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

Volumes 1 – 3

PUBLIC LAW 93- 66 — 93RD CONGRESS — H.R. 7445
PUBLIC LAW 93-233 — 93RD CONGRESS — H.R. 11333
PUBLIC LAW 93-256 — 93RD CONGRESS — H.R. 13025
PUBLIC LAW 93-335 — 93RD CONGRESS — H.R. 15124
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PUBLIC LAW 93-502 — 93RD CONGRESS — H.R. 12471
PUBLIC LAW 93-579 — 93RD CONGRESS — H.R. 16373

DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Social Security Administration
AMENDMENTS TO THE SOCIAL SECURITY ACT 1973—1974
(INCLUDING SSI AMENDMENTS)

Volumes 1 — 3

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

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

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

John Trout, Director
Office of Legislative and Regulatory Policy
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TECHNICAL AND CONFORMING CHANGES IN SOCIAL SECURITY ACT

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

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

REPORT

[To accompany H.R. 3153]

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

BACKGROUND AND PURPOSE OF THE BILL

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

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

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

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

**Costs of Carrying Out the Bill and Vote of the Committee in Reporting the Bill**

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the costs of carrying out this bill.

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

In compliance with clause 27(b) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the record vote in the Committee on the motion to report the bill. The vote was unanimous for reporting the bill.

**Changes in Existing Law Made by the Bill, as Reported**

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

**Social Security Act**

**Title II—Federal Old-Age, Survivors, and Disability Insurance Benefits**

**Benefits at Age 72 for Certain Uninsured Individuals**

Sec. 238. (a) * * *

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

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

(1) such individual receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or supplemental security income benefits under title XVI (as in effect after December 31, 1973), or
(2) such individual's husband or wife receives such aid or assistance in such month, and under the State plan the needs of such individual were taken into account in determining eligibility for (or amount of) such aid or assistance, unless the State agency administering or supervising the administration of such plan notifies the Secretary, at such time and in such manner as may be prescribed in accordance with regulations of the Secretary, that such payments to such individual (or such individual's husband or wife) under such plan are being terminated with the payment or payments made in such month.

TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

PART A—GENERAL PROVISIONS

DEFINITIONS

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

(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles [I,] IV, V, VII, [X,] XI, [XIV, XVI,] and XIX, includes the Virgin Islands and Guam. Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands. In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972, shall continue to apply, and the term "State" when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.

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

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

PUBLIC ASSISTANCE PAYMENTS TO LEGAL REPRESENTATIVES

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

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

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

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

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

ADMINISTRATIVE AND JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS

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

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

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

E. Rept. 93-81
(d) Whenever the Secretary determines that any item or class of items on account of which Federal financial participation is claimed under title I, X, XIV, XVI, or XIX, shall be disallowed for such participation, the State shall be entitled to and upon request shall receive a reconsideration of the disallowance.

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

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

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

(2) no such expenditures were made for repairing such home pursuant to any prior finding under this section,

the amount paid to any such State for any quarter under section 3(a), 403(a), 1003(a), 1403(a), or 1603(a) shall be increased by 50 per centum of such expenditures, except that the excess above $500 expended with respect to any one home shall not be included in determining such expenditures.

TITLE XVIII—HEALTH INSURANCE FOR THE AGED AND DISABLED

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

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

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

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

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

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

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

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

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

2. his coverage period shall begin on whichever of the following is the latest:
   (A) July 1, 1966;
   (B) the first day of the third month following the month in which the State agreement is entered into;
   (C) the first day of the first month in which he is both an eligible individual and a member of a coverage group specified in the agreement under this section; or
   (D) such date as may be specified in the agreement; and

3. his coverage period attributable to the agreement with the State under this section shall end on the last day of whichever of the following first occurs:
   (A) the month in which he is determined by the State agency to have become ineligible both for money payments of a kind specified in the agreement and (if there is in effect a modification entered into under subsection (h)) for medical assistance, or
(3) the month preceding the first month for which he becomes entitled to monthly benefits under title II or to an
annuity or pension under the Railroad Retirement Act of 1937.

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

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

TITLE XIX—GRANTS TO STATES FOR MEDICAL ASSIST-
ANCE PROGRAMS

APPROPRIATION

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

STATE PLANS FOR MEDICAL ASSISTANCE

Sec. 1902. (a)
(5) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged);

(10) provide for making medical assistance available to all individuals receiving aid or assistance under State plans approved under titles I, X, XIV, and XVI, and part A of title IV, or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for such medical assistance under the State plan or who would have been eligible for such medical assistance under the medical assistance standard as in effect on January 1, 1972 (except that in determining income for this purpose, expenses incurred for medical care must be deducted); and—

(A) provide that the medical assistance made available to individuals receiving aid or assistance under any such State plan—

(i) shall not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such State plan, and

(ii) shall not be less in amount, duration, or scope than the medical or remedial care and services made available to individuals not receiving aid or assistance under any such plan, pursuant to subparagraph (B)(ii); and

(B) if medical or remedial care and services are included for any group of individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate, as determined in accordance with standards prescribed by the Secretary or who are individuals receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973) (which for the purposes of this subparagraph shall be considered to be a State plan) but who are not eligible under subparagraph (A), provide—

(i) for making medical or remedial care and services available to all individuals who would, if needy, be eligible for aid or assistance under any such State plan or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for medical assistance under the State plan, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical or remedial care and services, and

(ii) that the medical or remedial care and services made available to all individuals not receiving aid or assistance under any such State plan, under clause (i) of this subparagraph shall be equal in amount, duration, and scope; except that (i) the making available of the services described in paragraph (4) or (14) of section 1905(a) to individuals meeting the age requirement prescribed therein shall not, by reason of this paragraph

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require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, and (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of the deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals;

(13) provide—

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

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

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

(A) in the case of individuals receiving aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate or, after December 31, 1973, are required to be covered under section 1902(a)(10)(A) or who meet the income and resources requirement as specified in such section

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

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

(B) with respect to individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate or who, after December 31, 1973, are included under the State plan approved under title XIX pursuant to paragraph (10)(B), or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX—

(i) there shall be imposed an enrollment fee, premium, or similar charge which (as determined in accordance with standards prescribed by the Secretary) is related to the individual’s income, and
(ii) any deductible, cost-sharing, or similar charge imposed under the plan will be nominal;

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

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

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

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

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

(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services referred to in section 3(a)(4)(A) (i) and (ii) or section 1803(a)(4)(A) (i) and (ii) which the State agency administering the plan approved under title XVI determines to make available after December 31, 1972, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

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

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

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

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

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

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

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

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

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

\( (f)(1) \) *

(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

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

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

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DEFINITIONS

SEC. 1905. For purposes of this title—

(a) The term "medical assistance" means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance) for individuals, and, with respect to physicians' or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973), who are—

(i) under the age of 21,

(ii) relatives specified in section 406(b)(1) with whom a child is living if such child, except for section 406(a)(2), is (or would, if needy, be) a dependent child under part A of title IV,

(iii) 65 years of age or older,

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

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

(vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approved under title I, X, XIV, or XVI, or supplemental security income benefits under title XVI (as in effect after December 31, 1973), but whose income and resources are insufficient to meet all of such cost—

(1) inpatient hospital services (other than services in an institution for tuberculosis or mental diseases);

(2) outpatient hospital services;

(3) other laboratory and X-ray services;

(4) (A) Skilled nursing facility services (other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older; (B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary; and (C) family planning services and supplies furnished (directly or under arrangements with others) to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies;

(5) physicians' services furnished by a physician (as defined in section 1861(r)(1)), whether furnished in the office, the patient's home, a hospital, or a skilled nursing facility, or elsewhere;

(6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;

(7) home health care services;

(8) private duty nursing services;

(9) clinic services;

(10) dental services;

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(11) physical therapy and related services;
(12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;
(13) other diagnostic, screening, preventive, and rehabilitative services;
(14) inpatient hospital services, skilled nursing facility services and intermediate care facility services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases;
(15) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902(a)(31)(A), to be in need of such care;
(16) effective January 1, 1973, inpatient psychiatric hospital services for individuals under 21, as defined in subsection (e);
(17) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary; and except as otherwise provided in paragraph (1b), such term does not include—
(A) any such payments with respect to care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution); or
(B) any such payments with respect to care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.

For purposes of clause (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under title I, X, XIV, or XVI or supplemental security income benefits under title XVI (as in effect after December 31, 1973)), and such person is determined, under such a State plan, to be essential to the well being of such individual.
H. R. 3153

[Report No. 93–81]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 1973

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

MARCH 20, 1973

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

A BILL

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

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,

That section 228 (d) (1) of the Social Security Act is

amended by inserting “or supplemental security income

benefits under title XVI (as in effect after December 31,

1973),” after “IV,”.

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

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

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

the following new sentence: “In the case of Puerto Rico,
the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972, shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.”;

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

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

(4) (A) by striking out “I, X, XIV, XVI,” in the matter preceding clause (a) in section 1115, and inserting in lieu thereof “VI, XVI,”,

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

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

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

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

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

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

Sec. 3. (a) Section 1843 (b) (2) of the Social Security Act is amended by adding at the end thereof the following:

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

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

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

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

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

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

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

(3) by striking out “I, XVI, or”; and

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

Sec. 4. (a) Title XIX of the Social Security Act is
amended—
(1) by striking out "permanently and totally" in clause (1) of the first sentence of section 1901;

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

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

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

(C) by inserting after "Secretary" in subparagraph (B) of such section "or who are individuals receiving supplemental security income benefits under title XVI (as in effect after December 31, 1973) (which for
the purposes of this subparagraph shall be considered to be a State plan) but who are not eligible under subparagraph (A)
(D) by inserting after “State plan” in subparagraph (B) of such section “or who are receiving a supplemental security income payment under title XVI (as in effect after December 31, 1973) and who would, except for such payment, be eligible for medical assistance under the State plan,” and
(E) by striking out “not receiving aid or assistance under any such State plan” in subparagraph (B) of such section and inserting in lieu thereof “under clause (i) of this subparagraph”;  
(4) by inserting after “IV,” in section 1902 (a) (13) (B) the following: “who are described in paragraph (10) with respect to whom medical assistance must be made available,”;
(5) (A) by inserting after “appropriate,” in section 1902 (a) (14) (A) the following: “or, after December 31, 1973, are required to be covered under section 1902 (a) (10) (A) or who meet the income and resources requirement as specified in such section,”, and
(B) by inserting after “appropriate” in subparagraph (B) of such section the following: “or who, after December 31, 1973, are included under the State plan
approved under title XIX pursuant to paragraph (10) (B),";

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

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

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

(8) by striking out "referred to in section 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 "which the State agency administering the plan approved under title XVI determines to make available or, after December 31, 1973, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available";

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

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

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

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

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

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

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

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

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

(b) Section 1902(f) of such Act is amended by inserting “supplemental security income payment under title XVI and” after “such individual’s.”

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

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

By Mr. Mills of Arkansas and Mr. Schneebeli

JANUARY 29, 1973

Referred to the Committee on Ways and Means

MARCH 29, 1973

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed
TECHNICAL AND CORRECTING CHANGES IN SOCIAL SECURITY ACT

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

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 308(a)(1) of the Social Security Act is amended by inserting: "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)," after "IV, (c),"

Sec. 3. Title XII of the Social Security Act is amended—

(1) by striking out "E. X. XIV, and XV," and "XIV, and XV," in section 1111; (2) by striking out "E. X. XIV, and XV, XIV, XVI," in the matter preceding clause (a) in section 1116, and inserting in lieu thereof "E. XIV, XV, XIV, XVI, XVI, XV, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, and XV, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and XV, XVI, XVI, and 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der title XXX pursuant to paragraph (10) (2)."

