsection.

"(b) For purposes of determining eligibility for and amount of supplementary payments to a family for any period pursuant to an agreement under this part, in the case of earned income to which paragraph (4) of section 443(b) applies, there shall be disregarded $720 per year (or proportionately smaller amounts for shorter periods), plus—

(1) one-third of the portion of the remainder of earnings which does not exceed twice the amount of the family assistance benefits that would be payable to the family if it had no income, plus

(2) one-fifth (or more if the Secretary by regulation so prescribes) of the balance of the earnings.

For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"(c) The agreement with a State under this part shall—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for the establishment or designation of a single State agency to carry out or supervise the carrying out of the agreement in the State;

"(3) provide for granting an opportunity for a fair hearing before the State agency carrying out the agreement to any individual whose claim for supplementary payments 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) as are found by the Secretary to be necessary for the proper and efficient operation of the agreement in the State, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full- or part-time employment of recipients of supplementary payments and other persons of low income, as community services aides, in carrying out the agreement and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants for and recipients of supplementary payments and in assisting any advisory committees established by the State agency;

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

"(6) provide safeguards which restrict the use or disclosure of information concerning applicants for and recipients of supplementary payments to purposes directly connected with the administration of this title; and

"(7) provide that all individuals wishing to make application for supplementary payments shall have opportunity to do so, and that supplementary payments shall be furnished with reasonable promptness to all eligible individuals.

"PAYMENTS TO STATES

"SEC. 453. (a)(1) The Secretary shall pay to any State which has in effect an agreement under this part, for each fiscal year, an amount equal to 30 per centum of the total amount expended during such year pursuant to its agreement as supplementary payments to families other than families in which both parents of the child or children are present, neither parent is incapacitated, and the male parent is not employed, not counting so much of the supplementary payment made to any family as exceeds the amount by which (with respect to the period involved)—

"(A) the family assistance benefit payable to such family under part D, plus any income of such family (earned or unearned) not dis-

regarded in determining the amount of such supplementary payment, is less than

"(B) the applicable poverty level as promulgated and in effect under subsection (c)

"(2) The Secretary shall also pay to each such State an amount equal to 50 per centum of its administrative costs found necessary by the Secretary for carrying out its agreement.

"(b) Payments under subsection (a) shall be made at such time or times, in advance or by way of reimbursement, and in such installments as the Secretary may determine; and shall be made on such conditions as may be necessary to assure the carrying out of the purposes of this title.

"(c)(1) For purposes of this part, the 'poverty level' for a family group of any given size shall be the amount shown for a family group of such size in the following table, adjusted as provided in paragraph (2):

"Family size:	*Basic amount*
One	$1,920
Two	2,460
Three	2,940
Four	3,720
Five	4,440
Six	4,980
Seven or more	6,120

"(2) Between July 1 and September 30 of each year, beginning with 1970, the Secretary (A) shall adjust the amount shown for each size of family group in the table in paragraph (1) by increasing such amount by the percentage by which the average level of the price index for the months in the calendar quarter beginning April 1 of such year exceeds the average level of the price index for months in 1969, and (B) shall thereupon promulgate the amounts so adjusted as the poverty levels for family groups of various sizes which shall be conclusive for purposes of this part for the fiscal year beginning July 1 next succeeding such promulgation.

"(3) As used in this subsection, the term 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.

"FAILURE BY STATE TO COMPLY WITH ARGEEMENT

"SEC. 454. If the Secretary, after reasonable notice and opportunity for hearing to a State with which he has an agreement under this part, finds that such State is failing to comply therewith, he shall withhold all, or such portion as he deems appropriate, of the payments to which such State is otherwise entitled under this part or part A or B of this title or under title V, XVI, or XIX; but the amounts so withheld from payments under such part A or B or under title V, XVI, or XIX shall be deemed to have been paid to the State under such part or title. Such withholding shall be effected at such time or times and in such installments as the Secretary may deem appropriate.

"PART F—ADMINISTRATION

"AGREEMENTS WITH STATES

"SEC. 461. (a) The Secretary may enter into an agreement with any State under which the Secretary will make, on behalf of the State, the supplementary payments provided for under part E, or will perform such other functions of the State in connection with such payments as may be agreed upon, or both. In any such case, the agreement shall also (1) provide for payment by the State to the Secretary of an amount equal to the supplementary payments the State would otherwise make pursuant to part E, less any payments which would be made to the State under section 453(a), and (2) at the request of the State, provide for joint audit of payments under the agreement.

"(b) The Secretary may also enter into an agreement with any State under which such State will make, on behalf of the Secretary, the family assistance benefit payments provided for under part D with respect to all or specified families in the State who are eligible for such benefits or will perform such other functions in connection with the administration of part D as may be agreed upon. The cost of carrying out any such agreement shall be paid to the State by the Secretary in advance or by way of reimbursement and in such installments as may be agreed upon.

"PENALTIES FOR FRAUD

"SEC. 462. The provisions of section 208, other than paragraph (a), shall apply with respect to benefits under part D and allowances under part C, of this title, to the same extent as they apply to payments under title II.

"REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS, AND TRAINING AND TECHNICAL ASSISTANCE

"SEC. 463. (a) The Secretary shall make an annual report to the President and the Congress on the operation and administration of parts D and E, including an evaluation thereof in carrying out the purposes of such parts and recommendations with respect thereto. The Secretary is authorized to conduct evaluations directly or by grants or contracts of the programs authorized by such parts.

"(b) The Secretary is authorized to conduct, directly or by grants or contracts, research into or demonstrations of ways of better providing financial assistance to needy persons or of better carrying out the purposes of part D, and in so doing to waive any requirements or limitations in such part with respect to eligibility for or amount of family assistance benefits for such family, members of families, or groups thereof as he deems appropriate.

"(c) The Secretary is authorized to provide such technical assistance to States, and to provide, directly or through grants or contracts, for such training of personnel of States, as he deems appropriate to assist them in more efficiently and effectively carrying out their agreements under this part and part E.

"(d) In addition to funds otherwise available therefor, such portion of any appropriation to carry out part D or E as the Secretary may determine, but not in excess of $20,000,000 in any fiscal year, shall be available to him to carry out this section.

"OBLIGATION OF DESERTING PARENTS

"SEC. 464. In any case where an individual has deserted or abandoned his spouse or his child or children and such spouse or any such child (during the period of such desertion or abandonment) is a member of a family receiving family assistance benefits under part D or supplementary payments under part E, such individual shall be obligated to the United States in an amount equal to—

"(1) the total amount of the family assistance benefits paid to such family during such period with respect to such spouse and child or children, plus the amount paid by the Secretary under section 453 on account of the supplementary payments made to such family during such period with respect to such spouse and child or children, reduced by

"(2) any amount actually paid by such individual to or for the support and maintenance of such spouse and child or children during such period, if and to the extent that such amount is excluded in determining the amount of such family assistance benefits; except that in any case where an order for the support and maintenance of such spouse or any such child has been issued by a court of competent jurisdiction, the obligation of such individual under this subsection (with respect to such spouse or child) for any period shall not exceed the amount specified in such order less any amount actually paid by such individual (to or for the support and maintenance of such spouse or child) during such period. The amount due the United States under such obligation shall be collected (to the extent that the claim of the United States therefor is not otherwise satisfied), in such manner as may be specified by the Secretary, from any amounts otherwise due him or becoming due him at any time from any officer or agency of the United States or under any Federal program. Amounts collected under the preceding sentence shall be deposited in the Treasury as miscellaneous receipts.

"TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME FOR FOOD STAMP PURPOSES

"SEC. 465. Family assistance benefits paid under this title shall be taken into consideration for the purpose of determining the entitlement of any household to purchase food stamps, and the cost thereof, under the food stamp program conducted under the Food Stamp Act of 1964."

MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE, AND SUPPORTIVE SERVICES PROGRAMS

SEC. 102. Part C of title IV of the Social Security Act (42 U.S.C. 630 et seq.) is amended to read as follows:

"PART C—MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD CARE AND SUPPORTIVE SERVICES PROGRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE BENEFITS OR SUPPLEMENTARY PAYMENTS

PURPOSE

"SEC. 430. The purpose of this part is to authorize provision, for individuals who are members of a family receiving benefits under part D or supplementary payments pursuant to part E, of manpower services, training, employment, child care, and related supportive services necessary to train such individuals, prepare them for employment, and otherwise assist them in securing and retaining regular employment and having the opportunity for advancement in employment, to the end that needy families with children will be restored to self-supporting, independent, and useful roles in their communities.

"OPERATION OF MANPOWER SERVICES, TRAINING, AND EMPLOYMENT PROGRAMS

"SEC. 431. (a) The Secretary of Labor shall, for each person registered pursuant to part D, in accordance with priorities prescribed by him, develop or assure the development of an employability plan describing the manpower services, training, and employment which the Secretary of Labor determines each person needs in order to enable him to become self-supporting and secure and retain employment and opportunities for advancement.

"(b) The Secretary of Labor shall, in accordance with the provisions of this part, establish and assure the provision of manpower services, training, and employment programs in each State for persons registered pursuant to part D or receiving supplementary payments pursuant to part E.

"(c) The Secretary of Labor shall, through such programs, provide or assure the provision of manpower services, training, and employment and opportunities necessary to prepare such persons for and place them in regular employment, including—

"(1) any of such services, training, employment, and opportunities which the Secretary of Labor is authorized to provide under any other Act;

"(2) counseling, testing, coaching, program orientation, institutional and on-the-job training, work experience, upgrading, job development, job placement, and follow up services required to assist in securing and retaining employment and opportunities for advancement;

"(3) relocation assistance (including grants, loans, and the furnishing of such services as will aid an involuntarily unemployed individual who desires to relocate to

do so in an area where there is assurance of regular suitable employment, offered through the public employment offices of the State in such area, which will lead to the earning of income sufficient to make such individual and his family ineligible for benefits under part D and supplementary payments under part E); and

"(4) specal work projects.

"(d)(1) For purposes of subsection (c)(4), a 'special work project' is a project (meeting the requirements of this subsection) which consists of the performance of work in the public interest through grants to or contracts with public or nonprofit private agencies or organizations.

"(2) No wage rates provided under any special work project shall be lower than the applicable minimum wage for the particular work concerned.

"(3) Before entering into any special work project under a program established as provided in subsection (b), the Secretary of Labor shall have reasonable assurances that—

"(A) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such projects are established and will be maintained,

"(B) such project will not result in the displacement of employed workers,

"(C) 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,

"(D) appropriate workmen's compensation protection is provided to all participants, and

"(E) such project will improve the employability of the participants.

"(4) With respect to individuals who are participants in special work projects under programs established as provided in subsection (b), the Secretary of Labor shall periodicaly (at least once every six months) review the employment record of each such individual while on the 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 in on-the-job, institutional, or other training.

"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING

"SEC. 432. (a)(1) The Secretary of Labor shall pay to each individual who is a member of a family and is participating in manpower training under this part an incentive allowance of $30 per month. If one or more members of a family are receiving training for which training allowances are payable under section 203 of the Manpower Development and Training Act and meet the other reqirements under such section (except subsection (l) (1) thereof) for the receipt of allowances which would be in excess of the sum of the family assistance benefit under part D and supplementary payments pursuant to part E payable with respect to such month to the family, the total of the incentive allowances per month under this section for such members shall be equal to the greater of (1) the amount of such excess or, if lower, the amount of the excess of the training allowances which would be payable under such section 203 as in effect on March 1, 1970, over the sum of such family assistance benefit and such supplementary payments, and (2) $30 for each such member.

"(2) The Secretary of Labor shall, in accordance with regulations, also pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs to him which are necessary to and directly related to his participation in training.

"(3) The Secretary of Labor shall by regulation provide for such smaller allowances under this subsection as he deems appropriate for individuals in Puerto Rico, the Virgin Islands, and Guam.

"(b) Allowances under this section shall be in lieu of allowances provided for participants in manpower training programs under any other Act.

"(c) Subsection (a) shall not apply to any member of a family who is participating in a program of the Secretary of Labor providing public or private employer compensated on-the-job training.

"UTILIZATION OF OTHER PROGRAMS

"SEC. 433. In providing the manpower training and employment services and opportunities required by this part the Secretary of Labor, to the maximum extent feasible, shall assure that such services and opportunities are provided in such manner, through such means, and using all authority available to him under any other Act (and subject to all duties and responsibilities thereunder) as will further the establishment of an integrated and comprehensive manpower training program involving all sectors of the economy and all levels of government and as will make maximum use of existing manpower and manpower related programs and agencies. To such end the Secretary of Labor may use the funds appropriated to him under this part to provide the programs required by this part through such other Act, to the same extent and under the same conditions 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 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.

"RULES AND REGULATIONS

"SEC. 434. The Secretary of Labor may issue such rules and regulations as he finds necessary to carry out his responsibilities under this part.

"APPROPRIATIONS; NONFEDERAL SHARE

"SEC. 435. (a) There is authorized to be appropriated to the Secretary of Labor for each fiscal year a sum sufficient for carrying out the purposes of this part (other than sections 436 and 437), including payment of not to exceed 90 per centum of the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447. The Secretary of Labor shall establish criteria to achieve an equitable apportionment among the States of Federal expenditures for carrying out the programs authorized by section 431. In developing these criteria the Secretary of Labor shall consider the number of registrations under section 447 and other relevant factors.

"(b) If a non-Federal contribution of 10 per centum of the cost specified in subsection (a) is not made in any State (as required by section 402(a)(13)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 on account thereof and if he does so he shall instead, 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 403 (a), 453, 1604, and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a)(13)) equals 10 per centum of such costs. Such withholding shall remain in effect until such time as the Secretary of Labor has assurances from the State that such 10 per centum will be contributed as required by section 402(a)(13). Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Heatlh, Education, and Welfare to the Secretary of Labor.