(6) By striking "who are not recipients of aid or assistance under the State's plan approved under title I, XX, XIV, or XVII, or part A of title XIV," in the portion of section 1605(a)(17) referring to amendments in lieu thereof "other than those described in paragraph (10) with respect to whom medical assistance must be made available," and substituting therefor "(8) by striking out "money payments" in section 1903(a)(1) and inserting in lieu thereof "aid or assistance", and by inserting "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)", and substituting therefor:"

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

(9) by striking out "referring to in section 1903(a)(1)" and inserting in lieu thereof "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973) determines to make available" the following:

"or supplemental security income benefits under title XVI which are available or, after December 31, 1973, which section 1903(a)(1) (11) (A) the following: "or supplemental security income benefits under title XVI which are available or, after December 31, 1973, which section 1903(a)(1) (11) (A) the following:"

(3) By inserting "or supplemental security income benefits under title XVI (as in effect after December 31, 1973)" after "title XVI of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (A), after "title XX of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (B), after "title XX of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (C), after "title X of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (D), after "title X of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (E), and after "title X of such Act (as in effect after December 31, 1973)" in each sentence of the first paragraph of section 1906(1) (11) (F)."

(10) By striking out section 1906(c): (11) By inserting after "title XVII, in section 1906(e)(1)(A) the following: "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973),"

(12) By striking out "title XVII," in clause (B) of section 1906(e)(1), after the following: "or supplemental security income benefits under title XVI of such Act (as in effect after December 31, 1973)," after "title XVII of such Act (as in effect after December 31, 1973)," after "title XVII of such Act (as in effect after December 31, 1973)."

(13) After section 1905(f) of such Act is amended by inserting "supplemental security income payment under title XVI and" after such individual's.

Sec. 5. The amendments made by this Act shall become effective January 1, 1976, except that such amendments (other than the amendment made by section 8(1)(5)) shall not be applicable in the case of Puerto Rico, the Virgin Islands, Guam, and the former territories.

The Speaker. Is a second demanded? Mr. SCHNEEGEBER. Mr. Speaker, I demand a second.

The Speaker. Without objection, the second will be considered as ordered.

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

Mr. Speaker, the purpose of this bill is to enact into law certain technical and conforming changes in the Social Security Amendments of 1972 which should have been included in the conference report on H.R. 1 in the 92d Congress—the Social Security Amendments of 1972, which became Public Law 92-503. This bill consists entirely of conforming changes that were omitted from the conference report and in no way changes any decision of the conferences, any information or summary provided when that report was approved, or any cost estimates provided.

The changes that have been made to the Social Security Act are similar to those contained in H.R. 3155 which were contained in H.R. 1 of the 92d Congress when the legislation passed the House and the Senate. At the time the conference committee acted on that legislation, it was not sufficient time to modify these technical and conforming changes to reflect the many substantive changes that were made in H.R. 1 which were agreed to by the conference committee. Consequently, when Public Law 92-503 was enacted, it did not contain the amendments making these conforming and technical changes. The erroneous cross references and technical inconsistencies in the Social Security Act which resulted from failure to include such provisions in the Social Security Act as in effect after December 31, 1973, determines to make available;

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

Mr. SCHNEEGEBER, Mr. Speaker, I support H.R. 3155, a bill making technical corrections in our social security law.

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

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

This legislation is needed in order to make the law technically accurate and consistent. The purpose of this bill is to correct erroneous cross references and technical inconsistencies in the Social Security Act. Mr. Speaker, it is inevitable that in the enacting of legislation as comprehensive as H.R. 1, there be some clarifying follow-on amendments.

However, I would like to note for the record that, although I cannot be certain that it was unintended, the effect of one of these amendments is to reduce payments to some hundreds of thousands of the elderly who do not receive any other public pension. Apart from that one point, there is a clarifying question which I would like to ask the gentleman from Oregon (Mr. W;(worth).

The question is this: In section 1905 there are enumerated six classes of persons for whom the States may extend medicaid provisions. More particularly, in subsection 1905(a) (1) "under the age of 12," clearly indicates that one must be 12 years old or younger to be eligible, as is proposed and defined in section 1916(a) (3), if that disabled person so qualifying and otherwise eligible is under the age of 12. Such a person is eligible for medicaid benefits if the State so elects.

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

Mr. BURTON. I make this point only to make it clear to the very few who read the Record on these kinds of proposals that there is no intention on our behalf to in any way preclude consideration of those eligible as disabled and under the age of 13 from being eligible for medicaid in the event the State elects to extend such a program to those persons.

Mr. ULLMAN. The gentleman is correct.

Mr. BURTON. I thank the gentleman.

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

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

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

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

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

On March 16, 1973, I along with several of my Chicago colleagues, wrote to Secretary Weinberger concerning these proposed guidelines. The Secretary informed us that, as written, the title IV guidelines would have the effect of forcing prior welfare recipients back on to the welfare rolls, and would prevent thousands of families from becoming self-supporting.

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

On March 16, 1973, I along with several of my Chicago colleagues, wrote to Secretary Weinberger concerning these proposed guidelines. The Secretary informed us that, as written, the title IV guidelines would have the effect of forcing prior welfare recipients back on to the welfare rolls, and would prevent thousands of families from becoming self-supporting.

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

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

We believe that it was the intent of the Congress that the $2.5 billion limitation on Title IV programs imposed by section 1130 of the Social Security Act, be fully expended before January 1, 1973. It is the understanding of the residents of our city of Chicago, if this is at all possible, please let us know.

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

Sincerely yours,

DAN ROSTENKOWSKI
JOHN C. KLUCZYNSKI
RICHARD M. METCALF
MORGAN F. MURPHY
SUSAN R. YATES
Members of Congress.

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

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

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

H.R. 6275

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

It was enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Sec. 2. (a) The regulations of the Secretary of Health, Education, and Welfare (including regulations of Title XIV, and XVI, and part A of Title IV, of the Social Security Act) as in effect on January 1, 1973, shall remain in full force and effect except as otherwise provided by this Act.

(b) No regulation, promulgated by the Secretary of Health, Education, and Welfare, or any other Federal official, shall be effective after January 1, 1973, where Eliegricthe regulations of the Secretary, are inconsistent with the provisions of subsection (a) of this section.

(c) The standards imposed, under any such plan, with respect to the provision of social services, are hereby limited to those which are in effect on January 1, 1973, or those which are consistent with the provisions of subsection (a) of this section.

(d) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(e) The standards imposed, under any such plan, with respect to the provision of social services, are hereby limited to those which are in effect on January 1, 1973, or those which are consistent with the provisions of subsection (a) of this section.

(f) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(g) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(h) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(i) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(j) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(k) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(l) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(m) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(n) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(o) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(p) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

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(u) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

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(w) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(x) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(y) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.

(z) No regulation, promulgated by the Secretary, or any other Federal official, shall be effective after January 1, 1973, where any such regulation is inconsistent with the provisions of subsection (a) of this section.
thing that the President seems for the instant to consider necessary.

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

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

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

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

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

We have learned that a wide range of community programs in our districts—homemakers' aid for the elderly—are community programs in our districts—education, and Welfare on February 15.

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

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

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

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

Mr. HEINZ. If the gentleman will yield?

Mr. SCHNEEBELI. I yield to the gentleman.

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

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

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

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN) that the House proceed to the consideration of the bill, H.R. 3153.

The question was taken.

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yes 349, nays 1, not voting 92, as follows:

[Roll No. 85]
The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.
SOCIAL SECURITY AMENDMENTS
OF 1973

REPORT
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
TO ACCOMPANY
H.R. 3153
TO AMEND THE SOCIAL SECURITY ACT TO MAKE CERTAIN
TECHNICAL AND CONFORMING CHANGES
(Together With Additional Views)

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

NOVEMBER 21, 1973.—Ordered to be printed

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WASHINGTON : 1973
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SOCIAL SECURITY AMENDMENTS OF 1973

November 21, 1973—Ordered to be printed

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

REPORT

[To accompany H.R. 8153]

The Committee on Finance, to which was referred the bill (H.R. 8153) to amend the Social Security Act to make certain technical and conforming changes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

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

Social Security Cash Benefits

11% Benefit increase.—Under a provision enacted last year, social security benefits will rise automatically as the cost of living rises. Under last year's law, the first cost of living increase would not have become effective until January 1975. In July of this year a provision was enacted increasing social security benefits by 5.9 percent, effective for June 1974; this increase would be an early partial payment of the larger cost-of-living increase already scheduled to become
effective January 1975. The Committee bill would replace this 5.9 percent increase effective June 1974 by an 11-percent cost-of-living increase in two steps. The first step would be a 7-percent increase effective with the month of enactment. This would be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level.

**Automatic cost-of-living increases.**—Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the same percentage that the cost of living has risen, beginning the January following the latter year. The Committee amendment would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1975, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.)

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

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

**Financing.**—Under the Committee bill, wages taxable under social security would be increased from $12,800 in 1974 to $13,200; thereafter, the wage base would increase automatically as wages rise, as under present law. Total social security tax rates under the Committee bill would not be increased until 1981, although future tax income would be shifted from the hospital insurance program into the cash benefit programs. The new tax rates are shown in the table below:
### SOCIAL SECURITY TAX RATES

(In percent)

<table>
<thead>
<tr>
<th>Calendar years</th>
<th>Cash benefits</th>
<th>Hospital insurance</th>
<th>Total taxes</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Present law</td>
<td>Committee bill</td>
<td>Present law</td>
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<tr>
<td>Employer-employee, each</td>
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<td></td>
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<tr>
<td>1974 to 1977</td>
<td>4.85</td>
<td>4.95</td>
<td>1.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>4.80</td>
<td>4.95</td>
<td>1.25</td>
</tr>
<tr>
<td>1981 to 1985</td>
<td>4.80</td>
<td>4.95</td>
<td>1.35</td>
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<tr>
<td>1986 to 2010</td>
<td>4.80</td>
<td>4.95</td>
<td>1.45</td>
</tr>
<tr>
<td>2011 and after</td>
<td>5.85</td>
<td>5.95</td>
<td>1.45</td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 to 1977</td>
<td>7.00</td>
<td>7.00</td>
<td>1.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>7.00</td>
<td>7.00</td>
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<td>7.00</td>
<td>7.00</td>
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**Veterans.**—Under a provision in the Committee bill, veterans would be protected from any loss of pension benefits related to the 7 percent and 11 percent social security benefit increases.

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

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

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

**Policemen in Louisiana.**—The committee bill would permit policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security
coverage without requiring that other State employees lose their social security coverage.

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

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

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

**Supplemental Security Income**

*Increases in SSI benefits.*—The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least $130 ($195 for couples). Under a provision enacted in July of this year, these amounts would be increased effective July 1974 to $140 for an individual and $210 for a couple. The Committee bill would make these higher amounts of $140 and $210 effective from the start of the SSI program in January 1974. The Committee bill also provides for a further increase, effective July 1974, to $146 for an individual and $219 for a couple.

*Food stamp eligibility for SSI recipients.*—Under present law many Supplemental Security Income (SSI) recipients will be eligible for food stamps; however, an aged, blind or disabled individual will be ineligible for food stamps for a given month if his SSI benefits plus any State supplementary payment are at least equal to the welfare payment plus the bonus value of the food stamps he would be eligible to receive if the State's December 1973 State plan were still in effect. This provision of law enacted this year will be extremely difficult to administer and would present problems of unequal treatment in food stamp eligibility for SSI beneficiaries. The Committee bill, therefore, repeals the prohibition against participation by SSI recipients in the food stamp program. Due to the short time left before the SSI program becomes effective, however, the Committee bill includes a transitional provision for those States that have already acted to raise benefits to take into account the loss of food stamp eligibility.

For a transitional period until July 1975, States which have already made plans to "cash out" food stamps under the SSI program
would be permitted to do so, with recipients in these States ineligible for food stamps.

Limitation on grandfather clause for disabled individuals.—In enacting the new SSI program, the Congress provided that disabled persons on the rolls in December 1973 would continue to be considered to be disabled even if they did not meet the new definition of disability. The Committee amendment would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.

SSI recipients living with AFDC families.—In June, the Congress enacted a grandfather clause to assure that current SSI recipients will have no reduction in total income when the new SSI program goes into effect in January. The Committee amendment would permit the adjustment of the grandfather clause in such a way that it assures the same level of total family income (rather than the individual’s total income) in those cases in which the SSI recipient resides with an AFDC family.

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

Continuation of demonstration projects.—The committee bill would permit the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles. The new Federal SSI program which next January will replace present programs of aid to the aged, blind and disabled does not provide for such waivers and funding of demonstration projects.

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

Social Services

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating to social services under the Social Security Act. These regulations were to have become effective on July 1. However, the Congress delayed the effective date of the new regulations until November 1 in order to allow time for more thorough legislative consideration of the issues involved. The Committee bill incorporates a provision in effect converting the present law as it affects social services to a $2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing. In the fiscal year 1974, expenditures would be held to $1.9 bil-
lion, the amount in the President's budget. The Committee provision would be effective November 1, 1973.

Child Welfare Services

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

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

Child Support

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

The Committee bill includes a number of features designed to assure an effective program of child support. The Committee bill leaves basic responsibility for child support and establishment of paternity to the State, but it envisions a far more active role on the part of the Federal Government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.
States would be required to have effective programs for the collection of support and the establishment of paternity; Federal matching for these efforts would be increased from the present 50 percent to 75 percent but States not complying with the requirements would face a penalty in the form of reduced Federal matching funds for Aid to Families with Dependent Children.

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

Aid to Families with Dependent Children

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

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

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

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

Medicare and Medicaid Amendments

Medicaid eligibility.—The Committee bill contains several sections treating the matter of Medicaid eligibility for SSI recipients. The bill contains a provision which would make Federal matching available for Medicaid benefits for any new SSI recipients, although coverage of these new recipients would be optional on the
part of a State. The Committee-bill would make Medicaid coverage mandatory for those persons who receive a mandatory State supplemental payment in accordance with the provisions of Public Law 93-66. The amendment also provides that for other persons receiving a State supplemental payment only, coverage would be optional, depending upon the State's decision, but that a State must make eligibility determinations based upon some rational classifications of recipients. Additionally, the provision places an upper limit on the monthly income (initially $420 in the case of an individual) which an institutionalized person can have and still be “deemed” in special need and, therefore, eligible for Medicaid coverage in a State without a medically-indigent program.

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

_Payments to substandard facilities._—The Committee bill contains a provision which amends Title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State's Medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet Medicaid standards.

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

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

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

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

_Occupational therapy._—The Committee bill contains a provision expanding the outpatient physical therapy and speech pathology bene-
fits as provided through clinics and other organized settings to include occupational therapy. Additionally, it provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.

Reimbursement of institutions and organizations under Medicare.— The Committee amended the effective date of Section 233 of P.L. 92-603 to accounting periods beginning after December 31, 1973 instead of December 31, 1972 as in present law. This section of the law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public. The Committee provision provides additional time for such institutions to adjust their charges to more accurately reflect their costs.

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

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

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

Reimbursement of physical therapists under Medicare.—Section 251 of P.L. 92-603, which details the approved means of reimbursing for the services of physical therapists under Medicare, has an effective date of January 1, 1973. In view of the fact that appropriate regulations implementing the provisions have not been issued as yet, the Committee approved an amendment making section 251 of Public Law 92-603 effective following publication of the final regulations.

Study of optometrists' services.—The Committee approved an amendment calling for a study by the Social Security Administration on the appropriateness of reimbursement under Medicare for services performed by optometrists with respect to the provision of corrective lenses following cataract surgery.
Supervisory physicians.—The Committee amendment directs the Secretary of Health, Education and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings. While the study is being undertaken, certain provisions of Section 227 of P.L. 92–603, limiting medicare reimbursement to medical centers for the services of teaching physicians, would be suspended. However, the suspension would not apply to those hospitals which are reimbursed on a costs basis in accordance with Section 227.

Clerical and Conforming Amendments

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

Tax Provision

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

II. SOCIAL SECURITY CASH BENEFITS

Eleven Percent Benefit Increase

(Secs. 101–106 of the bill)

Under a provision enacted as part of Public Law 92–336 last year, social security benefits will be increased automatically as the cost of living rises. The general provision of law states that each time the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the same percentage that the cost of living has risen. Each of these cost-of-living increases becomes effective for the January following the year in which the rise in the cost of living occurs. Under last year's law, the first cost of living increase could not have become effective until January 1975.

In July of this year, a provision was enacted as part of Public Law 93–66 increasing social security benefits by 5.9 percent effective for June 1974. The increase was considered to be an early, partial payment of the larger cost-of-living increase which was already scheduled to go into effect for January 1976 under the provisions of the Social Security Act which call for periodic, automatic cost-of-living increases in social security benefits.

Since this action was taken by the Congress, the cost of living has continued to rise, with a corresponding decline in the real income of about 30 million social security beneficiaries. The Committee believes that these beneficiaries should not have to wait until the middle of next year for a cost-of-living increase in benefits. The Committee therefore recommends that the law providing for the 5.9-percent benefit increase effective for June 1974 be modified to provide for an 11-percent benefit increase in two steps. The first step would be a 7%-percent benefit increase effective for the month of enactment. This would
be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level. Assuming that the bill is enacted in November, about $3.5 billion in additional benefits will be paid in 1974.

Under the Committee bill, the minimum benefit would be increased from $84.50 to $90.50 a month for November through May 1974 and to $93.80 per month for months after May 1974. The average old-age benefit payable for November would rise from $166 to $178 per month and then to $186 a month for June 1974, and the average benefit for an aged couple would increase from $276 to $296 per month for November and to $310 for June 1974. Average benefits for aged widows would increase from $157 to $169 for November to $177 for June 1974.

Special benefits for persons age 72 and over who are not insured for regular benefits would be increased for individuals from $58 to $62.10 a month for November through May 1974 and to $64.40 per month for June 1974, and for couples from $87 a month to $93.20 a month for November through May and to $96.60 per month for June 1974 and after.

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

Automatic cost-of-living increase.—Under present law, the rise in the cost of living for the automatic benefit increase provisions is measured from the second quarter of one year to the second quarter of the next year with any resulting benefit increase payable for the following January. This results in a 7-month lag between the end of the period which is used to determine the rise in the cost of living for an automatic benefit increase and the payment of such increase. (The January check is actually received in February, 7 months after the close of the second calendar quarter.)

The committee believes that an increase under the automatic benefit adjustment provisions of the law should follow the rise in the cost of living as closely as possible. In order to achieve this purpose, the bill
would change the automatic adjustment provisions of the law to pro-
provide that future benefit increases be computed on the basis of the Con-
sumer Price Index for the first calendar quarter rather than the sec-
ond calendar quarter of the year as under present law and that the
resulting automatic benefit increase be effective for June of the year
in which a determination to increase benefits is made. This would re-
duce the lag between the end of the calendar quarter used to measure
the rise in the cost of living and the payment of the resulting benefit
increase from 7 months to 3 months. It would also mean that auto-
matic benefit increases in the future would be payable in the month in
which any revised premiums under the supplemental medical insurance
program would be effective, thus providing the opportunity to
make both adjustments in benefit checks at the same time.

Since the 11-percent benefit increase provided for in the bill ap-
proximately reflects the estimated rise in the cost of living into the
second calendar quarter of 1974, the bill provides specifically that for
purposes of determining the first automatic benefit increase effective

Table 1.—Effect of Benefit Increase on Average Monthly Benefit Amounts for Selected Beneficiary Groups

<table>
<thead>
<tr>
<th>Beneficiary group</th>
<th>Before 7-percent increase</th>
<th>After 7-percent increase</th>
<th>After 11-percent increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Average monthly family benefits:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retired worker alone (no dependents receiving benefits)</td>
<td>$161</td>
<td>$173</td>
<td>$181</td>
</tr>
<tr>
<td>Retired worker and aged wife, both receiving benefits</td>
<td>276</td>
<td>296</td>
<td>310</td>
</tr>
<tr>
<td>Disabled worker alone (no dependents receiving benefits)</td>
<td>178</td>
<td>190</td>
<td>199</td>
</tr>
<tr>
<td>Disabled worker, wife, and 1 or more children</td>
<td>362</td>
<td>387</td>
<td>403</td>
</tr>
<tr>
<td>Aged widow alone</td>
<td>389</td>
<td>416</td>
<td>433</td>
</tr>
<tr>
<td>Widowed mother and 2 children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Average monthly individual benefits:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All retired workers (with or without dependents also receiving benefits)</td>
<td>166</td>
<td>178</td>
<td>186</td>
</tr>
<tr>
<td>All disabled workers (with or without dependents also receiving benefits)</td>
<td>183</td>
<td>195</td>
<td>206</td>
</tr>
</tbody>
</table>
for June 1975, the increase in living costs would be measured from the second calendar quarter of 1974 to the first calendar quarter of 1975.

These changes would not affect the automatic adjustment provisions relating to the contribution and benefit base and the earnings limitation, except that these increases would occur periodically in January following a June benefit increase rather than in the same January for which benefits would be increased under present law. The bill specifically provides that the 11-percent benefit increase for June of 1974 provided for by the bill shall be considered an automatic benefit increase for purposes of permitting an automatic increase in the contribution and benefit base and the earnings limitation effective beginning January, 1975.

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

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

Although the Committees believes there is no cause to be concerned about the short-range financial stability of the program, the situation with regard to the long-range situation is not as clear. On July 13, 1973 (after the enactment of the 5.9 percent benefit increase) the Trustees of the social security trust funds sent their 1973 report to the Congress. This report indicated that the cash benefits trust funds had a long-range actuarial imbalance of $0.32 of taxable payroll, assuming a 7.1 percent increase in 1975; if the increase is 11.5 percent, as assumed in current estimates, the balance can be expected to rise to $0.76 percent.
With regard to the hospital insurance program, the Committee has been informed that the program is somewhat over-financed in the near future, and that a modification of the schedule of hospital insurance tax rates would be appropriate so as to reflect on a more current basis the year-by-year financial needs of that program.