"CHILD CARE

"SEC. 436. (a)(1) For the purpose of assuring that individuals receiving benefits under part D or supplementary payments pursuant to part E will not be prevented from participating in training or employment by the unavailability of appropriate child care, there are authorized to be appropriated for each fiscal year such sums as may be necessary to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for part or all of the cost of projects for the provision of child care, including necessary transportation and alteration, remodeling, and renovation of facilities, which may be necessary or appropriate in order to better enable an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training or employment under this part, or to enable an individual who has been referred pursuant to section 447(d) to participate in vocational rehabilitation, or to enable a member of a family which is or has been (within such period of time as the Secretary may prescribe) eligible for benefits under such part D or payments pursuant to such part E to undertake or continue manpower training or employment under this part; or, with respect to the period prior to the date when part D becomes effective for a State, to better enable an individual who is receiving aid to families with dependent children, or whose needs are taken into account in determining the need of any one claiming or receiving such aid, to participate in manpower training or employment.

"(2) Such grants or contracts for the provision of child care in any area may be made directly, or through grants to any public or nonprofit private agency which is designated by the appropriate elected or appointed official or officials in such area and which demonstrates a capacity to work effectively with the manpower agency in such area (including provision for the stationing of personnel with the manpower team in appropriate cases). To the extent appropriate, such care for children attending school which is provided on a group or institutional basis shall be provided through arrangements with the appropriate local educational agency.

"(3) Such projects shall provide for various types of child care needed in the light of the different circumstances and needs of the children involved.

"(b) Such sums shall also be available to enable the Secretary of Health, Education, and Welfare to make grants to any public or nonprofit private agency or organization, and contracts with any public or private agency or organization, for evaluation, training of personnel, technical assistance, or research or demonstration projects to determine more effective methods of providing any such care.

"(c) The Secretary of Health, Education, and Welfare may provide, in any case in which a family is able to pay for part or all of the cost of child care provided under a project assisted under this section, for payment by the family of such fees for the care as may be reasonable in the light of such ability.

"SUPPORTIVE SERVICES

"SEC. 437. (a) No payments shall be made to any State under title V, XVI, or XIX, or part A or B of this title, with respect to expenditures for any calendar quarter beginning on or after the date part D becomes effective with respect to such State, unless it has in effect an agreement with the Secretary of Health, Education, and Welfare under which it will provide health, vocational rehabilitation, counseling, social, and other supportive services which the Secretary under regulations determines to be

necessary to permit an individual who has been registered pursuant to part D or is receiving supplementary payments pursuant to part E to undertake or continue manpower training and employment under this part.

"(b) Services under such an agreement shall be provided in close cooperation with manpower training and employment services provided under this part.

"(c) The Secretary of Health, Education, and Welfare shall from time to time, in such installments and on such conditions as he deems appropriate, pay to any State with which he has an agreement pursuant to subsection (a) up to 90 per centum of the cost of such State of carrying out such agreement. There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out this section.

"ADVANCE FUNDING

"SEC. 438. (a) For the purpose of affording adequate notice of funding available under this part, appropriations for grants, contracts, or other payments with respect to individuals registered pursuant to section 447 are authorized to be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"(b) In order to effect a transition to the advance funding method of timing appropriation action, subsection (a) shall apply notwithstanding that its initial application will result in enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"EVALUATION AND RESEARCH; REPORTS TO CONGRESS

"SEC. 439. (a)(1) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the manpower training and employment programs provided under this part, including their effectiveness in achieving stated goals and their impact on other related programs. The Secretary may conduct research regarding, and demonstrations of, ways to improve the effectiveness of the manpower training and employment programs so provided and may also conduct demonstrations of improved training techniques for upgrading the skills of the working poor. The Secretary may, for these purposes, contract for independent evaluations of and research regarding such programs or individual projects under such programs, and establish a data collection, processing, and retrieval system.

"(2) There are authorized to be appropriated such sums, not exceeding $15,000,000 for any fiscal year, as may be necessary to carry out paragraph (1).

"(b) On or before September 1 following each fiscal year in which part D is effective with respect to any State—

"(1) the Secretary shall report to the Congress on the manpower training and employment programs provided under this part in such fiscal year, and

"(2) the Secretary of Health, Education, and Welfare shall report to the Congress on the child care and supportive services provided under this part in such fiscal year."

CONFORMING AMENDMENTS RELATING TO ASSISTANCE FOR NEEDY FAMILIES WITH CHILDREN

SEC. 103. (a) Section 401 of the Social Security Act (42 U.S.C. 601) is amended)—

(1) by striking out "financial assistance and" in the first sentence; and

(2) by striking out "aid and" in the second sentence.

(b)(1) Subsection (a) of section 402 of such Act (42 U.S.C. 602) is amended—

(A) by striking out "aid and" in the matter preceding clause (1);

(B) by inserting, before "provide" at the beginning of clause (1), "except to the extent permitted by the Secretary,";

(C) by striking out clause (4);

(D) (i) by striking out "recipients and other persons" in clause (5) (B) and inserting in lieu thereof "persons", and

(ii) by striking out "providing services to applicants and recipients" in such clause and inserting in lieu thereof "providing services under the plan";

(E) by striking out clauses (7) and (8);

(F) by striking out "aid to families with dependent children" in clause (9) and inserting in lieu thereof "the plan";

(G) by striking out clauses (10), (11), and (12);

(H) (i) by striking out "section 406(d)" in clause (14) and inserting in lieu thereof "section 405(c)",

(ii) by striking out "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))" in such clause and inserting in lieu thereof "for each member of a family receiving assistance to needy families with children, each appropriate individual (living in the same home as such family) whose needs would be taken into acount in determining the need of any such member under the State plan (approved under this part) as in effect prior to the enactment of part D, and each individual who would have been eligible to receive aid to families with dependent children under such plan", and

(iii) by striking out "such child, relative, and individual" each place it appears in such clause and inserting in lieu thereof "such member or individual";

(I) by striking out clause (15) and inserting in lieu thereof the following: "(15) (A) provide for the development of a program, for appropriate members of such families and such other individuals, 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 family planning services are offered to them, 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 (8) 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;"

(J) by striking out "aid" in clause (16) and inserting in lieu thereof "assistance to needy families with children";

(K) (i) by striking out "aid to families with dependent children" in clause (17) (A) (i) and inserting in lieu thereof "assistance to needy families with children",

(ii) by striking out "aid" in clause (17) (A) (ii) and inserting in lieu thereof "assistance", and

(iii) by striking out "and" at the end of clause (i), and adding after clause (ii) the following new clause:

"(iii) in the case of any parent (of a child referred to in clause (ii)) receiving such assistance who has been deserted or abandoned by his or her spouse, to secure support for such parent from such spouse (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";

(L) by striking out "clause (17)(A)" in clause (18) and inserting in lieu thereof "clause (11)(A)";

(M) by striking out clause (19) and inserting in lieu thereof the following: "(19) provide for arrangements to assure that there will be made a non-Federal contribution to the cost of manpower services, training, and employment and opportunities provided for individuals registered pursuant to section 447, in cash or kind, equal to 10 per centum of such cost;";

(N) by striking out "aid to families with dependent children in the form of foster care in accordance with section 408" in clause (20) and inserting in lieu thereof "payments for foster care in accordance with section 406";

(O)(i) by striking out "of each parent of a dependent child or children with respect to whom aid is being provided under the State plan" in clause (21)(A) and inserting in lieu thereof "of each person who is the parent of a child or children with respect to whom assistance to needy families with children or foster care is being provided or is the spouse of the parent of such a child or children",

(ii) by striking out "such child or children" in clause (21)(A)(i) and inserting in lieu thereof "such child or children or such parent",

(iii) by striking out "such parent" each place it appears in clause (21)(B) and inserting in lieu thereof "such person", and

(iv) by striking out "section 410;" in clause (21)(C) and inserting in lieu thereof "section 408; and";

(P)(i) by striking out "a parent" each place it appears in clause (22) and inserting in lieu thereof "a person",

(ii) by striking out "a child or children of such parent" each place it appears in such clause and inserting in lieu thereof "the spouse or a child or children of such person",

(iii) by striking out "against such parent" in such clause and inserting in lieu thereof "against such person", and

(iv) by striking out "aid is being provided under the plan of such other State" each place it appears in such clause and inserting in lieu thereof "assistance to needy families with children or foster care payments are being provided in such other State"; and

(Q) by striking out "; and (23)" and all that follows and inserting in lieu thereof a period.

(2) Clauses (5), (6), (9), (13), (14), (15), (16), (17), (18), (19), (20), (21), and (22) of section 402(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as clauses (4) through (16), respectively.

(c) Section 402(b) of such Act is amended to read as follows:

"(b) The Secretary shall approve and plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under it, any residence requirement which denies services or foster care payments with respect to any individual residing in the State."

(d) Section 402 of such Act is further amended by striking out subsection (c).

(e)(1) Subsection (a) of section 403 of such Act (42 U.S.C. 603) is amended—

(A) by striking out "aid and services" and inserting in lieu thereof "services" in the matter preceding paragraph (1);

(B) by striking out paragraph (1) and inserting in lieu thereof the following:

"(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as payments for foster care in accordance with section 406—

"(A) five-sixths of such expenditures, not counting so much of any expenditures with respect to any month as exceeds the product of $18 multiplied by the number of children receiving such foster care in such month; plus

"(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under subparagraph (A), not counting so much of any expenditures with respect to any month as exceeds the product of $100 multiplied by the number of children receiving such foster care for such month;";

(C) by striking out paragraph (2);

(D) (i) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (3),

(ii) by striking out "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" in clause (i) of subparagraph (A) of such paragraph and inserting in lieu thereof "receiving foster care or any member of a family receiving assistance to needy families with children or to any other individual (living in the same home as such family) whose needs would be taken into account in determining the need of any such member under the State plan approved under this part as in effect prior to the enactment of part D",

(iii) by striking out "child or relative who is applying for aid to families with dependent children or" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "member of a family",

(iv) by striking out "likely to become an applicant for or recipient of such aid" in clause (ii) of subparagraph (A) of such paragraph and inserting in lieu thereof "likely to become eligible to receive such assistance", and

(v) by striking out "(14) and (15)" each place it appears in subparagraph (A) of such paragraph and inserting in lieu thereof "(8) and (9)";

(E) by striking out all that follows "permitted" in the last sentence of such paragraph and inserting in lieu thereof "by the Secretary; and";

(F) by striking out "in the case of any State," in the matter preceding subparagraph (A) in paragraph (5);

(G) by striking out "section 406(e)" each place it appears in paragraph (5) and inserting in lieu thereof "section 405(d)"; and

(H) by striking out the sentences following paragraph (5).

(2) Paragraphs (3) and (5) of section 403(a) of such Act, as amended by paragraph (1) of this subsection, are redesignated as paragraphs (2) and (3), respectively.

(f) Section 403(b) of such Act is amended—

(1) by striking out "(B) records showing the number of dependent children in the State, and (C)" in paragraph (1) and inserting in lieu thereof "and (B)"; and

(2) by striking out "(A)" in paragraph (2), and by striking out ", and (B)" and all that follows in such paragraph and inserting in lieu thereof a period.

(g) Section 404 of such Act (42 U.S.C. 604) is amended—

(1) by striking out "(a) In the case of any State plan for aid and services" and inserting in lieu thereof "In the case of any State plan for services"; and

(2) by striking out subsection (b).

(h) Section 405 of such Act (42 U.S.C. 605) is repealed.

(i) Section 406 of such Act (42 U.S.C. 606) is redesignated as section 405, and as so redesignated is amended—

(1) by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) The term 'child' means a child as defined in section 445(b).

"(b) The term 'needy families with children' means families who are receiving family assistance benefits under part D and who (1) are receiving supplementary payments under part E, or (2) would be eligible to receive aid to families with dependent children, under a State plan (approved under this part) as in effect prior to the enactment of part D, if the State plan had continued in effect and if it included assistance to dependent children of unemployed fathers pursuant to section 407 as it was in effect prior to such enactment; and 'assistance to needy families with children' means family assistance benefits under such part D, paid to such families.";

(2) by striking out subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively;

(3) (A) by striking out "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" in paragraph (1) of subsection (d) as so redesignated and inserting in lieu thereof "a member of a family (as defined in section 445(a))", and

(B) by striking out "because such child or relative refused" and inserting in lieu thereof "because such child or another member of such family refused".

(j) Section 407 of such Act (42 U.S.C. 607) is repealed.

(k) Section 408 of such Act (42 U.S.C. 608) is redesignated as section 406, and as so redesignated is amended—

(1) by striking out everything (including the heading) which precedes paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"FOSTER CARE

"SEC. 406. For purposes of this part—

"(a) 'foster care' shall include only foster care which is provided in behalf of a child (1) who would, except for his removal from the home of a family as a result of a judicial determination to the effect that continuation therein would be contrary to his welfare, be a member of such family receiving assistance to needy families with children, (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 (e) (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 assistance to needy families with children in or for the month in which court proceedings leading to such determination were initiated, or (B) would have received such assistance to needy families with children in or for such month if application had been made therefor, or (C) in the case of a child who had been a member of a family (as defined in section 445(a)) within six months prior to the month in which such proceedings were initiated, would have received such assistance in or for such month if in such month he had been a member of (and removed from the home of) such a family and application had been made therefor;

"(b) 'foster care' shall, however, include the care described in paragraph (a) only if it is provided—";

(2) (A) by striking out "'aid to families with dependent children'" in subsection (b) (2) and inserting in lieu thereof "foster care",

(B) by striking out "such foster care" in such subsection and inserting in lieu thereof "foster care", and

(C) by striking out the period at the end of such subsection and inserting in lieu thereof "; and";

(3) by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively;

(4) by striking out "paragraph (f) (2)" and "section 403(a) (3)" in subsection (c) (as so redesignated) and inserting in lieu thereof "paragraph (e) (2)" and "section 403(a) (2)" respectively;

(5) by striking out "aid" in subsection (d) (as so redesignated) and inserting in lieu thereof "services";

(6) by striking out "relative specified in section 406(a)" in subsection (e) (1) (as so redesignated) and inserting in lieu thereof "family (as defined in section 445(a))"; and

(7) by striking out "522" and "part 3 of title V" in subsection (e) (2) (as so redesignated) and inserting in lieu thereof "422" and "part B of this title", respectively.