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

TABLE 2.—SOCIAL SECURITY TAX RATES

<table>
<thead>
<tr>
<th>Calendar years</th>
<th>OASDI</th>
<th>HI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present law Committee bill</td>
<td>Present law Committee bill</td>
<td>Present law Committee bill</td>
</tr>
<tr>
<td>Employer-employee, each</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 to 1977</td>
<td>4.85</td>
<td>4.95</td>
<td>1.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>4.80</td>
<td>4.95</td>
<td>1.25</td>
</tr>
<tr>
<td>1981 to 1985</td>
<td>4.80</td>
<td>4.95</td>
<td>1.35</td>
</tr>
<tr>
<td>1986 to 2010</td>
<td>4.80</td>
<td>4.95</td>
<td>1.45</td>
</tr>
<tr>
<td>2011 and after</td>
<td>5.85</td>
<td>5.95</td>
<td>1.45</td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 to 1977</td>
<td>7.00</td>
<td>7.00</td>
<td>1.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>7.00</td>
<td>7.00</td>
<td>1.25</td>
</tr>
<tr>
<td>1981 to 1985</td>
<td>7.00</td>
<td>7.00</td>
<td>1.35</td>
</tr>
<tr>
<td>1986 to 2010</td>
<td>7.00</td>
<td>7.00</td>
<td>1.45</td>
</tr>
<tr>
<td>2011 and after</td>
<td>7.00</td>
<td>7.00</td>
<td>1.45</td>
</tr>
</tbody>
</table>

The effects of the changes made by the Committee bill on the long-range financing of the program are shown in the following table:
TABLE 3.—CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED AVERAGE COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW AND THE COMMITTEE BILL

<table>
<thead>
<tr>
<th>Item</th>
<th>OASI</th>
<th>DI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial balance under present law</td>
<td>-.48</td>
<td>-.28</td>
<td>-.76</td>
</tr>
<tr>
<td>$13,200 earnings base in 1974</td>
<td>+.04</td>
<td>+.01</td>
<td>+.05</td>
</tr>
<tr>
<td>Benefit increase and change in automatics</td>
<td>-.04</td>
<td>(1)</td>
<td>-.04</td>
</tr>
<tr>
<td>Modification of special minimum</td>
<td>-.05</td>
<td>(1)</td>
<td>-.05</td>
</tr>
<tr>
<td>Revised tax schedule</td>
<td>+.05</td>
<td>+.19</td>
<td>+.24</td>
</tr>
<tr>
<td>Total effect of change in bill</td>
<td></td>
<td>+.20</td>
<td>+.20</td>
</tr>
<tr>
<td>Actuarial balance under bill</td>
<td>-.48</td>
<td>-.08</td>
<td>-.56</td>
</tr>
</tbody>
</table>

1 Less than 0.005.

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>General benefit increase (percent)</th>
<th>Contribution and benefit base</th>
<th>Annual exempt amount under the retirement test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present law</td>
<td>Committee bill</td>
<td>Present law</td>
</tr>
<tr>
<td>Special increases:³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>7.0</td>
<td>$10,800</td>
<td>$10,800</td>
</tr>
<tr>
<td>1974</td>
<td>5.9</td>
<td>12,600</td>
<td>13,200</td>
</tr>
<tr>
<td>Permanent increases:³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>11.0</td>
<td>12,600</td>
<td>13,200</td>
</tr>
<tr>
<td>1975</td>
<td>11.5</td>
<td>13,500</td>
<td>14,100</td>
</tr>
<tr>
<td>1976</td>
<td>4.0</td>
<td>14,400</td>
<td>15,000</td>
</tr>
<tr>
<td>1977</td>
<td>3.0</td>
<td>15,300</td>
<td>15,900</td>
</tr>
<tr>
<td>1978</td>
<td>5.8</td>
<td>15,300</td>
<td>15,900</td>
</tr>
</tbody>
</table>

1 Amounts are the same under present law and under the committee bill.
2 Under present law, as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for June-December 1974; under the Committee bill, the special benefit increase of 7 percent is effective from the month of enactment through May 1974.
3 The first permanent benefit increase (11.5 percent under present law and 11 percent under the Committee bill) will be figured on the benefit rates now in effect.
### TABLE 5.—OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM: PROGRESS OF THE OASI AND DI TRUST FUNDS, COMBINED UNDER PRESENT LAW AND UNDER THE SYSTEM AS IT WOULD BE MODIFIED BY THE COMMITTEE BILL, CALENDAR YEARS 1973–78

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Income Present law</th>
<th>Income Committee bill</th>
<th>Outgo Present law</th>
<th>Outgo Committee bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$54.8</td>
<td>$54.8</td>
<td>$53.4</td>
<td>$53.4</td>
</tr>
<tr>
<td>1974</td>
<td>61.4</td>
<td>63.1</td>
<td>58.9</td>
<td>62.4</td>
</tr>
<tr>
<td>1975</td>
<td>66.5</td>
<td>68.3</td>
<td>66.6</td>
<td>67.5</td>
</tr>
<tr>
<td>1976</td>
<td>72.6</td>
<td>74.5</td>
<td>72.7</td>
<td>72.9</td>
</tr>
<tr>
<td>1977</td>
<td>78.4</td>
<td>80.5</td>
<td>78.5</td>
<td>77.6</td>
</tr>
<tr>
<td>1978</td>
<td>82.0</td>
<td>85.2</td>
<td>82.3</td>
<td>83.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Net increase in funds Present law</th>
<th>Net increase in funds Committee bill</th>
<th>Assets, end of year Present law</th>
<th>Assets, end of year Committee bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$1.4</td>
<td>$1.4</td>
<td>$44.2</td>
<td>$44.2</td>
</tr>
<tr>
<td>1974</td>
<td>2.6</td>
<td>.7</td>
<td>46.8</td>
<td>45.0</td>
</tr>
<tr>
<td>1975</td>
<td>-.1</td>
<td>.8</td>
<td>46.7</td>
<td>45.8</td>
</tr>
<tr>
<td>1976</td>
<td>(1')</td>
<td>1.6</td>
<td>46.6</td>
<td>47.4</td>
</tr>
<tr>
<td>1977</td>
<td>-.2</td>
<td>2.9</td>
<td>46.5</td>
<td>50.3</td>
</tr>
<tr>
<td>1978</td>
<td>-.3</td>
<td>1.7</td>
<td>46.2</td>
<td>51.9</td>
</tr>
</tbody>
</table>

1 Outgo exceeds income by less than $50,000,000.

and not on top of the special benefit increase (5.9 percent under present law and 7 percent under the committee bill). Permanent benefit increases under present law become effective for January of the stated year; under the Committee bill they become effective for June.
TABLE 6.—HOSPITAL INSURANCE: PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW AND THE COMMITTEE BILL, CALENDAR YEARS 1973-78

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Income Present law</th>
<th>Income Committee bill</th>
<th>Outgo (same under present law and committee bill)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$11.4</td>
<td>$11.4</td>
<td>$8.1</td>
</tr>
<tr>
<td>1974</td>
<td>13.1</td>
<td>12.1</td>
<td>9.8</td>
</tr>
<tr>
<td>1975</td>
<td>14.3</td>
<td>13.1</td>
<td>11.5</td>
</tr>
<tr>
<td>1976</td>
<td>15.7</td>
<td>14.3</td>
<td>13.0</td>
</tr>
<tr>
<td>1977</td>
<td>17.1</td>
<td>15.4</td>
<td>14.7</td>
</tr>
<tr>
<td>1978</td>
<td>22.0</td>
<td>19.4</td>
<td>16.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Net increase in funds Present law</th>
<th>Net increase in funds Committee bill</th>
<th>Assets, end of year Present law</th>
<th>Assets, end of year Committee bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$3.4</td>
<td>$3.4</td>
<td>$6.3</td>
<td>$6.3</td>
</tr>
<tr>
<td>1974</td>
<td>3.3</td>
<td>2.3</td>
<td>9.6</td>
<td>8.6</td>
</tr>
<tr>
<td>1975</td>
<td>2.8</td>
<td>1.5</td>
<td>12.4</td>
<td>10.1</td>
</tr>
<tr>
<td>1976</td>
<td>2.7</td>
<td>1.2</td>
<td>15.1</td>
<td>11.3</td>
</tr>
<tr>
<td>1977</td>
<td>2.3</td>
<td>.7</td>
<td>17.5</td>
<td>12.0</td>
</tr>
<tr>
<td>1978</td>
<td>5.5</td>
<td>2.8</td>
<td>22.9</td>
<td>14.9</td>
</tr>
</tbody>
</table>

Social Security Agreements With Other Countries

(Sec. 107 of the bill)

The Committee bill includes a provision which would provide general authority for the President (or the Secretary of Health, Education, and Welfare, as his delegate) to enter into bilateral agreements (generally known as totalization agreements) with interested foreign countries to provide for limited coordination between the U.S. social security system and that of the other country. Under the amendment, each agreement with another country would be reported to the Congress and would become effective not earlier than 90 days later.
The Committee is informed that totalization agreements would be designed to benefit both workers and employers. An agreement would prevent the impairment of social security protection which results when a person works during his lifetime under the social security systems of two countries but is not eligible for benefits on the basis of his work in one of the two countries when he retires, becomes disabled, or dies. The agreement should also prevent undesirable dual coverage and dual employer and employee taxes with respect to the same work under the social security systems of two cooperating countries, such as may occur when Americans work in foreign countries for American employers.

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

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

Exclusion From Coverage of Certain Farm Rental Income

(Sec. 108 of the bill)

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

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

Accordingly, the Committee bill provides that in such a situation the landowner would not be considered to participate in the operation of the farm. Therefore, his farm income would not count for social
security purposes if he entered into an agreement with another person to manage or supervise the farm operation, including the selection of tenants, when there is in fact no participation on his part.

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

(Sec. 109 of the bill)

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

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

**Termination of Coverage for Policemen in Louisiana**

(Sec. 110 of the bill)

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

Under the Committee amendment, the State of Louisiana would be permitted at any time up through the end of 1974 to modify its coverage agreements so as to terminate the coverage of policemen who are eligible to join the Municipal Police Employees Retirement System without terminating the coverage of any other employees. Such
an agreement would terminate the coverage of the policemen concerned effective January 1, 1974.

Termination of Coverage for California Policemen and Firemen

(Sec. 111 of the bill)

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

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

III. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

(Sec. 112 of the bill)

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

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

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

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

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

<table>
<thead>
<tr>
<th>Annual income of husband and wife (assuming it is all taxed under social security)</th>
<th>Tax credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>$200</td>
</tr>
<tr>
<td>3,000</td>
<td>300</td>
</tr>
<tr>
<td>4,000</td>
<td>400</td>
</tr>
<tr>
<td>5,000</td>
<td>150</td>
</tr>
<tr>
<td>5,600</td>
<td>0</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

Increases in Supplemental Security Income Benefits

(Sec. 121 of the bill)

The new program of supplemental security income (SSI) is a federally administered program which will take over most of the responsibility of the former Federal-State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled on January 1, 1974. It is estimated that over 3 million recipients under the State programs will move into the new program and that up to 3 million more people may be newly eligible for benefits under it.

In July 1973 there were 1,839,000 recipients of old-age assistance, 78,000 recipients of aid to the blind and 1,217,000 recipients of aid to the permanently and totally disabled. All of these recipients will qualify for the SSI program or for State payments supplementing SSI. The Federal Government will bear the full administrative costs of the SSI program and an option is provided to States for the Federal Government to administer any State supplemental payments, thereby relieving the States of very substantial administrative costs. Persons eligible for SSI must meet a standard test of need including both income and resources and as a group may be assumed to include a very high proportion of beneficiaries who are in greatest need because of recent rapid increases in the cost of living.

The committee considered it desirable to increase the benefits to these persons even before the social security benefit increase could become effective. Under existing law, benefits would be $130 for an eligible individual without other income and $195 for such an individual and a spouse from January to June 1974 and would be increased in July to $140 for an individual and $210 for a couple. The committee bill moves this increase forward to January 1. The bill would further increase these amounts to $146 and $219 on July 1 when the full social security increase occurs. The January increase is roughly proportionate to the 7-percent advance payment of the social security increase, and the July increase approximates the same percentage which the additional social security benefit increase in the July 1974 social security checks represents. Changes were made in the benefits of certain essential persons provided under Public Law 93-66 so that they will conform to a spouse's benefit as they did under that law.

Food Stamp Eligibility for Supplemental Security Income Recipients

(Sec. 122 of the bill)

Under the Social Security Amendments of 1972 (P.L. 92-603) individuals eligible for SSI benefits would have been prohibited from participating in food stamp or commodity distribution programs. However, the Congress this year substantially modified this provision in amending the Food Stamp Act.
The law enacted this year provides that an individual is ineligible for food stamps for a given month only if his SSI benefit (plus any State supplement) is at least equal to the amount of assistance plus the food stamp bonus he would have received under the State plan of old-age assistance, aid to the permanently and totally disabled, or aid to the blind as in effect for December 1973.