(l) (1) Section 409 of such Act (42 U.S.C. 609) is repealed.

(m) Section 410 of such Act (42 U.S.C. 610) is redesignated as section 407; and subsection (a) of such section (as so redesignated) is amended by striking out "section 402(a) (21)" and inserting in lieu thereof "section 402(a) (15)".

(n) (1) Section 422(a) (1) (A) of such Act is amended by striking out "section 402(a) (15)" and inserting in lieu thereof "section 402(a) (9)".

(2) Section 422(a) (1) (B) of such Act is amended by striking out "provided for dependent children" and inserting in lieu thereof "provided with respect to needy families with children".

(o) References in any law, regulation, State plan, or other document to any provision of part A of title IV of the Social Security Act which is redesignated by this section shall (from and after the effective date of the amendments made by this Act) be considered to be references to such provision as so redesignated.

CHANGES IN HEADINGS

SEC. 104. (a) The heading of title IV of the Social Security Act (42 U.S.C. 601, et seq.) is amended to read as follows:

"TITLE IV—FAMILY ASSISTANCE BENEFITS, STATE SUPPLEMENTARY PAYMENTS, WORK INCENTIVE PROGRAMS, AND GRANTS TO STATES FOR FAMILY AND CHILD WELFARE SERVICES".

(b) The heading of part A of such title IV is amended to read as follows:

"PART A—SERVICES TO NEEDY FAMILIES WITH CHILDREN".

TITLE II—AID TO THE AGED, BLIND, AND DISABLED

GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 201. Title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) is amended to read as follows:

"TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND AND DISABLED

"APPROPRIATIONS

"SEC. 1601. For the purpose of enabling each State to furnish financial assistance to needy individuals who are sixty-five years of age or over, blind, or disabled and for the purpose of encouraging each State to furnish rehabilitation and other services to help such individuals attain or retain capability for self-support or self-care, there are authorized to be appropriated for each fiscal year sums sufficient to carry out these purposes. The sums made available under this section shall be used for making payments to States having State plans approved under section 1602.

"STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICES TO THE AGED, BLIND, AND DISABLED

"SEC. 1602. (a) A State plan for aid to the aged, blind, and disabled must—

"(1) provide for the establishment or designation of a single State agency to ad-

minister or supervise the administration of the State plan;

"(2) provide such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including methods relating to the establishment and maintenance of personnel standards on a merit basis (but the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of individuals employed in accordance with such methods);

"(3) provide for the training and effective use of social service personnel in the administration of the plan, for the furnishing of technical assistance to units of State government and of political subdivisions which are furnishing financial assistance or services to the aged, blind, and disabled, and for the development through research or demonstration projects of new or improved methods of furnishing assistance or services to the aged, blind, and disabled;

"(4) provide 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 non-paid 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) provide that all individuals wishing to make application for aid under the plan shall have opportunity to do so and that such aid shall be furnished with reasonable promptness with respect to all eligible individuals;

"(6) provide for the use of a simplified statement, conforming to standards prescribed by the Secretary, to establish eligibility, and for adequate and effective methods of verification of eligibility of applicants and recipients through the use, in accordance with regulations prescribed by the Secretary, of sampling and other scientific techniques;

"(7) provide that, except to the extent permitted by the Secretary with respect to services, the State plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(8) provide for financial participation by the State;

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

"(10) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid under the plan is denied or is not acted upon with reasonable promptness;

"(11) provide for periodic evaluation of the operations of the State plan, not less often than annually, in accordance with standards prescribed by the Secretary, and the furnishing of annual reports of such evaluations to the Secretary together with any necessary modifications of the State plan resulting from such evaluations;

"(12) 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;

"(13) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

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

"(15) provide a description of the services which the State makes available to applicants for or recipients of aid under the plan to help them attain self-support or self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of all available services that are similar or related; and

"(16) assure that, in administering the State plan and providing services thereunder, the State will observe priorities established by the Secretary and comply with such performance standards as the Secretary may, from time to time, establish.

Notwithstanding, paragraph (1), if on January 1, 1962, and on the date on which a State submits (or submitted) 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 was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV, then the State agency which administered or supervised the administration of such plan approved under title X may be designated to administer or supervise the administration of the portion of the State plan for the aged, blind, and disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

"(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) and in section 1603, except that he shall not approve any plan which imposes, as a condition of eligibility for aid under the plan—

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

"(2) any residency requirement which excludes any individual who resides in the State;

"(3) any citizenship requirement which excludes any citizen of the United States, or any alien lawfully admitted for permanent residence who has resided in the United States continuously during the five years immediately preceding his application for such aid;

"(4) any disability or age requirement which excludes any person under a severe disability, as determined in accordance with criteria prescribed by the Secretary, who are eighteen years of age or older, or

"(5) any blindness or age requirement which excludes any persons who are blind as determined in accordance with criteria prescribed by the Secretary.

In the case of any State to which the provisions of section 344 of the Social Security Act Amendments of 1950 were applicable on January 1, 1962, and to which the sentence of section 1002(b) following paragraph (2) thereof is applicable on the date on which its State plan was or is submitted for approval under this title, the Secretary shall approve the plan of such State for aid to the aged, blind, and disabled for purposes of this title, even though it does not meet the requirements of section 1603(a), if it meets all other requirements of this title for an approved plan for aid to the aged, blind, and disabled; but payments to the State under this title shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of this title under a plan approved under this section without regard to the provisions of this sentence.

"DETERMINATION OF NEED

"SEC. 1603. (a) A State plan must provide that, in determining the need for aid under the plan, the State agency shall take into consideration any other income or resources of the individual claiming such aid as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination with respect to any individual—

"(1) the State agency shall not consider as resources (A) the home, household goods, and personal effects of the individual, (B) other personal or real property, the total value of which does not exceed $1,500, or (C) other property which, as determined in accordance with and subject to limitations in regulations of the Secretary, is so essential to the family's means of self-support as to warrant its exclusion, but shall apply the provisions of section 442(d) and regulations thereunder;

"(2) the State agency may not consider the financial responsibility of any individual for any applicant or recipient unless the applicant or recipient is the individual's spouse, or the individual's child who is under the age of twenty-one or is blind or severely disabled;

"(3) if such individual is blind, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of such plan;

"(4) if such individual is not blind but is severely disabled, the State agency (A) shall disregard the first $85 per month of earned income plus one-half of earned income in excess of $85 per month, and (B) shall, for a period not in excess of twelve months, and may, for a period not in excess of thirty-six months, disregard such additional amounts of other income and resources, in the case of any such individual who has a plan for achieving self-support approved by the State agency, as may be necessary for the fulfillment of the plan, but only with respect to the part or parts of such period during substantially all of which he is undergoing vocational rehabilitation;

"(5) if such individual has attained age sixty-five and is neither blind nor severely disabled, the State agency may disregard not more than the first $60 per month of earned income plus one-half of the remainder thereof; and

"(6) the State agency may, before disregarding any amounts under the preceding paragraphs of this subsection, disregard not more than $7.50 of any income.

For requirement of additional disregarding of income of OASDI recipients in determining need for aid under the plan, see section 1007 of the Social Security Amendments of 1969.

"(b) A State plan must also provide that—

"(1) each eligible individual, other than one who is a patient in a medical institution or is receiving institutional services in an intermediate care facility to which section 1121 applies, shall receive financial assistance in such amount as, when added to his income which is not disregarded pursuant to subsection (a), will provide a minimum of $110 per month;

"(2) the standard of need applied for determining eligibility for and amount of aid to the aged, blind, and disabled shall not be lower than (A) the standard applied for this purpose under the State plan (approved under this title) as in effect on the date of

enactment of part D of title IV of this Act, or (B) if there was no such plan in effect for such State on such date, the standard of need which was applicable under—

"(i) the State plan which was in effect on such date and was approved under title I, in the case of any individual who is sixty-five years of age or older,

"(ii) the State plan in effect on such date and approved under title X, in the case of an individual who is blind, or

"(iii) the State plan in effect on such date and approved under title XIV, in the case of an individual who is severely disabled,

except that if two or more of clauses (i), (ii), and (iii) are applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the applicable plans, and except that if none of such clauses is applicable to an individual, the standard of need applied with respect to such individual may not be lower than the higher (or highest) of the standards under the State plans approved under titles I, X, and XIV which were in effect on such date; and

"(3) no aid will be furnished to any individual under the State plan for any period with respect to which he is considered a member of a family receiving family assistance benefits under part D of title IV or supplementary payments pursuant to part E thereof, or training allowances under part C thereof, for purposes of determining the amount of such benefits, payments, or allowances (but this paragraph shall not apply to any individual, otherwise considered a member of such a family, if he elects in such manner and form as the Secretary may prescribe not to be considered a member of such a family).

"(c) For special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"PAYMENTS TO STATES FOR AID TO THE AGED, BLIND, AND DISABLED

"SEC. 1604. From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each calendar quarter, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as aid to the aged, blind, and disabled under the State plan—

"(1) 90 per centum of such expenditures, not counting so much of any expenditures as exceeds the product of $65 multiplied by the total number of recipients of such aid for such month; plus

"(2) 25 per centum of the amount by which such expenditures exceed the maximum which may be counted under paragraph (1), not counting so much of any expenditures with respect to such month as exceeds the product of the amount which, as determined by the Secretary, is the maximum permissible level of assistance per person in which the Federal Government will participate financially, multiplied by the total number of recipients of such aid for such month.

In the case of any individual in Puerto Rico, the Virgin Islands, or Guam, the maximum permissible level of assistance under paragraph (2) may be lower than in the case of individuals in the other States. For other special provisions applicable to Puerto Rico, the Virgin Islands, and Guam, see section 1108(e).

"ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS TO INDIVIDUALS

"SEC. 1605. The Secretary may enter into an agreement with a State under which he will, on behalf of the State, pay aid to the aged, blind, and disabled directly to individuals in the State under the State's plan approved under this title and perform such other functions of the State in connection with such payments as may be agreed upon. In such case payments shall not be made as provided in section 1604 and the agreement shall also provide for payment to the Secretary by the State of its share of such aid (adjusted to reflect the State's share of any overpayments recovered under section 1606).

"OVERPAYMENTS AND UNDERPAYMENTS

"SEC. 1606. Whenever the Secretary finds that more or less than the correct amount of payment has been made to any person as a direct Federal payment pursuant to section 1605, proper adjustment or recovery shall, subject to the succeeding provisions of this section, be made by appropriate adjustments in future payments of the overpaid individual or by recovery from him or his estate or payment to him. The Secretary shall make such provision as he finds appropriate in the case of payment of more than the correct amount of benefits with a view to avoiding penalizing individuals who were without fault in connection with the overpayment, if adjustment or recovery on account of such overpayment in such case would defeat the purposes of this title, or be against equity or good conscience, or (because of the small amount involved) impede efficient or effective administration.

"OPERATION OF STATE PLANS

"SEC. 1607. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan no longer complies with the provisions of sections 1602 and 1603; 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 all, or such portion as he deems appropriate, of any further payments will not be made to the State or individuals within the State under this title (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 such further payments to the State or individuals in the State under this title (or shall limit payments to categories under or parts of the State plan not affected by such failure).

"PAYMENTS TO STATES FOR SERVICES AND ADMINISTRATION

"SEC. 1608. (a) If the State plan of a State approved under section 1602 provides that the State agency will make available to applicants for or recipients of aid to the aged, blind, and disabled under the 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, such State shall qualify for payments for services under subsection (b) of this section.

"(b) In the case of any State whose State plan approved under section 1602 meets the requirements of subsection (a), the Secretary shall pay to the State from the sums appropriated therefor an amount equal to the sum of the following proportions of the total amounts expended during each quarter, as found necessary by the Secretary 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 prescribed pursuant to subsection (a) and are provided (in accordance with subsection (c)) to applicants for or recipients of aid under the plan to help them attain or retain capability for self-support or self-care, or

"(B) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to the applicants for or recipients of aid, or

"(C) any of the services prescribed pursuant to the subsection (a), and any of the services specified in subparagraph (B) of this paragraph, which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid under the plan, if such services are requested by the individuals and are provided to them in accordance with subsection (c), 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 so much of such expenditures (not included under paragraph (1)) as are for services provided (in accordance with subsection (c)) to applicants for or recipents of aid 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; plus

"(3) one-half of the remainder of such expenditures.

"(c) The services referred to in paragraphs (1) and (2) of subsection (b) shall, except to the extent specified by the Secretary, include only—

"(1) services provided by the staff of the State agency, or the local agency administering the State plan in the political subdivision (but no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (A) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under that Act, or (B) which the State agency or agencies administering or supervising the administration of the State plan approved under that Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under paragraph (2), if provided by such staff), and

"(2) subject to limitations 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 that 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).

Services described in clause (B) of paragraph (1) may be provided only pursuant to agreement with the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act.

"(d) The portion of the amount expended for administration of the State plan to which paragraph (1) of subsection (b) applies and the portion thereof to which paragraphs (2) and (3) of subsection (b) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

"(e) In the case of any State whose plan approved under section 1602 does not meet the requirements of subsection (a) of this section, there shall be paid to the State, in lieu of the amount provided for under subsection (b), an amount equal to one-half the total of the sums expended during each quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred

to in subsections (b) and (c) and provided in accordance with the provisions of those subsections.

"(f) In the case of any State whose State plan included a provision meeting the requirements of subsection (a), 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 the plan, that—

"(1) the provision no longer complies with the requirements of subsection (a), or

"(2) in the administration of the plan there is a failure to comply substantially with such provision,

the Secretary shall notify the State agency that all, or such portion as he deems appropriate, of any further payments will not be made to the State under subsection (b) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied, no such further payments with respect to the administration of and services under the State plan shall be made, but, instead, such payments shall be made, subject to the other provisions of this title, under subsection (e).