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

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

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

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

The Committee has decided that the best method of dealing with the problem of food stamps would be to simply repeal the prohibition in the Food Stamp Act against participation by SSI recipients in that...
program (and the similar prohibition with respect to the commodity program.) This would eliminate any statutory requirement that eligibility for food stamps be determined on the basis of whether or not an individual is an SSI recipient rather than on the basis of his income. (Current food stamp regulations make welfare recipients eligible for food stamps even if their total incomes exceed the ordinary eligibility standards for food stamps.)

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

**Limitation on Grandfather Clause for Disabled Individuals**

(Sec. 123 of the bill)

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

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

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

(Sec. 124 of the bill)

In P.L. 93–66, the Congress enacted a grandfather clause providing that SSI recipients who are now getting aid to the aged, blind, and disabled under State programs will receive State supplemental benefits sufficient to assure them no reduction in total income when the new SSI program goes into effect in January. The provision was designed
to achieve this objective while, at the same time, minimizing the administrative burdens to be placed on the Department of HEW which would have to administer the SSI benefits and, at least in most States, the supplemental benefits.

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

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

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

The committee bill corrects this situation by permitting a State to adjust the grandfather clause in such a way that it would assure the maintenance of the same level of total family income (rather than the maintenance of the individual’s total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides, however, that the SSI recipient would be assured under the grandfather clause at least as great a total income as a comparable aged, blind or disabled person not living with an AFDC family and having no other income.

Special Supplemental Security Income Disregard Provision

(Sec. 125 of the bill)

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

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

(Section 126 of the bill)

Section 1115 of the Social Security Act allows the Secretary of Health, Education, and Welfare to permit certain research and demonstration projects to operate by waiving some of the legal requirements otherwise applicable to assistance programs under the welfare titles of the Act (for example, the requirement of statewide uniformity and the requirement that assistance under such programs be made in the form of unrestricted money payments). Section 1115 also permits the costs of any such projects approved by HEW to be considered as expenditures under the appropriate welfare titles and, therefore, eligible for Federal matching. Because Public Law 92–603 (H.R. 1) repeals the existing welfare titles of the Social Security Act dealing with the aged, blind, and disabled effective January 1, 1974, certain on-going demonstration projects may be adversely affected. The Committee bill would prevent this by authorizing the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects. The amendment would also authorize continued Federal funding of projects to the same extent as such funding would have been available if the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the amendment permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.) The amendment applies only to projects which were already approved prior to October 1, 1973.

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

(Section 127 of the bill)

Under the social security program, when benefits are payable on a single account to both a worker and his spouse, the couple has the option of receiving either two separate checks or a single check which combines the benefits payable to each of them. In the event of the death of one spouse, the Social Security Administration is empowered
to provide for the superendorsement of the joint check so that it may be cashed by the surviving spouse. Any resulting overpayment is corrected through adjustment in subsequent payments due the survivor.

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

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

V. SOCIAL SERVICES

(Sees. 131 to 136 of the bill)

LEGISLATIVE BACKGROUND

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

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

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

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

REGULATORY CHANGES BY THE DEPARTMENT OF HEALTH,
EDUCATION AND WELFARE

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

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

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

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

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

**CONGRESSIONAL ACTION TO POSTPONE NEW REGULATIONS**

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

1. Limiting eligibility of former and potential assistance recipients for services on the basis of income when the statute permits the Secretary only to specify time periods in which an individual is to be considered a former or potential recipient;
2. Virtually precluding Federal matching for the family planning services States are required to offer and provide;
3. Precluding Federal matching for legal services related to establishing of paternity of children born out of wedlock, locating
fathers who have deserted their families, and trying to collect support payments from these fathers—all activities States are required to perform under present law;

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

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

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

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

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

REVISED REGULATIONS

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

COMMITTEE PROVISION

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

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

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

To illustrate the variety of services which States may provide with the available social services funds, the Committee bill includes a list of services which could be furnished. This list is not intended to limit the freedom of the States to provide other types of services.
The services listed are:
(1) day care services for children,
(2) day care services for children with special needs,
(3) services for children in foster care,
(4) protective services for children,
(5) family planning services,
(6) protective services for adults,
(7) services for adults in foster care,
(8) homemaker services,
(9) chore services,
(10) home delivered or congregate meals,
(11) day care services for adults,
(12) health-related services,
(13) home management and other functional educational services,
(14) housing improvement services,
(15) a full-range of legal services,
(16) transportation services,
(17) educational and training services,
(18) employment services,
(19) information, referral and follow-up services,
(20) special services for the mentally retarded,
(21) special services for the blind,
(22) services for alcoholism and drug addiction,
(23) special services for the emotionally disturbed,
(24) special services for the physically handicapped.

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

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

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

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

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

The estimated State entitlements in fiscal years 1974 and 1975 are shown in table 7.
Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974.

[Dollars in thousands]

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated funding for fiscal year 1973</th>
<th>Fiscal year 1974 funding to continue current funding level ¹</th>
<th>Allocation of funds above current level (up to $1.9 billion)</th>
<th>Total fiscal year 1974 funding available under bill</th>
<th>Funding available in fiscal year 1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>$1,548,219</td>
<td>$1,598,096</td>
<td>$301,904</td>
<td>$1,900,000</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Alabama</td>
<td>16,279</td>
<td>19,980</td>
<td>5,032</td>
<td>25,012</td>
<td>42,140</td>
</tr>
<tr>
<td>Alaska</td>
<td>5,895</td>
<td>3,637</td>
<td>2,258</td>
<td>5,895</td>
<td>3,901</td>
</tr>
<tr>
<td>Arizona</td>
<td>3,182</td>
<td>3,400</td>
<td>2,788</td>
<td>6,188</td>
<td>23,351</td>
</tr>
<tr>
<td>Arkansas</td>
<td>7,236</td>
<td>7,488</td>
<td>2,835</td>
<td>10,323</td>
<td>23,747</td>
</tr>
<tr>
<td>California</td>
<td>211,584</td>
<td>221,733</td>
<td>24,000</td>
<td>245,733</td>
<td>245,733</td>
</tr>
<tr>
<td>Colorado</td>
<td>21,880</td>
<td>25,200</td>
<td>3,098</td>
<td>28,298</td>
<td>28,298</td>
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<tr>
<td>Connecticut</td>
<td>21,067</td>
<td>27,795</td>
<td>4,418</td>
<td>32,213</td>
<td>37,002</td>
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<td>Delaware</td>
<td>9,297</td>
<td>6,783</td>
<td>2,514</td>
<td>9,297</td>
<td>6,783</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>8,320</td>
<td>8,976</td>
<td>4</td>
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<td>8,980</td>
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<tr>
<td>Florida</td>
<td>42,025</td>
<td>62,033</td>
<td>10,406</td>
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<td>Georgia</td>
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<td>48,000</td>
<td>6,766</td>
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<td>56,667</td>
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<td>Hawaii</td>
<td>2,321</td>
<td>7,564</td>
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<td>9,712</td>
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<td>Idaho</td>
<td>4,703</td>
<td>6,000</td>
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<td>7,084</td>
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<td>Illinois</td>
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<td>Indiana</td>
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<td>7,283</td>
<td>7,584</td>
<td>14,867</td>
<td>63,522</td>
</tr>
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</table>
Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974—Continued

[Dollars in thousands]

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated funding for fiscal year 1973</th>
<th>Fiscal year 1974 funding to continue current funding level</th>
<th>Allocation of funds above current level (up to $1.9 billion)</th>
<th>Total fiscal year 1974 funding available under bill in fiscal year 1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>$12,674</td>
<td>$14,700</td>
<td>$4,133</td>
<td>$18,833</td>
</tr>
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<td>Kansas</td>
<td>6,902</td>
<td>7,200</td>
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<td>Kentucky</td>
<td>25,772</td>
<td>26,032</td>
<td>4,729</td>
<td>30,761</td>
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<td>Louisiana</td>
<td>20,738</td>
<td>25,812</td>
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<tr>
<td>Maine</td>
<td>8,672</td>
<td>7,500</td>
<td>1,475</td>
<td>8,975</td>
</tr>
<tr>
<td>Maryland</td>
<td>26,897</td>
<td>45,872</td>
<td>2,823</td>
<td>48,695</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>16,363</td>
<td>21,432</td>
<td>8,295</td>
<td>29,727</td>
</tr>
<tr>
<td>Michigan</td>
<td>55,341</td>
<td>75,000</td>
<td>13,019</td>
<td>88,019</td>
</tr>
<tr>
<td>Minnesota</td>
<td>29,317</td>
<td>32,000</td>
<td>5,585</td>
<td>37,585</td>
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<tr>
<td>Mississippi</td>
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<td>9,000</td>
<td>3,244</td>
<td>12,244</td>
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<tr>
<td>Missouri</td>
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<td>18,000</td>
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<tr>
<td>New Hampshire</td>
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<tr>
<td>New Mexico</td>
<td>6,718</td>
<td>9,856</td>
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</table>

**Note:** Figures may not add up due to rounding.
### Table: \(2 \times \text{fundinj}\) level attained

<table>
<thead>
<tr>
<th>State</th>
<th>(2 \times \text{fundinj})</th>
<th>(2 \times \text{fundinj})</th>
<th>(\text{fundinj})</th>
<th>(2 \times \text{fundinj})</th>
<th>(2 \times \text{fundinj})</th>
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<td>17,095</td>
<td>101,899</td>
<td>143,180</td>
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<tr>
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<td>9,212</td>
<td>1,387</td>
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<td>2,340</td>
<td>974</td>
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<td>20,000</td>
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<td>25,778</td>
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<td>714</td>
<td>1,266</td>
<td>495</td>
<td>1,761</td>
<td>4,142</td>
</tr>
</tbody>
</table>

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

2. Allocation on population basis. Includes amounts (not exceeding amounts available for the 1st quarter of fiscal 1973 under sec. 403 of Public Law 92-603) necessary to maintain States at fiscal year 1973 funding level: Alaska, $1,924,000; Delaware, $2,514,000; and Washington, $8,336,000.

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

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

National Adoption Information Exchange System

(Sec. 141 of the bill)

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

This program is patterned after the Adoption Resource Exchange of North America (ARENA), which was established by the Child Welfare League of America in 1971. Its purpose is to bring together for adoption those children for whom public and private adoption agencies in the United States and Canada can find no adoptive families, and families for whom agencies have no children. A particular objective of ARENA has been to find more homes for children of minority groups, mixed racial background, and children with physical or psychological handicaps. Agencies register children who are waiting to be adopted, and families who are waiting to receive a child. Thus, ARENA makes the adoption agencies of North America a part of a large network of adoption resources. This effort helps to overcome uneven availability of homeless children and suitable adoptive families.

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

Child Abuse and Neglect; Protective Services

(Sec. 142 of the bill)

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

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

The committee urges States to eliminate any barriers hampering the provision of protective services to keep families together, and to make greater efforts to work with families wherever appro-
priate in order to prevent the need for placing children in foster care.

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

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

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

VII. CHILD SUPPORT

(Sec. 151 of the bill)

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

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

Aid to Families with Dependent Children (AFDC) offers welfare payments to families in which the father is dead, absent, disabled or, at the State's option, unemployed. When the AFDC program was first enacted in the 1930's, death of the father was the major basis for eligibility. With the subsequent enactment of survivor benefits under the social security program, however, the portion of the caseload eligible because of the father's death has grown proportionately smaller, from 42 percent in 1940 to 7.7 percent in 1961 and 4.3 percent in 1971. The percentage of AFDC families in which the father is disabled has diminished from 18.1 percent in 1961 to 8.8 percent in 1971.

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

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

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

Failure To Enforce Child Support

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

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

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

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

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

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

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

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

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

Present Law

The Committee has long been aware of the impact of deserting fathers on the rapid and uncontrolled growth of families on AFDC. As early as 1950, the Congress provided for the prompt notice to law enforcement officials of the furnishing of AFDC with respect to a child that had been deserted or abandoned. In 1967, the Committee instituted what it believed would be an effective program of enforcement of child support and determination of paternity. The 1967 Social Security Amendments require that the State welfare agency establish a single, identified unit whose purpose is to undertake to establish the paternity of each child receiving welfare who was born out of wedlock and to secure support for him; if the child has been deserted or abandoned by his parent, the welfare agency is required to secure support
for the child from the deserting parent, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The State welfare agency is further required to enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The effectiveness of the provisions of present law has varied widely among the States.

In its March 13, 1972, study of current child support programs in four States, the General Accounting Office noted that the Department of Health, Education, and Welfare has not monitored the States' child support enforcement activities and had not required the States to report on the status or progress of the activities. Consequently, HEW regional offices did not have information on the number of absent parents or amount of child support collections involved or the progress and problems being experienced by the States in collecting child support. Also, HEW regional officials have not emphasized child support collection activities within the total welfare program. According to regional officials HEW has not emphasized the collection of child support payments because of a shortage of regional staff and because this activity represents a small segment of the total effort needed to administer the AFDC program. Regional officials informed us that they did not, at the time of our fieldwork, have any plans to evaluate the support enforcement programs or impose reporting requirements on the States.

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

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

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

A Committee staff survey of about 20 States elicited the information shown in table 8. Those States which did assess administrative costs in terms of support collected indicated that in general about twenty cents in collection costs resulted in a dollar return of support payments."
### TABLE 8.—CHILD SUPPORT COLLECTIONS, ON BEHALF OF AFDC RECIPIENTS, FISCAL YEAR 1973

(At thousands)

<table>
<thead>
<tr>
<th>State</th>
<th>Amount Collected</th>
<th>Amount Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>$53,000</td>
<td></td>
</tr>
<tr>
<td>Ohio</td>
<td></td>
<td>$8,503</td>
</tr>
<tr>
<td>Florida</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td></td>
<td>3,908</td>
</tr>
<tr>
<td>Illinois</td>
<td>12,651</td>
<td></td>
</tr>
<tr>
<td>Vermont</td>
<td></td>
<td>407</td>
</tr>
<tr>
<td>Louisiana</td>
<td>5,471</td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td></td>
<td>7,706</td>
</tr>
<tr>
<td>Maryland</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td></td>
<td>179</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>17,016</td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td></td>
<td>1,5625</td>
</tr>
<tr>
<td>Michigan</td>
<td>28,100</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td>219</td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>11,978</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>185,763</td>
</tr>
</tbody>
</table>

1 Fiscal year 1972 collections: Latest available data.
Source: State estimates.

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

**Committee Bill**

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

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

**Federal Duties and Responsibilities**

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

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

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

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

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

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

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

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

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

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

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

Locating a Deserting Parent; Access to Information

An essential prerequisite to the establishment of paternity and/or
the collection of child support is the matter of finding out where the
absent parent is. Evidence seems to indicate that most absent parents
continue to live in the locality or State in which their deserted families
reside. States would be expected first to make use of local and State
mechanisms for tracing absent parents. The bill would assist States in
these efforts and also make it possible to find parents wherever they are
living through the establishment of a parent locator service within the
Department of HEW's separate child support unit. This unit upon
request of (1) a local or State official with support collection responsi-
bility under this program, (2) a court with support order authority,
or (3) the agent of a deserted child not on welfare will make avail-
able the most recent address and place of employment which it can obtain from HEW files or the files of any other Federal agency,
or of any State. Information of a national security nature or informa-
tion in such highly confidential files as those of the Bureau of the
Census would not be divulged.
As a further aid in location efforts, welfare information now withheld from public officials under regulations concerning confidentiality would be made available by the Committee bill; this information would also be available for other official purposes. The current regulations are based on a provision in the Social Security Act which since 1939 has required State programs of Aid to Families with Dependent Children to "provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of Aid to Families with Dependent Children." This provision was designed to prevent harassment of welfare recipients. The Committee bill would make it clear that this requirement may not be used to prevent a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official from obtaining information required in connection with his official duties such as obtaining support payments or prosecuting fraud or other criminal or civil violations.

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

Collection of Support Payments by State and Local Agencies

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

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

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

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

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

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

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

Incentives for Localities To Collect Support Payments

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

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

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

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

**Establishing Paternity**

The Committee is concerned at the extent to which the dependency on AFDC is a result of the increasing number of children on the rolls who were born out of wedlock and for whom parental support is not being provided because the identity of the father has not been determined. The Committee believes that an AFDC child has a right to have its paternity ascertained in a fair and efficient manner unless identification of the father is clearly against the best interests of the child. Although this may in some cases conflict with what a social worker considers the mother's short-term interests, the Committee feels that the child's right to support, inheritance, and to know who his father is deserves the higher social priority. In 1967, Congress enacted legislation requiring the States to establish programs to determine the paternity of AFDC children born out of wedlock so that support could be sought. The effectiveness of this provision was greatly curtailed both by the failure of the Department of Health, Education, and Welfare to exercise any leadership role and also by early court interpretations of Federal law which prevented State welfare agencies from requiring that a mother cooperate in identifying the father of a child born out of wedlock. Later court decisions, however, have made it clear that such aid could be denied to a non-cooperating mother.
Current status of children born out of wedlock.—Children whose parents have never married present a serious problem of support and care. At common law such a child was a "son of nobody" and neither parent could be held responsible for it. The original laws imposing support of the child on a parent were enacted solely to prevent the community from having the child as a public charge. In many States, it is possible for the State's attorney, or the public welfare authorities, to bring an action against the man who is alleged to be the father of the child.

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

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

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

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

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

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

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

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

Attachment of Federal Wages

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

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

While the Congress has seen fit to waive the immunity of the United States from suit in the case of certain money claims against it and also in case of many of the corporations created by it, it has so far never waived that immunity and permitted attachment or garnishee proceedings against the United States Treasury
or its Disbursing Officers. This cannot be done either directly, or indirectly through the appointment of a sequestrator or receiver or by contempt order against the debtor defendant. *McGrew vs. McGrew*, 59, App. D.C. 230, 38 F. 2d 541.

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

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

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

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

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

**Distribution of Proceeds**

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

States would be required to make the AFDC payment without a reduction for child support collections until the proceeds exceed the assistance payment. All collections of child support would be made by the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance. In any month in which the amount of support collected is sufficient to completely repay the amount
of the assistance payment for that month, the family would not be considered to be eligible for AFDC for that month.

Support Collection for Non-Welfare Families

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

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

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

Effective Date

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

VIII. AID TO FAMILIES WITH DEPENDENT CHILDREN

Pass-Along of Social Security Benefit Increase to AFDC Recipients

(Sec. 161 of the bill)

Under present law if Social Security benefits are increased, recipients of aid to families with dependent children (AFDC) who are also social security beneficiaries find their AFDC payment reduced one dollar for each dollar that social security benefits are increased. To assure that AFDC recipients who are also social security beneficiaries receive at least part of the benefit of the social security cost of living increase provided in the Committee bill, the Committee bill would also
require States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective as of the first month in which increased social security benefits are paid under the bill’s social security benefit increase provisions.

Modification of Earnings Disregard Provision

(Sec. 162 of the bill)

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

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

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

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

Community Work and Training Programs

(Sec. 163 of the bill)

Prior to the enactment of the Work Incentive Program as part of the 1967 Social Security Amendments, the Federal AFDC statute permitted Federal matching of AFDC payments made to recipients participating in a community work training program. Since the enactment of the WIN program, however, the Department of Health, Education, and Welfare has taken the position that the Federal Government will not share in AFDC payments to recipients who are required by State law to participate in an employment program—unless the program either is part of the Work Incentive Program or is administered under the Economic Opportunity Act. This has been true even though the Work Incentive Program was not in effect in all areas of a State.
Under the committee bill, the community work training provisions in the law prior to the 1967 amendments would be reenacted so that States wishing to have such programs could do so under the standards provided by the legislation.

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

(Sec. 164 of the bill)

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

**Present law**

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

**Proposal**

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

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

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

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

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

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

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

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

IX. MEDICARE AND MEDICAID AMENDMENTS

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

(Sec. 171 of the bill)

A. Conforming Changes

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

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

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

B. Mandatory Extension of Medicaid Coverage

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

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

C. Medicaid Eligibility Determinations

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

The Committee notes that making all persons who receive an SSI payment eligible for Medicaid matching does not automatically assure that all recipients of cash payments authorized under the new Title XVI (SSI program) will be eligible for Medicaid matching. Some persons will receive only a State supplementary payment; because their countable income is more than $140 ($145 effective July 1, 1974) they will not receive an SSI benefit. Many of these persons are currently eligible for Medicaid on the basis of their receipt of cash assistance under the current adult titles and therefore would continue their eligibility under the Committee amendment. However, persons newly eligible for cash payments as State-supplement-only individuals would be precluded from coverage if States are not allowed Medicaid matching to cover these persons as cash assistance recipients for purposes of Title XIX. In States with a medically needy program such persons could become eligible after incurring medical expenses equal to the difference between their income and the State’s medically needy standard. In States without a medically needy program, State-supplement-only individuals would be excluded unless the State chose to institute such a program.

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

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

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

D. Medicaid Coverage of Institutionalized Individuals

Under current law, States are permitted to make institutionalized individuals eligible for Medicaid by declaring that such persons would need cash assistance if they were outside the institution. States establish this standard of need (usually higher than the standard applicable to noninstitutionalized individuals) in their cash assistance programs for the aged, blind, and disabled.
Allowing States to cover under Medicaid any persons (or reasonable classification of persons) receiving State supplementary payments, combined with the option of providing Medicaid to anyone who would need a supplement if they were outside the institution, would potentially allow States to make all persons in nursing homes eligible for federally-matched Medicaid services, regardless of their income. Any nursing home patient who could not pay his nursing home bill could simply be deemed to be in need of a supplementary payment and therefore eligible for Medicaid. There would be no limit on what income level the State could set in order to bring in Federal Medicaid matching dollars for its institutionalized population.

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

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

**Health Maintenance Organizations Under Medicaid**

(See Sec. 172 of the bill)

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

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

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

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

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

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

**Medicaid: Payment to Substandard Facilities**

*(Sec. 173 of the bill)*

Section 249D of P.L. 92-603 amended Title XI of the Social Security Act to provide that there will be no Federal matching payment available under the cash assistance titles for a payment made to a person in an institution to the extent that the payment is made for institutional care which is or could be provided under Title XIX. The Committee included this provision in P.L. 92-603 to prohibit the practice existing in some States whereby the State used its cash grant programs to finance care in institutions which were ineligible for matching under.
Medicaid because they did not meet Medicaid standards of health and safety. Federal matching for cash payments provided for this purpose were prohibited.

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

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

Federal Matching Under Medicaid for Care to Indians

(Sec. 174 of the bill)

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

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

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

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

Buy-In Agreement Under Medicare

(Sec. 175 of the bill)

Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program.
The Committee is concerned that this results in an inequitable hardship on Arizona, which is not currently participating in the Medicaid program.