"COMPUTATION OF PAYMENTS TO STATES

"SEC. 1609. (a)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under sections 1604 and 1608 for that 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 that quarter in accordance with the provisions of sections 1604 and 1608, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in that quarter, and, if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

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

"(b) 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 a State or political subdivision thereof with respect to aid furnished under the State plan, but excluding any amount of such aid recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased, shall be considered an overpayment to be adjusted under subsection (a)(2).

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

"DEFINITION

"SEC. 1610. For purposes of this title, the term 'aid to the aged, blind, and disabled' means money payments to needy individuals who are 65 years of age or older, are blind, or are severely disabled, but such term does not include—

"(1) any such payments to any individual who is an inmate of a public institution (except as a patient in a medical institution); or

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

Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 1602 includes provision for—

"(A) determination by the State agency that the needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such aid through payments described in this sentence;

"(B) making such payments only in cases in which the payment will, under the rules otherwise applicable under the State plan for determining need and the amount of aid to the aged, blind, and disabled to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made:

"(C) undertaking and continuing special efforts to protect the welfare of such individuals and to improve, to the extent possible, his capacity for self-care and to manage funds;

"(D) periodic review by the State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of the 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 such action will best serve the interests of the needy individual; 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.

Whether an individual is blind or severely disabled shall be determined for purposes of this title in accordance with criteria prescribed by the Secretary."

REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL SECURITY ACT

SEC. 202. Titles I, X, and XIV of the Social Security Act (42 U.S.C. 301 et seq., 1201 et seq., and 1351 et seq.) are hereby repealed.

ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPIENTS IN DETERMINING NEED FOR AID TO THE AGED, BLIND, AND DISABLED

SEC. 203. Section 1007 of the Social Security Amendments of 1969 is amended by striking out "and before July 1970".

TRANSITION PROVISION RELATING TO OVERPAYMENTS AND UNDERPAYMENTS

SEC. 204. In the case of any State which has a State plan approved under title I, X, XIV, or XVI of the Social Security Act as in effect prior to the enactment of this section, any overpayment or underpayment which the Secretary determines was made to such State under section 3, 1003, 1403, or 1603 of such Act with respect to a period before the approval of a plan under title XVI as amended by this Act, and with respect to which adjustment has not already been made under subsection (b) of such section 3, 1003, 1403, or 1603, shall, for purposes of section 1609(a) of such Act as herein amended, be considered an overpayment or underpayment (as the case may be) made under title XVI of such Act as herein amended.

TRANSITION PROVISION RELATING TO DEFINITIONS OF BLINDNESS AND DISABILITY

SEC. 205. In the case of any State which has in operation a plan of aid to the blind under title X, aid to the permanently and totally disabled under title XIV, or aid to the aged, blind, or disabled under title XVI, of the Social Security Act as in effect prior to the enactment of this Act, the State plan of such State submitted under title XVI of such Act as amended by this Act shall not be denied approval thereunder, with respect to the period ending with the first July 1 which follows the close of the first regular session of the legislature of such State which begins after the enactment of this Act, by reason of its failure to include therein a test of disability or blindness different from that included in the State's plan (approved under such title X, XIV, or XVI of such Act) as in effect on the date of the enactment of this Act.

TITLE III—MISCELLANEOUS CONFORMING AMENDMENTS

AMENDMENT OF SECTION 228(D)

SEC. 301. Section 228(d)(1) of the Social Security Act is amended by striking out "I, X, XIV, or", and by striking out "part A" and inserting in lieu thereof "receives payments with respect to such month pursuant to part D or E".

AMENDMENTS TO TITLE XI

SEC. 302. Title XI of the Social Security Act is amended—

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

(2) by striking out "I, X, XIV," in section 1106(c)(1)(A);

(3)(A) by striking out "I, X, XIV, and XVI" in section 1108(a) and inserting in lieu thereof "XVI", and

(B) by striking out "section 402(a)(19)" in section 1108(b) and inserting in lieu thereof "part A of title IV";

(4) by striking out the text of section 1109 and inserting in lieu thereof the following:

"SEC. 1109. Any amount which is disregarded (or set aside for future needs) in determining the eligibility for and amount of aid or assistance for any individual under a State plan approved under title XVI or XIX, or eligibility for and amount of payments pursuant to part D or E of title IV, shall not be taken into consideration in determining the eligibility for and amount of such aid, assistance, or payments for any other individual under such other State plan or such part D or E.";

(5)(A) by striking out "I, X, XIV, and" in section 1111, and

(B) by striking out "part A" in such section and inserting in lieu thereof "parts D and E";

(6)(A) by striking out "I, X, XIV," in the matter preceding clause (a) in section 1115, and by striking out "part A" in such matter and inserting in lieu thereof "parts A and E",

(B) by striking out "of section 2, 402, 1002, 1402," in clause (a) of such section and inserting in lieu thereof "of or pursuant to section 402, 452,", and

(C) by striking out "3, 403, 1003, 1403, 1603," in clause (b) of such section and inserting in lieu thereof "403, 453, 1604, 1608,";

(7)(A) by striking out "I, X, XIV," in subsections (a)(1), (b), and (d) of section 1116, and

(B) by striking out "4, 404, 1004, 1404, 1604," in subsection (a)(3) of such section and inserting in lieu thereof "404, 1607, 1608,";

(8) by repealing section 1118;

(9)(A) by striking out "I, X, XIV," in section 1119,

(B) by striking out "part A" in such section and inserting in lieu thereof "services under a State plan approved under part A", and

(C) by striking out "3(a), 403(a), 1003(a), 1403(a), or 1603(a)" in such section and inserting in lieu thereof "403(a) or 1604"; and

(10)(A) by striking out "a plan for old-age assistance, approved under title I, a plan for aid to the blind, approved under title X, a plan for aid to the permanently and totally

disabled, approved under title XIV, or a plan for aid to the aged, blind, or disabled" in section 1121(a) and inserting in lieu thereof "a plan for aid to the aged, blind, and disbaled", and

(B) by inserting "(other than a public nonmedical facility)," in such section after "intermediate care facilities" the first time it appears.

AMENDMENTS TO TITLE XVIII

SEC. 303. Title XVIII of the Social Security Act is amended—

(1)(A) by striking out "title I or" in section 1843(b)(1),

(B) by striking out "all of the plans" in section 1843(b)(2) and inserting in lieu thereof "the plan," and

(C) by striking out "titles I, X, XIV, and XVI, and part A" in section 1843(b)(2) and inserting in lieu thereof "title XVI and under part E";

(2)(A) by striking out "title I, X, XIV, or XVI or part A" in section 1843(f) both times it appears and inserting in lieu thereof "title XVI and under part E"; and

(B) by striking out "title I, XVI, or XIX" in such section and inserting in lieu thereof "title XVI or XIX"; and

(3) by striking out "I, XVI" in section 1863 and inserting in lieu thereof "XVI".

AMENDMENTS TO TITLE XIX

SEC. 304. Title XIX of the Social Security Act is amended—

(1) by striking out "families with dependent children" and "permanently and totally" in clause (1) of the first sentence of section 1901 and inserting in lieu thereof "needy families with children" and "severely", respectively;

(2) by striking out "I or" in section 1902(a)(5);

(3)(A) by striking out everything in section 1902(a)(10) which precedes clause (A) and inserting in lieu thereof the following:

"(10) provide for making medical assistance available to all individuals receiving assistance to needy families with children as defined in section 405(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI; and—", and

(B) by inserting "or payments under such part E" after "such plan" each time it appears in clauses (A) and (B) of such section;

(4) by striking out section 1902(a)(13)(B) and inserting in lieu thereof the following:

"(B) in the case of individuals receiving assistance to needy families with children as defined in section 405(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and";

(5) by striking out "aid or assistance under State plans approved under titles I, X, XIV, XVI, and part A of title IV," in section 1902(a)(14)(A) and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), receiving payments under an agreement pursuant to part E of title IV, or receiving aid to the aged, blind, and disabled under a State plan approved under title XVI,";

(6)(A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV," in so much of section 1902(a)(17) as precedes clause (A) and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), payments under an agreement pursuant to part E of title IV, or aid under a State plan approved under title XVI,",

(B) by striking out "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" in clause (B) of such section and inserting in lieu thereof "assistance to needy families with children as defined in section 405(b), payments under an agreement pursuant to part E of title IV, or aid to the aged, blind, and disabled under a State plan approved under title XVI", and

(C) by striking out "aid or assistance under such plan" in such clause (B) and inserting in lieu thereof "assistance, aid, or payments";

(7) by striking out "section 3(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 "section 1608(b)(1)(A) and (B)";

(8) by striking out "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)" in the last sentence of section 1902(a) and inserting in lieu thereof "title XVI, insofar as it relates to the blind, was different from the agency which administered or supervised the administration of such plan insofar as it relates to the aged, the agency which administered or supervised the administration of the plan insofar as it relates to the blind";

(9) by striking out "section 406(a)" in section 1902(b)(2) and inserting in lieu thereof "section 405(b)";

(10) by striking out "I, X, XIV, or XVI, or part A" in section 1902(c) and inserting in lieu thereof "XVI or under an agreement under part E";

(11) by striking out "I, X, XIV, or XVI, or part A" in section 1903(a)(1) and inserting in lieu thereof "XVI or under an agreement under part E";

(12) by repealing section 1903(c);

(13) by striking out "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 aproved under part A of title IV of this Act" in section 1903(f)(1)(B)(i) and inserting in lieu thereof "highest total amount which would ordinarily be paid under parts D and E of title IV to a family of the same size without income or resoruces, eligible in that State for money payments under part E of title IV of this Act";

(14)(A) by striking out "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" in section 1903(f)(3) and inserting in lieu thereof "the 'highest total amount which would ordinarily be paid' to such family", and

(B) by striking out "section 408" in such section and inserting in lieu thereof "section 406";

(15) by striking out "I, X, XIV, or XVI, of part A" in section 1903(f)(4)(A) and inserting in lieu thereof "XVI or under an agreement under part E"; and

(16)(A) by striking out "aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title VI, who are—" in the matter preceding clause (i) in section 1905(a) and inserting in lieu thereof "payments under part E of title IV or aid under a State plan approved under title XVI, who are—",

(B) by striking out clause (ii) of such section and inserting in lieu thereof the following:

"(ii) receiving assistance to needy families with children as defined in section 405(b), or payments pursuant to an agreement under part E of title IV,",

(C) by striking out clause (v) of such section and inserting in lieu thereof the following:

"(iv) severely disabled as defined by the Secretary in accordance with section 1602(b)(4)," and

(D) by striking out "or assistance" and "I, X, XIV, or" in clause (vi), and in the second sentence of such section.

TITLE IV—GENERAL

EFFECTIVE DATE

SEC. 401. The amendments and repeals made by this Act shall become effective, and section 9 of the Act of April 19, 1950 (25 U.S.C. 639), is repealed effective, on July 1, 1971; except that—

(1) in the case of any State a statute of which (on July 1, 1971) prevents it from making the supplementary payments provided for in part E of title IV of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments and repeals made by this Act, and such repeal, shall become effective with respect to individuals in such State on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (if earlier than such first July 1 after July 1, 1971) on the first day of the first calendar quarter following the date on which the State certifies it is no longer so prevented from making such payments; and

(2) in the case of any State a statute of which (on July 1, 1971) prevents it from complying with the requirements of section 1602 of the Social Security Act, as amended by this Act, and the legislature of which does not meet in a regular session which closes after the enactment of this Act and on or before July 1, 1971, the amendments made by title II of this Act shall become effective on the first July 1 which follows the close of the first regular session of the legislature of such State which closes after July 1, 1971, or (subject to paragraph (1) of this section) on the earlier date on which such State submits a plan meeting the requirements of such section 1602;

and except that section 436 of the Social Security Act, as amended by this Act, shall be effective upon the enactment of this Act.

SAVING PROVISION

SEC. 402. (a) The Secretary shall pay to any State which has a State plan approved under title XVI of the Social Security Act, as amended by this Act, and has in effect an agreement under part E of title IV of such Act, for each quarter beginning after June 30, 1971, and prior to July 1, 1973, in addition to the amount payable to such State under such title and such agreement, an amount equal to the excess of—

(1)(A) 70 per centum of the total of those payments for such quarter pursuant to such agreements which are required under sections 451 and 452 of the Social Security Act (as amended by this Act), plus (B) the non-Federal share of expenditures for such quarter required under title XVI of the Social Security Act (as amended by this Act) as aid to the aged, blind, and disabled (as defined in subsection (b)(1) of this section), over

(2) the non-Federal share of expenditures which would have been made during such quarter as aid or assistance under the plans of the State approved under titles I, IV (part (A)), X, XVI had they continued in effect (as defined in subsection (b)(2) of this section).

(b) For purposes of subsection (a)—

(1) the non-Federal share of expenditures for any quarter required under title XVI of the Social Security Act, referred to in clause (B) of subsection (a)(1), means the difference between (A) the total of the ex-

penditures for such quarter under the plan approved under such title as aid to the aged, blind, and disabled which would have been included as aid to the aged, blind, or disabled under the plan approved under such title as in effect for June 1971 plus so much of the rest of such expenditures as is required (as determined by the Secretary) by reason of the amendments to such title made by this Act, and (B) the total amounts determined under section 1604 of the Social Security Act for such State with respect to such expenditures for such quarter; and

(2) the non-Federal share of expenditures which would have been made during any quarter under approved State plans, referred to in subsection (a)(2), means the difference between (A) the total of the expenditures which would have been made as aid or assistance (excluding emergency assistance specified in section 406(e)(1)(A) of the Social Security Act and foster care under section 408 thereof) for such quarter under the plans of such State approved under title I, IV (part A), X, XIV, and XVI of such Act and in effect in the month prior to the enactment of this Act if they had continued in effect during such quarter and if they had included (if they did not already do so) payments to dependent children of unemployed fathers authorized by section 407 of the Social Security Act (as in effect on the date of the enactment of this Act), and (B) the total of the amounts which would have been determined under sections 3, 403, 1003, 1403, and 1603, or under section 1118, of the Social Security Act for such State with respect to such expenditures for such quarter.

SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 403. Section 1108 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e)(1) In applying the provisions of sections 442(a) and (b), 443(b)(2), 1603(a)(1) and (b)(1), and 1604(1) with respect to Puerto Rico, the Virgin Islands, or Guam, the amounts to be used shall (instead of the $500, $300, and $1,500 in such section 442(a), the $500 and $300 in such section 442(b), the $30 in clauses (A) and (B) of such section 443(b)(2), the $1,500 in such section 1603(a)(1), the $110 in such section 1603(b)(1), and the $65 in section 1604(1)) bear the same ratio to such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65 as the per capita incomes of Puerto Rico, the Virgin Islands, and Guam, respectively, bear to the per capita income of that one of the fifty States which has the lowest per capita income; except that in no case may the amounts so used exceed such $500, $300, $1,500, $500, $300, $30, $1,500, $110, and $65.

"(2)(A) The amounts to be used under such sections in Puerto Rico, the Virgin Islands, and Guam shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the most recent calendar year for which satisfactory data are available from the Department of Commerce. Such promulgation shall be effective for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"(B) The term 'United States', for purposes of subparagraph (A) only means the fifty States and the District of Columbia.

"(3) If the amounts which would otherwise be promulgated for any fiscal year for any of the three States referred to in paragraph (1) would be lower than the amounts promulgated for such State for the immediately preceding period, the amounts for such fiscal year shall be increased to the extent of the difference; and the amounts so increased shall be the amounts promulgated for such year."

MEANING OF SECRETARY AND FISCAL YEAR

SEC. 404. As used in this Act and in the amendments made by this Act, the term "Secretary" means, unless the context otherwise requires, the Secretary of Health, Education, and Welfare; and the term "fiscal year" means a period beginning with any July 1 and ending with the close of the following June 30.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

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

The yeas and nays were ordered.

The question was taken; and there were—yeas 243, nays 155, not voting 32, as follows:

[Roll No. 83]

YEAS—243

Adams	Fascell	Mills
Addabbo	Findley	Minish
Albert	Fish	Mink
Anderson, Calif.	Flood	Monagan
Anderson, Ill.	Foley	Moorhead
Andrews, N. Dak.	Ford, Gerald R.	Morgan
Annunzio	Ford, William D.	Morse
Arends	Fraser	Morton
Ashley	Frelinghuysen	Mosher
Ayres	Friedel	Moss
Barrett	Fulton, Tenn.	Murphy, Ill.
Beall, Md.	Galifianakis	Murphy, N.Y.
Bell, Calif.	Gallagher	Natcher
Berry	Garmatz	Nedzi
Betts	Gaydos	Nelsen
Biester	Giaimo	Nix
Bingham	Gilbert	Obey
Blatnik	Gonzalez	O'Hara
Boggs	Gray	O'Konski
Boland	Green, Pa.	Olsen
Bolling	Gubser	O'Neill, Mass.
Bow	Gude	Patten
Brademas	Halpern	Pelly
Brasco	Hamilton	Pepper
Brock	Hanley	Perkins
Broomfield	Hansen, Idaho	Pettis
Brotzman	Hansen, Wash.	Philbin
Brown, Calif.	Harrington	Pirnie
Brown, Mich.	Harvey	Podell
Brown, Ohio	Hastings	Poff
Burke, Mass.	Hathaway	Powell
Burlison, Mo.	Hawkins	Preyer, N.C.
Burton, Calif.	Hechler, W. Va.	Price, Ill.
Burton, Utah	Helstoski	Pryor, Ark.
Bush	Hicks	Pucinski
Button	Hogan	Quie
Byrne, Pa.	Holifield	Railsback
Byrnes, Wis.	Horton	Rees
Carey	Hosmer	Reid, Ill.
Carter	Howard	Reid, N.Y.
Cederberg	Jacobs	Reuss
Celler	Johnson, Calif.	Rhodes
Chamberlain	Karth	Riegle
Clausen, Don H.	Kastenmeier	Robison
Clay	Kee	Rodino
Cohelan	Keith	Roe
Collier	Kluczynski	Rogers, Colo.
Conable	Koch	Rooney, N.Y.
Conte	Kuykendall	Rooney, Pa.
Conyers	Kyros	Rosenthal
Corbett	Langen	Rostenkowski
Corman	Leggett	Roybal
Coughlin	Lloyd	Ruppe
Cowger	Lowenstein	Ryan
Culver	Lujan	St Germain
Cunningham	McCarthy	St. Onge
Daddario	McClory	Sandman
Daniels, N.J.	McCloskey	Saylor
Davis, Wis.	McCulloch	Scheuer
de la Garza	McDade	Schwengel
Dellenback	McDonald, Mich.	Sisk
Dent	McFall	Skubitz
Dingell	Macdonald, Mass.	Smith, Iowa
Donohue	MacGregor	Smith, N.Y.
Dulski	Mailliard	Springer
Dwyer	Matsunaga	Stafford
Eckhardt	May	Staggers
Edwards, Calif.	Mayne	Stanton
Eilberg	Meeds	Steed
Esch	Melcher	Steiger, Wis.
Evans, Colo.	Meskill	Stokes
Fallon	Miller, Calif.	Stratton
Farbstein	Miller, Ohio	Symington
Thomson, Wis.	Wampler	Taft
Tiernan	Weicker	Talcott
Udall	Whalen	Thompson, N.J.
Van Deerlin	Whitehurst	Thompson, Tex.
Vander Jagt	Widnall	Tunney
Vanik	Wiggins	Udall
Vigorito	Wilson, Bob	Van Deerlin
Waldie	Wilson, Charles H.	Vander Jagt
	Wolff	Vanik
	Wydler	Vigorito
	Yates	Waldie
	Zablocki	Wampler
	Zwach	Weicker

NAYS—155

Abbitt	Fisher	Myers
Abernethy	Flowers	Nichols
Adair	Flynt	O'Neal, Ga.
Alexander	Foreman	Passman
Anderson, Tenn.	Fountain	Pickle
Andrews, Ala.	Frey	Pike
Ashbrook	Fuqua	Poage
Aspinall	Goldwater	Price, Tex.
Baring	Goodling	Purcell
Belcher	Green, Oreg.	Quillen
Bennett	Griffin	Randall
Bevill	Gross	Rarick
Biaggi	Hagan	Roberts
Blackburn	Haley	Rogers, Fla.
Blanton	Hall	Roth
Bray	Hammer-schmidt	Roudebush
Brinkley	Harsha	Ruth
Brooks	Hays	Satterfield
Broyhill, N.C.	Hébert	Schadeberg
Buchanan	Henderson	Scherle
Burke, Fla.	Hull	Scott
Burleson, Tex.	Hungate	Sebelius
Caffery	Hunt	Shipley
Camp	Hutchinson	Shriver
Casey	Ichord	Sikes
Chappell	Jarman	Slack
Chisholm	Johnson, Pa.	Smith, Calif.
Clancy	Jonas	Snyder
Clark	Jones, Ala.	Steiger, Ariz.
Clawson, Del	Jones, N.C.	Stephens
Cleveland	Jones, Tenn.	Stubblefield
Collins	Kazen	Stuckey
Colmer	King	Sullivan
Cramer	Kleppe	Taylor
Crane	Kyl	Teague, Tex.
Daniel, Va.	Landgrebe	Thompson, Ga.
Davis, Ga.	Landrum	Ullman
Delaney	Latta	Waggonner
Denney	Long, Md.	Watkins
Dennis	McClure	Watson
Derwinski	McEwen	Watts
Devine	McKneally	Whalley
Dickinson	Mahon	Whitten
Dorn	Mann	Williams
Dowdy	Marsh	Winn
Downing	Martin	Wold
Duncan	Mathias	Wright
Edmondson	Michel	Wyman
Edwards, Ala.	Minshall	Yatron
Edwards, La.	Mize	Young
Eshleman	Mizell	Zion
Evins, Tenn.	Montgomery	

NOT VOTING—32

Broyhill, Va.	Hanna	Patman
Cabell	Heckler, Mass.	Pollock
Dawson	Kirwan	Reifel
Diggs	Lennon	Rivers
Erlenborn	Long, La.	Schneebeli
Feighan	Lukens	Teague, Calif.
Fulton, Pa.	McMillan	Tunney
Gettys	Madden	White
Gibbons	Mikva	Wyatt
Griffiths	Mollohan	Wylie
Grover	Ottinger	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. White for, with Mr. Lennon against.

Mr. Madden for, with Mr. Grover against.

Mr. Mikva for, with Mr. Long of Louisiana against.

Mr. Broyhill of Virginia for, with Mr. McMillan against.

Mr. Hanna for, with Mr. Rivers against.

Mr. Schneebeli for, with Mr. Gettys against.

Until further notice:

Mr. Feighan with Mr. Erlenborn.

Mr. Ottinger with Mr. Dawson.

Mr. Mollohan with Mr. Fulton of Pennsylvania.

Mr. Cabell with Mr. Lukens.

Mr. Tunney with Mrs. Heckler of Massachusetts.

Mrs. Griffiths with Mr. Pollock.

Mr. Kirwan with Mr. Diggs.

Mr. Gibbons with Mr. Reifel.
Mr. Patman with Mr. Teague of California.
Mr. Wyatt with Mr. Wylie.

Mr. MILLER of Ohio changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

91st Congress
2d Session

COMMITTEE PRINT

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

PRESS RELEASE

Announcing Summary of Decisions
of the
COMMITTEE ON WAYS AND MEANS
With Respect to
AMENDMENTS TO THE SOCIAL SECURITY ACT
Including Amendments to
THE OLD-AGE, SURVIVORS',
AND DISABILITY INSURANCE SYSTEM,
THE MEDICARE PROGRAM,
AND THE MEDICAID PROGRAM

MAY 4, 1970

U.S. GOVERNMENT PRINTING OFFICE
☆ 44-299 WASHINGTON : 1970

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J. P. BAKER, *Assistant Chief Counsel*
RICHARD C. WILBUR, *Minority Counsel*

[For the Press for immediate release Monday, May 4, 1970]

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
1102 LONGWORTH HOUSE OFFICE BUILDING,
Washington, D.C. 20515

CHAIRMAN WILBUR D. MILLS (DEMOCRAT, ARKANSAS), COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES DECISIONS MADE BY THE COMMITTEE ON SOCIAL SECURITY, MEDICARE AND MEDICAID

The Honorable Wilbur D. Mills, (Democrat, Arkansas) Chairman, Committee on Ways and Means, U.S. House of Representatives, today announced the decisions made by the Committee on Ways and Means on the subject of Social Security, Medicare, and Medicaid for drafting purposes. The staffs have been instructed to prepare a draft embodying these decisions and bring it back to the Committee.

The decisions are as follows:

I. AMENDMENTS RELATED TO THE SOCIAL SECURITY CASH PROGRAM

1. CASH BENEFIT INCREASE

Social security payments to the 26.2 million beneficiaries on the rolls would be increased by 5 percent beginning with payments for the month of January 1971 (payable on February 3, 1971). This benefit increase will mean additional payments of $1.7 billion in the first 12 months.

2. RETIREMENT TEST

The retirement test, which provides for reducing benefits of social security beneficiaries who have earnings. would be amended by increasing the annual exempt amount from the present level of $1,680 to $2,000. For each $2 of earnings up to $3,200, a recipient's benefit would be reduced by $1. For each $1 of earnings over $3,200 per year, a beneficiary would lose $1 in benefit payments. An additional $475 million would be paid out for months in 1971 under this provision.

3. 100 PERCENT WIDOW'S AND WIDOWER'S BENEFIT AT AGE 65 AND REDUCED BENEFITS FOR WIDOWERS AT AGE 60

Under present law a full widow's (or dependent widower's) benefit applied for at age 62 or later is equal to 82½ percent of the primary insurance amount of the wage earner. An actuarially reduced benefit may be received by a widow at age 60. Under the bill a widow or widower would be entitled to a benefit equal to 100 percent of the

primary insurance amount if first applied for at age 65 or later. Benefits applied for between age 62 and 65 would be proportionately increased over the present 82½ percent rate according to the age of the applicant at the time of application. In addition, widowers under age 62 would be granted the same privilege of applying for benefits on an actuarially reduced basis as now applies to widows. There are 3.3 million widows and widowers on the rolls who will receive additional benefits. $700 million in additional benefit payments will be made in the first 12 months.

4. Age 62—Computation Point for Men

Under present law, the method of computing benefits for men and women differs in that all years of earnings up to age 65 must be taken into account in determining average wages for men, while for women, only years up to age 62 must be included. This discrepancy, which presently favors women over men, would be eliminated by applying the same rules to men as now apply to women. In the first 12 months, an additional $925 million would be paid out. An estimated 10 million on the rolls on the effective date will receive larger benefits under this provision and in addition 60,000 persons—workers and their dependents not eligible under present law—will be added to the rolls.

5. Eliminate Reduction in Spouses' Benefits in Certain Cases

Under present law, when a woman applies for a retirement benefit prior to age 65, it is computed under the actuarial reduction formula; if she later applies for a spouse's benefit, it is reduced in the same proportion as her retirement benefit. The bill would eliminate the actuarial reduction in such cases when the spouse's benefit is applied for. The same rule would apply to dependent husbands entitled to spouse's or widower's benefits. Approximately 100,000 beneficiaries would be affected by this provision, which will result in additional benefit payments estimated at $10 million during the first 12 months.

6. Disability Benefits for Blind Persons

Under present law one of the general requirements for disability insurance benefits is that the disabled person must have worked 5 out of the 10 years before he becomes disabled. This requirement would be dropped for blind people. As a result a blind person could qualify for benefits when he had sufficient work to qualify for retirement benefits.