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

**Payment for Supervisory Physicians in Teaching Hospitals**

(Sec. 176 of the bill)

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

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

The committee amendment would authorize and direct that a more extensive study be done including at least 40 or 50 hospitals. The study, which would be carried out at Medicare expense, would encompass all aspects of third party financing for professional services rendered in the medical school and teaching hospital setting. The study would be carried out by personnel of the Social Security Administration who would be assisted to the extent they deem appropriate by personnel from the Association of American Medical Colleges as well as others with necessary expertise. In view of the limited time in which the study must be completed and for reasons such as the broad scope of the undertaking, the Committee would assume that the Social Security Administration would also find it useful to utilize the services of non-governmental organizations and persons other than the AAMC who could contribute substantial fiscal, administrative and program expertise in the areas of Medicare, Medicaid, patient care and graduate medical education. Representatives of the Association have agreed to cooperate fully with the Social Security Administration in obtain-
ing the needed information and have stated that they will strongly urge their member medical schools and teaching hospitals to lend their full cooperation to the effort.

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

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

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

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

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

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

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

Medicare Administration and Policy

(Sec. 181 of the bill)

When Medicare was enacted, the Social Security Administration was given responsibility for the implementation of the legislation. That organization was delegated authority in the Department for Medicare administration policy, and operations. It was understood that the Social Security Administration would rely upon the health arm of the Department as its chief consultant on policy matters within
the areas of its expertise on the health professions. However, the Social Security Administration had the responsibility for deciding when the advice of the health arm should be accepted because the primary orientation of the program was the welfare of the beneficiaries and the smooth functioning of the Medicare program and not other goals which the Department might have.

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

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

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

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

Chronic Renal Disease

(Sec. 182 of the bill)

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

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

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

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

(Sec. 183 of the bill)

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

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

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

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

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

Occupational Therapy Under Medicare

(Sec. 184 of the bill)

Under present law, occupational therapy services are covered under Part A when provided to Medicare beneficiaries who are inpatients in Medicare-approved hospitals or skilled nursing facilities. Patients receiving home health services under Part A or Part B are entitled to occupational therapy services only if they are receiving either intermittent skilled nursing care or physical or speech therapy. In addition to coverage as part of home health services, occupational therapy services are covered under Part B only when provided to outpatients
in Medicare-approved hospitals. Occupational therapy services provided to outpatients in a clinic, rehabilitation agency or other organized setting are not now covered.

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

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

Basis of Medicare Payment for Services Furnished by Providers

(Sec. 185 of the bill)

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

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

Outpatient departments of many hospitals have become the primary source of care for many poor patients and in many instances it is not
feasible to charge and collect the full cost of such services from these patients. Some hospitals have subsidized their outpatient activities through increased charges to paying patients in the hospital. Where charges are above cost, the amendment would, of course, have no ill effects on the hospital.

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

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

Medicare: Speech Pathology

(Sec. 186 of the bill)

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

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

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

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

**Professional Standards Review Organizations**

**Statewide Professional Standards Review Organizations**

*(Sec. 187 of the bill)*

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

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

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

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

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

*(Sec. 188 of the bill)*

PSRO areas are intended to be designated primarily on the basis of medical service areas in which the number of physicians practicing is sufficient to support objective review efforts and constitute a reasonable cross-section of the various medical specialties. Priority under the law in designation as a PSRO is intended to be given local qualified organizations of physicians determined by the Secretary as capable of undertaking review activities or anticipated to be able to do so within a reasonable period of time. The Committee bill would incorporate this legislative intent into the statute. This amendment, while specifying local priorities, does not preclude designation of a statewide area or statewide PSRO (see Sec. 187 above).
Statewide Professional Standards Review Councils
(Sec. 189 of the bill)

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

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

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

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

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

Physical Therapy and Other Therapy Services Under Medicare
(Sec. 190 of the bill)

Under section 251(c) of Public Law 92-603, reimbursement for physical therapy and other therapy services that are provided under arrangements with providers of services would not be considered reasonable if it exceeded the cost that would have been incurred if payment had been on a reasonable salary-related basis rather than a fee-for-service basis. Under this provision, the reasonable cost of therapy services performed under arrangements may be determined by taking into account the total number of hours of service rendered by the therapist, the adjusted hourly salary equivalency amount appropriate for the particular therapy in the geographic area in which
the services are rendered, and a standard travel allowance factor or, where the Secretary finds appropriate, the reasonable cost of such services may be determined by taking into account the number of visits made by the therapist under arrangements with such provider or agency, the adjusted hourly salary equivalency amount appropriate for the particular therapy in the geographic area in which the services are rendered, and a standard travel allowance factor. In prescribing criteria governing the use of these alternative approaches, the Secretary will take into account, among other things, the regularity with which the therapy services are performed.

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

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

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

**Federal Employees' Health Plan and Medicare**

(Sec. 191 of the bill)

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

A number of the Federal employee unions and the Civil Service Commission have indicated that they will have serious difficulty in meeting the January 1, 1975 deadline because of the complexity
of the actuarial and underwriting processes necessary. It has been suggested by the unions that the January 1, 1975, date in present law be extended one year, to January 1, 1976, so as to afford adequate lead time for necessary changes in the Federal employees health benefit program. The Committee's bill provides for the requested extension.

Coverage of Diagnostic Services by Optometrists

(Sec. 192 of the bill)

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

Other Matters of Concern to the Committee

Processing of Home Health Agency Bills

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

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

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

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

X. INDEPENDENT ESTIMATING CAPACITY FOR CONGRESS

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

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

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

XI. MISCELLANEOUS CLERICAL AND CONFORMING AMENDMENTS

(Sec. 201 of the bill)

The committee bill includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments.

Social Security Cash Benefits

*Automatic increases in earnings test exempt amount.*—This amendment would provide that the percentage rise in the retirement test exempt amount under the automatic increase provisions (adopted in connection with the automatic cost-of-living benefit increase provisions) will be measured from the last increase in the exempt amount
rather than from the last increase in tax base. Adoption of the amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.

Elimination of special age 72 benefits for people entitled to SSI.—This amendment is included in H.R. 3153 as it passed the House. It would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits. Under the present law, these special benefits are not payable to people who are receiving welfare payments. The 1972 amendments, however, failed to include a conforming change to prevent the payment of the special benefits to people receiving SSI payments.

Increases in certain cases of delayed retirement.—When an individual delays his retirement past age 65, his benefits are increased 1 percent for each year of delay up to age 72. However, this increase for delayed retirement does not apply when a person is eligible for the special minimum benefit for low-wage, long-term workers (a $170 monthly benefit if the worker has 30 years of covered employment). It is possible that an individual's primary insurance amount may be less than the special minimum benefit he is eligible for, but delaying retirement would yield a higher benefit than the special minimum. Present law would require him to take the lower benefit in this case; the Committee bill would let him take the higher benefit.

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

Supplemental Security Income

Technical correction of limitation of fiscal liability of States for optional supplementation.—Public Law 92–603 includes a savings clause under which States are assured that certain State supplemental costs under the SSI program will not exceed their costs under the old programs of aid to the aged, blind, and disabled during calendar year 1972. This amendment provides that in fiscal 1974, States will be guaranteed that these costs will not exceed an amount equal to one-half of their calendar 1972 costs. This change reflects the fact that the SSI program is in effect for only one-half a year in fiscal 1974. This amendment also restores a word inadvertently dropped from section 401 (c) (1) of Public Law 92–603.

Initial payments to presumptively disabled or blind individuals unrecoverable only if individual is ineligible because not disabled or blind.—Payments under the SSI program may be made for up to three months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. Such payments are not considered overpayments under any condition under existing law. This amendment would allow such payments to be considered overpayments (and hence subject to recapture) if they were incorrectly made for reasons other than the fact the individual was found not to be disabled.

Modification of transitional administrative provisions.—Public Law 92–603 included a transitional administrative provision requiring the States to agree to administer all or part of the new SSI program on behalf of the Federal Government, for a 1-year transitional period.
As a result of an error in drafting, this 1-year transitional period would begin in July 1974, 6 months after the program is effective. The amendment would add the first 6 months of 1974 to the transitional period (making an 18-month period). This amendment also adds title VI (the new social services title for the aged, blind, and disabled) to the list of titles under which Federal funding would be denied to the States if they refuse to enter into these transitional arrangements.

Transitional Federal payments.—P.L. 92–603 repeals the existing programs of aid to the aged, blind, and disabled at the same time that the new SSI program is commenced—January 1, 1974. This provision would authorize the Secretary of HEW to continue to make payments to the States under the repealed programs for two purposes: (1) to meet the Federal matching obligation based on State expenditures prior to the repeal date, and (2) to match State expenditures after the repeal date in connection with closing out the old programs.

Limitations on eligibility determinations under resources tests of State plans.—The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973, will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. This provision would remove this requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 consecutive months will not be counted).

Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.—The SSI program includes a grandfather clause under which an individual who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. This provision would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.

Inclusion of title VI in limitation on grants to States for social services.—This provision would amend the social services limitation enacted in Public Law 92–512 to conform it to the transfer of services for the aged, blind, and disabled from the old titles I, X, XIV, and XVI to the new title VI.

Conforming amendments to general provisions of Social Security Act.—A number of general provisions in title XI of the Social Security Act dealing with the definition of the term “State”, with demonstration projects, and with the procedures for review of State assistance plans do not reflect provisions enacted last year which transfer the services programs for the aged, blind, and disabled to a new title VI of the Act and which make special provision for programs for the aged, blind, and disabled in Puerto Rico, Guam, and the
Virgin Islands. The Committee bill would conform these sections to the law enacted last year.

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

Aid to Families With Dependent Children

Federal matching for AFDC payments to Indiana.—Under an Act of April 19, 1950 the Federal matching for assistance payments for the aged and the blind and for families with children is increased substantially with respect to assistance furnished to Navajo and Hopi Indians. Section 303 (e) of P.L. 92-603 repealed this provision effective January 1, 1974 when the new SSI program takes effect. This amendment would restore that Act insofar as it applies to the AFDC program.

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

Medicare and Medicaid

Clarification of coverage of hospitalization for dental services.—The Committee bill clarifies that Medicare Part A coverage for dental services is available only in behalf of an individual for whom a physician certifies that his underlying medical condition and clinical status require hospitalization in connection with the provision of such dental services.

Continuation of State agreements for coverage of certain individuals.—The Committee bill provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) in behalf of individuals eligible for the supplemental security income program.

Technical improvement of provisions governing disposition of HMO savings.—The Committee bill deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.

Technical improvement of provisions governing allowable HMO premium charges.—The Committee bill provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.

Application for assistance on behalf of deceased individuals.—The Committee bill clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.

Expansion of intermediate care facility ownership disclosure requirements.—The Committee bill contains a provision requiring the disclosure of the names of those who own obligations secured by the assets of the intermediate care facility as well as the names of those who are owners of the facility.

Technical modification of extended medicaid eligibility for AFDC recipients.—P.L. 92-603 included a provision which would require States to provide Medicaid coverage for an additional 4-month period
to persons who lose their eligibility for AFDC cash assistance and therefore Medicaid because of increased income. The Committee bill restricts to applicability of this provision to persons actually receiving AFDC payments (as opposed to persons eligible for but not actually receiving payments). It also extends coverage to persons who become ineligible for AFDC because of increased hours of employment as well as increased income.

**Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.**—The Committee bill contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicare if such individuals had been enrolled in Part B of Medicare. Current law includes this requirement for the aged.

**Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.**—The Committee bill clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.

**Federal payments for family planning expenditures not limited to administrative costs.**—The Committee bill contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services not merely for the cost attributable to administering such programs.

**Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.**—Current law provides that Federal matching will not be available under Medicaid for amounts expended for medical assistance with respect to individuals 65 or over which would not have been so expended if the individuals involved had been enrolled in Part B of Medicare. The Committee bill has included a provision which would extend this stipulation to disabled persons eligible for Medicare. The Committee bill clarifies that this stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.

**Utilization review by medical personnel associated with an institution.**—The Committee bill eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.

**Authority to prescribe standards under title XIX for active treatment of mental illness.**—The Committee bill deletes the reference to regulations for active treatment under Medicare (which do not exist in such form) and gives the Secretary authority under Medicaid to establish such regulations. Corrects clerical errors.