7. Workmen's Compensation Offset for Disability Insurance Beneficiaries

Under present law a disability insurance beneficiary who also qualifies for workmen's compensation has his Social Security benefit reduced so that his combined payment will not be more than 80 percent of his average earnings before he became disabled. Under the bill the combined payments allowable would be raised to 100 percent of his average earnings.

8. Military Service Credit

Present law provides for a credit of $100 a month, in addition to pay, for military service performed after 1967. This credit would also be provided for service provided from 1957, the date military service was covered under social security. Approximately 130,000 beneficiaries will be affected immediately. $35 million in additional benefits will be paid out in the first 12 months.

9. Disabled Children

Under present law a person disabled prior to age 18 may continue to receive a child's benefit without regard to his age for as long as he is disabled. Under the bill persons disabled prior to age 22 could qualify for such a disabled child's benefit.

10. Other Amendments

The Committee also adopted other amendments relating to Social Security coverage for policemen and firemen in Idaho, the coverage of Home Loan Bank employees, the treatment of earnings of self-employed persons paying taxes on a fiscal year basis, the treatment of earnings under the retirement test of persons in the year they attain age 72, and payment of disability insurance benefits on the basis of applications filed after the death of the disabled person.

11. Financing

In order to pay the additional cost of the new benefits provided and to meet the existing actuarial deficit in the hospital insurance (part A of Medicare) program, the tax base would be increased from $7,800 a year to $9,000 a year, starting January 1, 1971, and a new schedule of tax rates would be provided as follows:

[In percent]

	OASDI	HI
January 1, 1971	8.4	2
January 1, 1975	10.0	2
January 1, 1980	11.0	2

II. AMENDMENTS RELATED TO THE MEDICARE, MEDICAID AND MATERNAL AND CHILD HEALTH PROGRAMS

Coverage and Benefit Changes Under Medicare

1. *Relationship Between Medicare and Federal Employees Benefits.*—No payment would be made under medicare for services covered under a Federal Employees Health Benefits plan effective with January 1, 1972, unless in the meantime the Secretary of Health, Education, and Welfare determines that the Federal Employees Health Benefits Program has been modified to make available coverage supplementary to medicare benefits and to assure that Federal employees reaching age 65 will continue to have the benefit of the government contribution towards health insurance.

2. *Hospital Insurance for the Uninsured.*—People reaching age 65 who are ineligible for hospital insurance benefits under medicare

would be able to enroll, on a voluntary basis, for hospital insurance coverage under the same conditions under which people can enroll under the supplementary medical insurance part of medicare, provided that those who enroll must pay the full cost of the protection—$27 a month at the beginning of the program, rising as hospital costs rise. States and other organizations would be permitted to purchase such protection on a group basis for their retired employees age 65 or over.

3. *Health Maintenance Organization Option.*—Individuals eligible for both Part A and Part B medicare coverage would be able to choose to have their care provided by a health maintenance organization (a prepaid group health or other capitation plan). The government would pay for such coverage on a capitation basis not to exceed 95% of the cost of medicare benefits provided to beneficiaries in the area not covered under the health maintenance organization.

Improvements in the Operating Effectiveness of the Medicare, Medicaid and Maternal and Child Health Programs

1. *Limitation on Federal Payment for Disapproved Expenditures.*—Reimbursement amounts to providers of health services under medicaid, medicare, and maternal and child health for capital costs, such as depreciation and interest, would not be made with respect to capital expenditures (in excess of $100,000) which are inconsistent with state or local health facility plans.

2. *Experiments and Projects in Prospective Reimbursement and Incentives for Economy.*—The Secretary of Health, Education, and Welfare would be required to develop experiments and demonstration projects designed to test various methods of making payment to providers of services on a prospective basis under medicare, medicaid and maternal and child health. In addition, the Secretary would be authorized to conduct experiments with methods of payment or reimbursement designed to increase efficiency and economy, and with community-wide utilization review mechanisms.

3. *Limits on Costs Recognized as Reasonable.*—The Secretary of Health, Education, and Welfare would be given authority to establish and promulgate limits on provider costs to be recognized as reasonable under medicare based on comparisons of the cost of covered services by various classes of providers in the same geographical area. Hospitals and extended care facilities could charge beneficiaries for the care not covered (except in the case of an admission by a physician who owns an interest in the facility).

4. *Limitation on Recognition of Physician Fee Increases.*—Charges determined to be reasonable under the present criteria in the medicare, medicaid, and maternal and child health law would be limited by providing: (a) that for fiscal year 1971 medical charge levels recognized as prevailing may not be increased beyond the 75th percentile of actual charges in a locality during calendar year 1969; (b) that for fiscal year 1972 and thereafter the prevailing charge levels recognized for a locality may be increased, on the average, only to the extent justified by increases in the cost of production of medical services, levels of living and the earnings of other professional, managerial and technical personnel; and (c) that for medical supplies, equipment and services that, in the judgment of the Secretary, generally do not vary significantly in quality from one supplier to another, charges allowed

as reasonable may not exceed the lowest levels at which such supplies, equipment and services are widely available in a locality.

5. *Changes in Federal Matching Percentages with Respect to Certain Services.*—The Federal medicaid matching for certain outpatient services would be increased and the Federal matching with respect to long-term institutional care would be decreased and certain other limitations would be imposed. Specifically, (1) the Federal matching percentage for outpatient hospital services, clinic services and home health services would be increased by 25 percent; (2) the Federal percentage after the first 60 days of care in a general or TB hospital would be reduced by one-third; (3) the Federal percentage after the first 90 days of care in a year in a skilled nursing home would be reduced by one-third; (4) the Federal matching for care in a mental hospital after 90 days of care would be reduced by one-third and no Federal matching would be available after 275 days of such care during an individual's lifetime; and (5) the Secretary would be authorized to compute a reasonable cost differential for reimbursement purposes between skilled nursing homes and intermediate care facilities.

6. *Payments for Services of Teaching Physicians.*—Medicare and medicaid would not pay for the services of teaching physicians unless other patients who have insurance or are able to pay are also charged for such services and the medicare deductibles and coinsurance amounts are regularly collected. Medicare payment would be authorized for services to hospital patients by staff of certain medical schools that now furnish these services without charge to the hospital.

7. *Termination of Payments to Providers Who Abuse the Medicare Program.*—The Secretary of Health, Education, and Welfare would be given authority to terminate or suspend payment for services rendered by a supplier of health and medical services found to be guilty of program abuses. Program review teams would be established to furnish the Secretary professional advice in carrying out this authority.

8. *Repeal of Medicaid Provision Requiring Expanded Programs.*—The requirement in present law that States have comprehensive medicaid programs by 1977 would be repealed.

9. *State Determination of Reasonable Hospital Costs.*—States would be permitted to pay hospitals on the basis of their own determination of reasonable cost, provided there is assurance that the medicaid program would pay the actual cost of coverage of hospitalization of medicaid recipients.

10. *Government Payment No Higher Than Charges.*—Payments for services under the medicare, medicaid, and maternal and child health programs would not be higher than the charges regularly made for those services.

11. *Institutional Budgeting.*—Health institutions under these programs would be required to have a written plan reflecting an operating budget and a capital expenditures budget.

12. *Federal Matching for Modern Claims Processing Systems.*—Federal matching at the 90-percent rate would be available under medicaid for the states to set up mechanized claims processing and informational retrieval systems. Federal matching for the continuous operation of such systems would be at the 75-percent rate.

13. *Guarantee of Payment for Extended Care Services.*—The Secretary of Health, Education, and Welfare would establish specific periods

of time (by medical condition) after hospitalization during which a patient would be presumed to require extended care level of services in an extended care facility. Similar provision would be made for post-hospital home health services.

14. *Prohibition of Reassignments.*—Medicare and medicaid payments to anyone other than a patient or his physician would be prohibited, unless the physician is required as a condition of his employment to turn over his fees to his employer or unless there is a contractual arrangement between the physician and the facility in which the services were provided under which the facility bills for all such services.

15. *Utilization Review in Medicaid.*—Require hospitals and skilled nursing homes participating in the medicaid and maternal and child health programs to have the same utilization review committee with the same functions as in the medicare program.

16. *Medicaid Deductibles for the Medically Indigent.*—States would be permitted to impose a flat deductible or cost sharing provision with respect to people eligible under medicaid programs but not eligible for cash public assistance payments. (Present law requires such deductible or cost sharing to vary directly with the amount of the recipient's income.)

17. *Stopping Payment Where Hospital Admission Not Necessary.*—If the utilization review committee of a hospital or extended care facility in its sample review of admissions finds a case where institutionalization is no longer necessary, then payment would be cut off after 3 days. This provision parallel sthe provision in present law under which long-stay cases are cut off after 3 days when the utilization review committee determines that institutionalization is no longer required.

18. *Role of State Health Agencies in Medicaid.*—State health agencies would be required to perform certain functions under the medicaid and maternal and child health programs relating to the quality of the health care furnished to recipients.

Miscellaneous and Technical Amendments

1. *Retroactive Coverage Under Medicaid.*—States would be required to cover under medicaid the cost of health care provided to an eligible individual during the 3-month period before the month in which he applied for medicaid.

2. *Certification of Hospitalization for Dental Care.*—A dentist would be authorized to certify to the necessity for hospitalization to protect the health of a medicare patient who is hospitalized for noncovered dental procedures.

3. *Christian Science Sanitoria under Medicaid.*—Christian Science sanitoria would be exempted from the medicaid requirement that they have a licensed nursing home administrator and from other inappropriate skilled nursing home requirements.

4. *Physical Therapy Services Under Medicare.*—Under medicare's supplementary medical insurance program, beneficiaries would be covered for up to $100 per calendar year of physical therapy services furnished by a licensed physical therapist in his office or the patient's home under a physician's prescription. Hospitals and extended care facilities could continue to provide covered physical therapy services

to inpatients who have exhausted their days of hospital insurance coverage. Where physical therapy is furnished under contractual arrangement with a hospital or extended care facility medicare reimbursement to the institution will in all cases be based on a reasonable salary payment for the services.

5. *Grace Period for Paying Medicare Premium.*—Where there is good cause for a medicare beneficiary's failure to pay supplementary medical insurance premiums, an extended grace period of 90 days would be provided.

6. *Extension of Time for Filing Medicare Claims.*—The time limit for filing supplementary medical insurance claims would be extended where the medicare beneficiary's delay is due to administrative error.

7. *Enrollment Under Medicare.*—Relief would be provided where administrative error has prejudiced an individual's right to enroll in medicare's supplementary medical insurance program. Eligible individuals would be permitted to enroll under medicare's supplementary medical insurance program during any prescribed enrollment period and would no longer be required to enroll within 3 years following first eligibility or a previous withdrawal from the program.

8. *Waiver of Medicare Overpayment.*—Where incorrect medicare payments were made to a deceased beneficiary, the liability of survivors for repayment could be waived if the survivors were without fault in incurring the overpayment.

9. *Medicare Fair Hearings.*—Fair hearings, held by medicare carriers in response to disagreements over amounts paid under supplementary medical insurance, would be conducted only where the amount in controversy is $100 or more.

10. *Collection of Medicare Premium by the Railroad Retirement Board.*—Where a person is entitled to both Railroad Retirement and Social Security monthly benefits, his premium payment for supplementary medical insurance benefits would be deducted from his Railroad Retirement benefit in all cases.

11. *Medicare Benefits for People Living Near U.S. Border.*—Medicare beneficiaries living in the United States close to the U.S. border would get covered care if the hospital they use is in Canada or Mexico and is closer to their residence than a comparable hospital in the U.S.

12. *Chiropractors' Services.*—The Department of Health, Education, and Welfare would conduct a study on covering chiropractors' services (on a very limited basis) under medicare, utilizing the experimental authority under the medicaid program. A report on the study, including the experience of other programs paying for chiropractors' services would be submitted to the Congress within 2 years.

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Commissioner's Bulletin

SOCIAL SECURITY ADMINISTRATION

Number 110 July 15, 1970

1970 SOCIAL SECURITY LEGISLATION

To Administrative, Supervisory,
and Technical Employees

Yesterday, Secretary Richardson testified before the Senate Finance Committee on H. R. 17550, the "Social Security Amendments of 1970." Enclosed is a copy of his prepared statement.

The Finance Committee had previously, on June 17, held one day of hearings on H. R. 17550. At that time, the Assistant Secretary for Legislation, Creed C. Black, gave a short statement highlighting the most significant parts of H. R. 17550, and I presented a series of charts explaining in greater detail the provisions of the bill.

After the Secretary had finished his statement yesterday, the Committee questioned him on the various provisions of the bill. The Committee will continue questioning Department officials today. No date has yet been fixed for testimony on the bill by public witnesses.

Robert M. Ball

Robert M. Ball
Commissioner

Enclosure

Statement
by Elliot L. Richardson,
Secretary of Health, Education, and Welfare,
before the Committee on Finance
U.S. Senate
July 14, 1970

Mr. Chairman and members of the Committee:

I am pleased to testify before your Committee today on H.R. 17550, the Social Security Amendments of 1970. The bill embodies practically all of the proposals submitted for the consideration of the Congress by the President in his September 25, 1969, Message on Social Security, and other proposals, such as the Cost Effectiveness Amendments of 1969, that were later submitted by the Administration are included in the bill. The legislation will improve the protection afforded by the social security cash-benefits program and improve the Medicare, Medicaid, and maternal and child health programs with regard to both overall effectiveness and the potentials for control of health care costs. The President has endorsed the major provisions of the bill.

Mr. Chairman, on June 17th Commissioner Ball went into some detail concerning H.R. 17550 in his chart presentation. Today, therefore, I would like to confine my opening remarks to the most significant proposals in the bill and, with your permission, submit a more detailed statement for the record.

Automatic Adjustment of Social Security Benefits

H.R. 17550 provides for automatic adjustment of social security benefits to increases in the cost of living. In my opinion, this proposal is the most important one in the bill concerning the cash-benefits program. Both political parties included it in their 1968 national convention platforms, and there is widespread support for it among both contributors to the program and beneficiaries. This is a proposal whose time has come.

Over the years Congress has established a policy of restoring the purchasing power of benefits when price increases have eroded their value. Sometimes, however, there have been long periods during which benefits have remained unchanged and beneficiaries have had to get along on these benefits while the cost of living increased substantially. On the other hand, the Congress has occasionally set new and higher benefit levels than had previously been established, actually increasing the purchasing power of the benefit in real terms.

Here is what has happened: there were no general benefit increases between 1940, when monthly benefits were first payable, and 1950. Then the benefit level was increased to about make up for the rise in prices that had occurred during the 1940's. As a result of the amendments of 1952 and 1954, the Congress established a somewhat higher level benefits in real terms. Then, during the next 15 years, three across-the-board benefit increases were enacted that approximately

restored the purchasing power of the benefits as they were established in 1954. The 15-percent benefit increase earlier this year again established a somewhat higher level of benefits in real terms.

Although Congress has established a policy of restoring the purchasing power of benefits, and indeed on occasion increasing the real level of benefits, there have been substantial time lags between the increases in price levels and the increase in benefits. For example, there were no increases between 1940 and 1950, although the purchasing power of the benefits declined by about 37 percent. There was no general increase in benefits between 1959 and 1965 although the purchasing power of the benefits declined by about 8 percent.

When substantial time lags occur between increases in price levels and benefit increases, congressional action increasing benefits cannot make up for the hardships beneficiaries endure while awaiting such action. Older people, widows, orphans, and disabled people, who have had to get along for years on benefits that were declining in purchasing power, have suffered hardships during those years that cannot be overcome by a later restoration of the purchasing power of the benefits.

The automatic adjustment provision controls the time lag and adds predictability to the increase. Writing the established congressional policy into the law will give both beneficiaries and covered workers the peace of mind that comes with the certainty that the purchasing power of their benefits will not be eroded by future price increases. Had this provision been in effect during the last 15 years, instead of the four benefit increases that occurred in 1959, 1965, 1968, and 1970, there would have been seven benefit increases. Thus, beneficiaries who were on the rolls during those years would have had the purchasing power of their benefits maintained throughout the period at a level much closer to the purchasing power of the benefit level established in 1954. The somewhat higher level of benefits established this year would have required congressional action.

To take account of price increases occurring during this calendar year, 1970, the bill provides an across-the-board 5-percent increase in benefits effective January 1, 1971. The 5-percent benefit increase will go to more than 26 million beneficiaries and will total $1.7 billion during the first 12 months the increase is in effect. The first automatic benefit increase could take place in January 1973, based on an increase in the cost of living from 1971 to 1972, if that increase is at least 3 percent.

Increase in the Contribution and Benefit Base

The House bill also provides for increases in the contribution and benefit base--the amount of a worker's annual earnings that is subject to social security contributions and counted towards social security benefits. The base would be increased from the present $7800 to $9000 effective for 1971. Thereafter, the base would be automatically adjusted on a regular basis--but no more often than once in 2 years--as earnings levels rise.

The Congress has clearly established a policy of adjusting the contribution and benefit base as earnings levels rise, just as it has with respect to the adjustment of benefits to prices. Here again, a provision for automatic increases in the base to keep it in line with increases in earnings levels would write into the law already established Congressional policy, thus giving greater assurance to workers who earn higher wages in the future that they will get credit toward benefits for those higher earnings. The automatic increases in the base, in line with rising wages, would also provide adequate financing for the automatic benefit increases.

The contribution and benefit base was originally established at $3000 in 1935. No action was taken to increase the base until 1950, when it was set at $3600. At this level it covered 81 percent of payrolls and all of the earnings of a little over 75 percent of covered workers. Since that time, through legislative changes, the percentage of payrolls covered has been maintained at about 80 percent, and the percentage of covered workers who have all their earnings covered has been maintained at about 75 to 80 percent. The increase in the base to $9000 in 1971 will restore the relationship between the base and earnings levels generally that was established in 1950 and that has been maintained by Congress over the last 20 years, and the provision in the bill for automatic adjustment in the base would mean that similar relationships would be maintained automatically.

These provisions would not delegate to the executive branch any discretion whatsoever. The power to increase taxes would remain in the hands of the Congress. What this provision does is to provide a specific formula in the law that determines what the social security tax base shall be. The base would be increased only in direct proportion to increases in average earnings for all workers in covered employment.

Retirement Test

H.R. 17550 improves the social security program's retirement test. This is the provision under which social security benefits for an individual under age 72 are withheld or reduced if he earns more than the exempt amount--currently $1680--in any year.

In his Message to the Congress last September the President expressed his concern about this provision. He said:

> "The present retirement test actually penalizes social security beneficiaries for doing additional work or taking a job at higher pay. This is wrong."

As you know, the Congress has on a number of occasions made changes designed to minimize this effect. Yet, a problem remains under the present retirement test because benefits are reduced dollar-for-dollar on earnings above $2880 in a year. Because of taxes and work expenses, a beneficiary's spendable income--that is, his social security benefits plus his earnings after taxes--may be less if he earns somewhat more

than $2880 than his income would be if he had earned less than $2880. The bill remedies this by eliminating the dollar-for-dollar reduction and providing that social security benefits be reduced by only $1 for each $2 of earnings above the annual exempt amount, regardless of how much is earned.

The bill also increases the retirement test annual exempt amount from $1680 to $2000. This change takes account of increases in general earnings levels that have occurred since the present $1680 exempt amount became effective.

The bill also provides for the future automatic upward adjustment of the retirement test as earnings levels rise, similar to the automatic adjustment provision for raising the contribution and benefit base. This change would prevent hardships to beneficiaries that have sometimes occurred because there was a lag in updating the test.

The retirement test changes in the bill would result in about $570 million in additional benefits being paid in 1971. These benefits would go to about 1.3 million beneficiaries, including 400,000 who would not receive benefits under present law.

Increase in Widow's Benefits

Surveys of social security beneficiaries show that, as a group, widows have less regular income than most other classes of beneficiaries and in general are financially worse off. Under present law, a widow cannot be paid more than 82-1/2 percent of the benefit amount her husband would have received if he started getting benefits at or after age 65. We believe that a widow should not be expected to live on less than her husband would have been paid if he had lived.

H.R. 17550 would increase benefits for aged widows and widowers. For those who become entitled to benefits at or after age 65, the benefit amount would be increased to 100 percent of the amount which the widow's deceased husband would have received if he had lived and his benefits had started at or after age 65. For those becoming entitled to benefits before age 65, the 100-percent amount would be reduced in a way similar to the way in which the worker's benefit is reduced if he elects to receive it before age 65.

Some 3.3 million widows and widowers on the rolls at the end of January 1971 would receive higher benefits under this provision. Additional benefit payments in the first 12 months would total $700 million.

Uniform Computation Method for Men and Women

Under present law, the computation of retirement benefits for men is different from the computation for women. The result is that a man

who has had the same earnings as a woman may in many cases get benefits that are lower than hers. Under the bill, benefits for men would be calculated in the same way as they are for women under present law. As a result, the retirement benefits payable to men, the benefits payable to their wives, and the benefits payable to survivors of men who live beyond age 62 would be increased.

Approximately 10 million people on the rolls in January 1971 would have their benefits increased under this provision, and additional numbers would become eligible for benefits in the future because of the change in the eligibility requirements. In the first 12 months after the provision goes into effect an additional $925 million in benefits would be paid.

MEDICARE AND MEDICAID PROVISIONS

Mr. Chairman, the Committee will recall that when HEW representatives testified here in February, they emphasized the need to take steps to encourage changes in structure and to improve the operation of the Nation's health care delivery system. Inefficiencies and discontinuities in that system underlie a significant part of the extraordinary increase in the costs of health care that has been experienced throughout the Nation in recent years. It is one of the highest-priority objectives of this Administration to have government programs contribute to improving the Nation's health-care system to the greatest extent possible. We believe that the Medicare and Medicaid programs have a special responsibility in this regard.

MEDICARE

With about 20 million people protected under the hospital insurance part of Medicare and more than 19 million people enrolled in the medical insurance part, this program is the major federally operated health insurance plan and, indeed, by far the largest single plan in the United States. Overall, Medicare payments in fiscal year 1969 accounted for about 70 percent of the expenditures of the aged for hospital and physicians' care. We believe that Medicare, which has done much to alleviate the financial burden of health care for the aged, can be a powerful force in improving the system on which we all rely for health care.

There are four major provisions in H.R. 17550 designed to affect over the long run the cost of delivering quality health care to the American people. One of the most significant of these provisions is the one which would establish, under Medicare, a health maintenance organization option.

Health Maintenance Organization Option

We believe that enactment of the HMO option will have the effect of stimulating the Nation's voluntary health system to offer new choices to individuals and families and to organize new ways of delivering health care.

Under this provision, doctors, hospitals, and other providers of service could receive payments from the public programs under terms that encourage prudent management of utilization.

Several types of existing health organizations and plans have shown evidence that payment arrangements with physicians can make a difference in the utilization of a broad spectrum of health services. Payment to these organizations on a per capita instead of a straight fee-for-service basis provides incentives for early diagnosis and treatment, an important factor in the success the organizations have had in reducing the incidence and duration of high-cost institutional care. This method of payment also shifts motivation away from the provision of high cost services and towards the provision of less expensive levels of medically appropriate care. We believe that with encouragement by the Federal Government and with the removal of legal barriers which exist at the State level, more of these organizations can be developed.

Health maintenance organizations are, essentially, organizations which will contract to provide to Medicare eligibles all services covered by Part A and Part B of the program in return for a fixed annual payment per enrollee. The fixed annual sum, which would be determined in advance, would be less than the Government now pays on the average for conventional Medicare benefits. Prospective payments to health maintenance organizations (HMO's) would be determined annually, taking into account the organization's regular premiums, and would not exceed 95 percent of average per capita payments under Parts A and B in the locality (with appropriate actuarial adjustments for expected cost differentials due to such factors as age and sex variations in membership composition of an organization). Thus, the economic incentive of the provider and the health interests of consumer more closely align because the provider bears the financial risk of ill health. Both parties will have, therefore, an interest in the maintenance of good health.

When a health maintenance organization offers membership opportunities in a community, the individual Medicare beneficiary could choose whether to continue under the present Parts A and B arrangements or to elect the HMO option. For Medicaid recipients, sufficient authority currently exists under title XIX for the States to contract with these same health maintenance organizations to provide a defined scope of services, on a negotiated per capita basis.

This proposal represents a significant departure from the more traditional approach in which the individual patient must largely find his own way among the various types and levels of services. Under the health maintenance organization option, a single organization will have the responsibility for determining the covered services a patient needs and then delivering those services.

These two features of the proposal--first, the introduction of economic incentives to control unnecessary utilization and assure effective early treatment; and second, the requirement that an HMO be responsible for all phases of covered services--will result in a greater assurance of medically appropriate care.

There are a variety of health maintenance organizations already in existence. I would like to emphasize, however, that we do not think any particular structure or sponsorship is a prerequisite for a health maintenance organization. Indeed, we think the country will benefit, by diversity and competition among different kinds of HMO's and between HMO's and other providers of health care.

One of our goals is to open the market place and provide opportunities for new delivery systems. The capacity of existing HMO's (essentially, group practice prepayment plans) is limited, so that only a very small proportion of Medicare and Medicaid recipients will, in the beginning, be able to receive services through them. We hope that HMO's, and their use by beneficiaries, will expand greatly in the future, and we believe that there can be significant long-run savings in program costs due to the HMO option.

Prospective Reimbursement

When representatives of the Department last discussed the Medicare and Medicaid programs before this Committee, we urged moving as quickly as possible to a system of prospective reimbursement to institutional providers under these programs.

The House has endorsed the principle of prospective reimbursement and has directed the Department to experiment with and evaluate alternative methods for setting reimbursement on a prospective basis, and to recommend to the Congress by July of 1972 specific methods for the full implementation of a prospective reimbursement system. This is a major step forward. We recommend, however, that the House-passed bill be revised to provide authority for the Department to implement desirable methods for reimbursement as soon as they can be worked out by agreement with providers, without having to wait for further congressional action. We think that statutory language requiring that the Committees receive reports on the proposed experiments and projects before they can be implemented is unnecessary. Such a requirement could result in delays in the implementation of projects. Considering the fact that a great deal of research and analysis must be completed within a very short period of time, any delays in implementing projects and experiments may be costly. For this reason, we recommend the deletion of the reporting requirement in section 222.

Reimbursement of Practitioners

Another major change relating to Medicare reimbursement that was recommended by the Administration and adopted by the House is one that would make Medicare recognition of prevailing charge levels for medical services more closely related to general economic trends. Under this provision, physicians would still ordinarily be reimbursed on the basis of the customary charge that they made for a specific procedure to their patients generally. However, the overall maximum set in terms of the prevailing charges in a community would be allowed to rise in the future only in relation to rises in prices and the general earnings level.

It is true that over the long-run past physicians' fees have not risen quite as fast as earnings generally, and if this were to continue to be the case, the proposed amendment would ordinarily not have any effect. However, the amendment is needed as a guarantee that this would indeed be the case in the future. We are faced with a substantial shortage of physicians in a period of rapidly increasing demand, and there may be, therefore, a tendency for fees to rise out of proportion to other economic indices.

Planning

Although there is a clear need to achieve balance in and improved distribution of health-care facilities, there is also a need to assure that improvements will be accomplished in ways which avoid the duplication or random growth of health care facilities that would result in inefficient use of the facilities and, therefore, in unduly high health care costs. Under H.R. 17550, the Secretary of Health, Education, and Welfare would be given authority to withhold or reduce reimbursement to providers of service for depreciation and interest for capital expenditures that are found to be inconsistent with State or local health facility plans. The Secretary's determination would be based on findings and recommendations submitted by qualified planning agencies in the States--organizations which have consumer representation and which will be designated by agreement between each State and the Department. If the Secretary determines, however, after consultation with a national advisory council, that withholding or reduction of reimbursement in a given case would be inconsistent with effective organization and delivery of health services he would be authorized to make reimbursement without such withholding or reduction. As the Committee will recall, a proposal with the same general objectives passed the Senate in 1967.

Other Medicare Provisions

The House-passed bill contains a considerable number of other Medicare provisions which I have not discussed. In large part, these provisions are aimed at improving the operating effectiveness and the administration of the Medicare program. They include the Administration's Health Cost Effectiveness Amendments, previously presented to this Committee. Among these proposed amendments are those relating to authority to terminate payments to suppliers of services who abuse the Medicare program, authority to base payments to institutional providers on charges where these are less than cost, and expanded authority to conduct experiments and demonstration projects to develop incentives for economy in the provision of health services. In addition, the bill makes provision for advance approval of benefits for extended care and home health services. Under this provision, the Secretary would be authorized to establish specific periods of time, related to medical condition, during which a patient would be presumed, for payment purposes, to require a level of institutional services available only in an extended-care-facility setting.

Review of Utilization

The most difficult, as well as the most important, area of program controls relates to determinations of medical necessity for the volume and type of service provided. These determinations, of course, can be made only by the medical profession reviewing the actions of its own members. There are several features of the present law which are directed to this problem, including the requirements of a physician's certification of medical necessity for many types of service and the requirements for utilization review committees in hospitals and extended care facilities.

The House bill provides for some additional strengthening in this area by, for example, modifying utilization review procedures to allow for payment cutoff when unnecessary utilization is discovered in the course of a sample review of hospital admissions. In addition, the bill authorizes experiments with the use of areawide utilization review mechanisms.

However, this is an exceedingly difficult area of administration, and we welcome the opportunity to examine additional approaches which might have the effect of strengthening peer review of the utilization of medical services. The approach recently outlined by Senator Bennett, for example, represents a possibility that might be most helpful.

As is indicated in the Senator's statement appearing in the Congressional Record of July 1, the objective of greater physician participation in and responsibility for reviewing and evaluating utilization cannot be implemented at once, but will require a great deal of careful planning. It would be impossible, for example, and I believe in many ways undesirable, to supplant entirely the present Medicare administrative system of conducting utilization reviews and to substitute new review organizations. Even in areas where review organizations exist, it may be both desirable and necessary to approach their full implementation in stages.

The Senator's proposal warrants careful consideration, and the Department is eager to collaborate with the Committee in developing a sound and effective system of professional peer review.

MEDICAID

As I have stated earlier, I believe we are now at a time when significant new Federal initiatives should be taken in the health field. You are all aware of the President's announcement of June 10 that this Administration is committed to the reform of the Medicaid program and to the development and implementation of a Family Health Insurance Program for low-income families. We believe that this proposal, which we will discuss with you in more detail in the future, will effectively integrate the Nation's major health program for the poor with the proposed Family Assistance Program (FAP). This strategy will fundamentally restructure the Medicaid program for families with children.

In addition, there are other, less critical, changes which should be made at this time. Let me turn the Committee's attention for a moment, if I may, to some of the strengths and weaknesses of the current Medicaid program.

Few can deny that the title XIX program has moved a long way in a short time toward achieving its goal of improving the availability and accessibility of medical care and services for the Nation's poor. More than 12 million people will receive medical care with Medicaid's help this year. This is more than double the number who received Federally-aided medical assistance in 1965.

Medicaid is providing health care for children whose families have enough money for their daily needs but not enough for special medical needs. From 1965 to 1969 the number of children who received Federally-supported medical assistance rose from 1.5 million to 5.9 million; about half the children in the latter group were not in families receiving AFDC payments. We believe it is important to recognize the achievements of this program and to maintain our commitment to improving and expanding health programs for the poor until medical services are available to all who require them but cannot afford to pay.

Clearly, however, there have been serious problems with the Medicaid program; the ability to finance care doesn't guarantee the availability, adequacy, or reasonable cost of care. The health system has severe problems in the supply and distribution of facilities, manpower, and services, as well as in the organization and delivery of care.

In addition, the Medicaid program itself has been difficult to administer--partly because of the title XIX legislation, partly because of the nature and administration of the welfare program it has supplemented, and partly because Medicaid has been a Federal-State program. Medicaid, as you know, has operated not as one but as 52 separate and distinct programs. Each program is different in design, varying according to the people it covers, and in the services offered. Serious geographic and other inequities have, therefore, resulted.

We know that Medicaid has been an expensive program placing heavy fiscal burdens on the States and the Federal Government. Because of program variations, a disproportionate share of Federal matching funds has been spent in support of programs in only a few of our States.

We have been aware of the need to undertake fundamental reforms of the Medicaid program to deal with these problems. We were also concerned with the difficulties pointed out by your Committee, of meshing the current Medicaid program with a reformed welfare system. The "sudden death" loss of Medicaid benefits when income reaches a specified level--the so-called "notch" problem--is an unacceptable defect in the current structure of Medicaid.

I can assure you that the Department has given the most serious consideration to these issues. They are not problems which lend themselves to easy or quick solutions. Some months' time will be necessary before we can present you with our final legislative proposals on the Family Health Insurance Program and with the related proposals dealing with broad reforms in our health care system. We will continue to work with the Committee staff as we develop these proposals.

In the meantime, we believe there are important immediate steps that can and should be taken immediately to amend title XIX to make it a more effective and economical vehicle for financing health care. We think these improvements should be made before the Family Health Insurance Plan becomes an operating program, since title XIX will continue to support health care for those in the adult assistance programs.

We propose to require that the State health agency be responsible for establishing and maintaining health standards for institutions in which title XIX beneficiaries receive care and services. The same agency shall be responsible for maintaining, to the maximum extent practical, uniformity or consistency of determinations relating to eligibility of institutions for participation in the titles XVIII, XIX, and V programs.

As your Committee has pointed out, some of the most serious problems of Medicaid relate to the lack of adequate information systems for surveillance, rigorous claims review, utilization review, and program evaluation. This is caused in part by the lack of capability in the States to develop the necessary systems. We are, therefore, requesting authorization for Federal payment of 90 percent of the costs incurred by the States in the design, development, and installation of mechanized claims processing and information systems. The Federal Government would also pay 75 percent of the cost of operating such approved systems. States would not be eligible to receive this increased Federal support until they have developed the capacity to furnish each recipient with a notice and explanation of health care paid for on his behalf by the program--a suggestion made by this Committee. We are currently designing information systems for the States to use as models.

Providers have been reluctant in many instances to care for potential Medicaid eligibles because frequently the patient has not applied for Medicaid prior to his illness and, therefore, the providers would not be eligible to receive payment for their services. Thirty-one States have dealt with this problem by providing payment for care of eligibles for periods up to 3 months prior to the month of application. We propose to make 3 months retroactive coverage mandatory on all States having title XIX programs.

This bill also includes a provision, in line with earlier suggestions by the Congress, to prohibit reassignment of benefits, except in specified cases, in order to prevent vendor payments from being made to independent collection and bill discount agencies.

We are hopeful that in this, and other programs, we will establish a more consistent policy of aiding the States to help themselves. Although we will provide technical assistance and models, the States will be encouraged to develop and operate their own systems.

Medicaid Reimbursement Changes

The President, in his message sent to the Congress on February 26, suggested changes in the Federal matching percentage for medical assistance that would encourage States to substitute less expensive care for more expensive care when it is equally beneficial. Our proposal, adopted in the House-passed bill, provides for increased matching to encourage use of selected outpatient health services and for decreased Federal matching to discourage the States from permitting overutilization of institutional services.

This provision would permit the Federal Government to institute a reasonable cost differential between reimbursement made to skilled nursing homes and to intermediate care facilities, thereby incorporating another useful suggestion made earlier by your Committee. Reimbursement disincentives for nursing home care are expected to increase placement of patients in intermediate care facilities (institutions that provide care that is more custodial in nature and at a more appropriate level for many of those in nursing home and mental institutions) and use of home health services.

Experimental Authority

We are aware of your Committee's concern about ways to restrain the increases in cost arising from the relatively open-ended Medicaid program, including the use of insurance carriers, capitation arrangements, and changes relating to eligibility. We agree that there are apparent defects that will be remedied ultimately only by changing the structure of the program. But while we are moving toward a complete change in the program's nature, we need to gain experience with different approaches to providing the benefits, different approaches to eligibility, underwriting, administration, and organization and delivery of services.

We are, therefore, asking Congress to make changes in title XIX to authorize the States to conduct experiments on a Statewide, areawide, county, city, or neighborhood basis. We are interested in encouraging experiments with pre-enrollment of adult categories on an annual basis, the use of different combinations of benefits and different types of benefit packages for different population groups, and limited use of copayments and deductibles for medically needy.

We need to experiment in the way of risk-sharing with private insurance companies, foundations, prepaid group practices, and health maintenance organizations. We would use the authority in this provision to experiment in these types of areas: purchasing private insurance for Medicaid eligibles, capitation or contract payments to States for specified groups, and capitation arrangements with prepaid groups, neighborhood health centers, foundations, and medical societies.

We are also proposing that the Secretary be permitted, through experiments or demonstration projects, to make payment to organizations and institutions for services which are not currently covered under titles V, XVIII, and XIX. These new services would have to be provided in addition to services already covered under these programs, and their inclusion would have to offer the promise of program savings without any loss in the quality of care. The Secretary could also authorize experimentation with the use of rates established by a State for administration of one or more of its own laws for payment or reimbursement to health facilities located in such State.

FINANCING PROVISIONS FOR SOCIAL SECURITY CASH BENEFITS AND MEDICARE

To meet the cost of the proposed changes in the social security cash-benefits program and to bring the hospital insurance program into closer actuarial balance, H.R. 17550 would revise the social security contribution-rate schedules. Under present law, the current contribution rate for cash benefits of 4.2 percent each for employees and employers is scheduled to go to 4.6 percent for 1971 and 1972 and to 5.0 percent for 1973 and after. Under this schedule, there would be unnecessarily large accumulations in the trust funds in the near-future years. For example, the funds would increase by $7 billion in 1971, about $8 billion in 1972, about $12 1/2 billion in 1973, and much more in future years.

Under the bill, for these reasons, the present rate of 4.2 percent for the cash-benefits program would remain in effect through 1974, would go to 5.0 percent for 1975 through 1979, and then would rise to an ultimate rate of 5.5 percent for 1980 and after. Maintaining the present rate of 4.2 percent through 1974 is consistent with past decisions by the Congress to delay scheduled increases in the rates so as to avoid unnecessarily large accumulations in the cash benefit trust funds. Under the bill, the funds would increase by $1.6 billion in 1971, $2.1 billion in 1972, and $3.3 billion in 1973.

The bill would also make changes in the contribution rate scheduled for the hospital insurance program. The hospital insurance fund requires additional income over and above that scheduled under present law in near-future years. Under the bill, the contribution rate scheduled for 1971 and 1972 would be increased from 0.6 percent for employees, employers, and the self-employed to 1 percent each. The rate would then be kept at 1 percent. Under present law it would be gradually increased from 0.6 percent in 1970 to 0.9 percent in 1987 and after.

With the revisions in the contribution-rate schedules, the combined contribution rate for cash benefits plus hospital insurance in 1971 would be 5.2 percent each for employees and employers--the same as present law. The actuarial balances would be -0.15 percent of taxable payroll for the cash benefits program and -0.11 percent of taxable payroll for the hospital insurance program. The estimate for the hospital insurance program takes no account of the saving that should result from the cost-control

provisions of the bill, and not taking account of these potential savings represents some margin of safety. The long-range deficit of 0.11 percent of payroll indicated in the estimates, if it actually does develop, would not result in a decline in the HI trust fund before at least 15 years from now.

CONCLUSION

These then, Mr. Chairman, are the major provisions of H.R. 17550. We think they go a long way toward improving all of the programs affected. The Administration, as you know, is continuing to study the social security program with the aid of the statutory Advisory Council on Social Security, which Secretary Finch appointed in May 1969. We recognize that there are several social security matters of importance to members of this Committee and other members of the Senate that are not included in H.R. 17550. These matters will be included in the study being made by the Council, which is reviewing every social security proposal pending before the Congress. As you know, the Council is required to study all aspects of the program and to submit its findings and recommendations not later than January 1, 1971.

Mr. Chairman, I would like to offer one important cautionary note. The Federal budget is severely strained. I urge this committee to weigh this carefully in its consideration of H.R. 17550. Substantial changes, particularly in total costs or financing techniques, might upset the delicate balance with the requirements of our economy that this bill now enjoys. I sincerely hope that the principal features of this bill remain intact, so that its prompt enactment into law can be assured.

For the present I believe the changes in H.R. 17550 represent significant progress, and I urge enactment of the bill with the changes I have mentioned and the more minor ones referred to in the statement I will be submitting for the record.

LISTING OF REFERENCE MATERIALS

U.S. Congress. Senate. Committee on Finance. *Medicare and Medicaid: Problems, Issues, and Alternatives.* 91st Congress, 1st session.

U.S. Congress. House. Committee on Ways and Means. *Hearings on the Subject of Social Security and Welfare Proposals.* 91st Congress, 1st session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Medicare and Medicaid. Part 1.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. Subcommittee on Medicare and Medicaid. *Hearings on Medicare and Medicaid. Part 2.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 1.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 2.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Part 3.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Hearings on H.R. 16311, the Family Assistance Act of 1970. Part 1.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Hearings on H.R. 16311, the Family Assistance Act of 1970. Part 2.* 91st Congress, 2nd session.

U.S. Congress. Senate. Committee on Finance. *Hearings on Social Security Amendments of 1970. Hearings on H.R. 16311, the Family Assistance Act of 1970. Part 3.* 91st Congress, 2nd session.