**Correction of erroneous designations and cross-references.**—Corrects clerical errors in title XIX.

**Deletion of obsolete provisions.**—Deletes obsolete provisions in title XIX.

**Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.**—P.L. 92-608 included a provision providing a limitation on Federal participation for disapproved capital expenditures. The Committee bill pro-
vides that in the case of disapproved capital expenditures by an institution reimbursed on a fixed fee or negotiated rate basis, the Secretary shall determine the amount by which the reimbursement is to be reduced because of such expenditures. There is currently no provision governing the determination of reductions for institutions reimbursed on a fixed fee or negotiated rate basis rather than a per capita basis.

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

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

XII. TAX PROVISION

Repeal of Gasoline Tax Deduction

(Sec. 301 of the bill)

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

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

Although a taxpayer may deduct the actual State and local gasoline taxes paid by him during the year, most taxpayers do not keep these records. Therefore, this deduction is generally computed on the basis of the gasoline tax tables furnished by the Internal Revenue Service. Under this method, a taxpayer must keep track of the number of miles driven by him in a given year. Many taxpayers, however, do not know the number of miles they have driven in a year and therefore guess at this figure in computing their deduction. Furthermore, the calculation is complicated by adjustments required for 4-cylinder cars, State and local changes in gasoline tax rates during a year, and interstate driving where the tax rates are different.
As indicated above, the Treasury Department has recommended that the deduction for gasoline taxes be eliminated as part of its simplification proposals which are contained in its Proposals for Tax Change made on April 30, 1973. The Treasury pointed out that not only is there much guessing in the gasoline tax calculation but the amount of tax savings to the average taxpayer is generally small (for example, where a taxpayer and his family drove as much as 20,000 nonbusiness miles in a year, the tax saving would be only $25 in most States if the taxpayer were in the 25-percent bracket).

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

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

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

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

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

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

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

1 However, the Treasury would have substituted a $500 miscellaneous deduction for the gasoline tax deduction, certain medical and casualty deductions and certain business and investment expenses.
ESTIMATED ADDITIONAL INCOME AND OUTGO OF THE TRUST FUNDS UNDER THE COMMITTEE BILL, FISCAL YEARS 1974–78

[In billions]

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1 Additional outgo is less than $0.05 billion.

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

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

XIV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the tabulation of the rolcall vote to report the bill is as follows:
- In favor—17 (Messrs. Long, Talmadge, Hartke, Fulbright, Ribicoff, Byrd, Jr. of Virginia, Nelson, Mondale, Gravel, Bennett, Curtis, Fannin, Hansen, Dole, Packwood, and Roth).

XV. CHANGES IN EXISTING LAW AND COMPLIANCE WITH LEGISLATIVE REORGANIZATION ACT

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown in the following pages (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman).
SOCIAL SECURITY ACT

TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND MEDICAL ASSISTANCE FOR THE AGED

Payment to States

Sec. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to section 1130) pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

(1) 

(4) in the case of any State, whose State plan approved under section 2 meets the requirements of subsection (c)(1) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sentence) to applicants for or recipients of assistance under the plan to help them attain or retain capability for self-care, or

(ii) other services specified by the Secretary as which (as determined by the State) are likely to prevent or reduce dependency, and which are provided to such applicants or recipients, or

(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as described in clauses (i) and (ii) which the State determines to be appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become (as determined by the State) applicants for or recipients of assistance under the plan, if such services are requested by such individuals and are provided to such individuals (in accordance with the next sentence), or

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

(79)
(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of assistance under the plan, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such assistance; plus

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

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

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

(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies); except that services described in clause (i) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraph (E) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

(5) in the case of any State whose State plan approved under section 2 does not meet the requirements of subsection (e) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph.
In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 2 must provide that the State agency shall make available to applicants for recipients of old-age assistance under such State plan at least those services to help them attain or retain capability for self-care which are prescribed by the Secretary.

In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

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

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

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection.

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

Federal Old-Age and Survivors Insurance Trust Fund and Federal Disability Insurance Trust Fund

Sec. 201. (a) * * *

(b) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Disability Insurance Trust Fund". The Federal Disability Insurance Trust Fund shall consist of such gifts and bequests as may be made as provided in subsection (i) (1), and of such amounts as may be appropriated to, or deposited in, such fund as provided in this section. There is hereby appropriated to the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1957, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

(1) (A) ½ of 1 per centum of the wages (as defined in section 3121 of the Internal Revenue Code of 1954) paid after December 31, 1956, and before January 1, 1966, and reported to the Secretary of the Treasury or his delegate pursuant to subtitle F of the Internal Revenue Code of 1954, (B) 0.70 of 1 per centum of the wages (as so defined) paid after December 31, 1965, and before January 1, 1968, and so reported, and (C) 0.95 of 1 per centum of the wages (as so
defined) paid after December 31, 1967, and before January 1, 1970, and so reported, (D) 1.1 per centum of the wages (as so defined) paid after December 31, 1968, and before January 1, 1973, and so reported, (E) 1.1 per centum of the wages (as so defined) paid after December 31, 1969, and before January 1, 1972, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1970, and before January 1, 1973, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after December 31, 1971, and before January 1, 1974, and so reported, (H) 1.25 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1975, and so reported, (I) 1.3 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1976, and so reported, (J) 1.35 per centum of the wages (as so defined) paid after December 31, 1974, and before January 1, 1977, and so reported, (K) 1.4 per centum of the wages (as so defined) paid after December 31, 1975, and before January 1, 1978, and so reported, (L) 1.45 per centum of the wages (as so defined) paid after December 31, 1976, and before January 1, 1979, and so reported, (M) 1.5 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 1980, and so reported, (N) 1.55 per centum of the wages (as so defined) paid after December 31, 1978, and before January 1, 1981, and so reported, (O) 1.6 per centum of the wages (as so defined) paid after December 31, 1979, and before January 1, 1982, and so reported, (P) 1.65 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1983, and so reported, (Q) 1.7 per centum of the wages (as so defined) paid after December 31, 1981, and before January 1, 1984, and so reported, (R) 1.75 per centum of the wages (as so defined) paid after December 31, 1982, and before January 1, 1985, and so reported, (S) 1.8 per centum of the wages (as so defined) paid after December 31, 1983, and before January 1, 1986, and so reported, (T) 1.85 per centum of the wages (as so defined) paid after December 31, 1984, and before January 1, 1987, and so reported, (U) 1.9 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 1988, and so reported, (V) 1.95 per centum of the wages (as so defined) paid after December 31, 1986, and before January 1, 1989, and so reported, (W) 2 per centum of the wages (as so defined) paid after December 31, 1987, and before January 1, 1990, and so reported, (X) 2.05 per centum of the wages (as so defined) paid after December 31, 1988, and before January 1, 1991, and so reported, (Y) 2.1 per centum of the wages (as so defined) paid after December 31, 1989, and before January 1, 1992, and so reported, (Z) 2.15 per centum of the wages (as so defined) paid after December 31, 1990, and before January 1, 1993, and so reported, (AA) 2.2 per centum of the wages (as so defined) paid after December 31, 1991, and before January 1, 1994, and so reported, (BB) 2.25 per centum of the wages (as so defined) paid after December 31, 1992, and before January 1, 1995, and so reported, (CC) 2.3 per centum of the wages (as so defined) paid after December 31, 1993, and before January 1, 1996, and so reported, (DD) 2.35 per centum of the wages (as so defined) paid after December 31, 1994, and before January 1, 1997, and so reported, (EE) 2.4 per centum of the wages (as so defined) paid after December 31, 1995, and before January 1, 1998, and so reported, (FF) 2.45 per centum of the wages (as so defined) paid after December 31, 1996, and before January 1, 1999, and so reported, (GG) 2.5 per centum of the wages (as so defined) paid after December 31, 1997, and before January 1, 2000, and so reported, (HH) 2.55 per centum of the wages (as so defined) paid after December 31, 1998, and before January 1, 2001, and so reported, (II) 2.6 per centum of the wages (as so defined) paid after December 31, 1999, and before January 1, 2002, and so reported, (JJ) 2.65 per centum of the wages (as so defined) paid after December 31, 2000, and before January 1, 2003, and so reported, (KK) 2.7 per centum of the wages (as so defined) paid after December 31, 2001, and before January 1, 2004, and so reported, (LL) 2.75 per centum of the wages (as so defined) paid after December 31, 2002, and before January 1, 2005, and so reported, (MM) 2.8 per centum of the wages (as so defined) paid after December 31, 2003, and before January 1, 2006, and so reported, (NN) 2.85 per centum of the wages (as so defined) paid after December 31, 2004, and before January 1, 2007, and so reported, (OO) 2.9 per centum of the wages (as so defined) paid after December 31, 2005, and before January 1, 2008, and so reported, (PP) 2.95 per centum of the wages (as so defined) paid after December 31, 2006, and before January 1, 2009, and so reported, (QQ) 3 per centum of the wages (as so defined) paid after December 31, 2007, and before January 1, 2010, and so reported, (RR) 3.05 per centum of the wages (as so defined) paid after December 31, 2008, and before January 1, 2011, and so reported, (SS) 3.1 per centum of the wages (as so defined) paid after December 31, 2009, and before January 1, 2012, and so reported, (TT) 3.15 per centum of the wages (as so defined) paid after December 31, 2010, and before January 1, 2013, and so reported, (UU) 3.2 per centum of the wages (as so defined) paid after December 31, 2011, and before January 1, 2014, and so reported, (VV) 3.25 per centum of the wages (as so defined) paid after December 31, 2012, and before January 1, 2015, and so reported, (WW) 3.3 per centum of the wages (as so defined) paid after December 31, 2013, and before January 1, 2016, and so reported, (XX) 3.35 per centum of the wages (as so defined) paid after December 31, 2014, and before January 1, 2017, and so reported, (YY) 3.4 per centum of the wages (as so defined) paid after December 31, 2015, and before January 1, 2018, and so reported, (ZZ) 3.45 per centum of the wages (as so defined) paid after December 31, 2016, and before January 1, 2019, and so reported, (AAA) 3.5 per centum of the wages (as so defined) paid after December 31, 2017, and before January 1, 2020, and so reported, (BBB) 3.55 per centum of the wages (as so defined) paid after December 31, 2018, and before January 1, 2021, and so reported, (CCC) 3.6 per centum of the wages (as so defined) paid after December 31, 2019, and before January 1, 2022, and so reported, (DDD) 3.65 per centum of the wages (as so defined) paid after December 31, 2020, and before January 1, 2023, and so reported, (EEE) 3.7 per centum of the wages (as so defined) paid after December 31, 2021, and before January 1, 2024, and so reported, (FFF) 3.75 per centum of the wages (as so defined) paid after December 31, 2022, and before January 1, 2025, and so reported, (GGG) 3.8 per centum of the wages (as so defined) paid after December 31, 2023, and before January 1, 2026, and so reported, (HHH) 3.85 per centum of the wages (as so defined) paid after December 31, 2024, and before January 1, 2027, and so reported, (III) 3.9 per centum of the wages (as so defined) paid after December 31, 2025, and before January 1, 2028, and so reported, (JJJ) 3.95 per centum of the wages (as so defined) paid after December 31, 2026, and before January 1, 2029, and so reported, (KKK) 4 per centum of the wages (as so defined) paid after December 31, 2027, and before January 1, 2030, and so reported.

* * *
(g)(1) (A) There are authorized to be made available for expendi-
ture, out of any or all of the Trust Funds (which for purposes of this
paragraph shall include also the Federal Hospital Insurance Trust
Fund and the Federal Supplementary Medical Insurance Trust Fund
established by title XVIII), such amounts as the Congress may deem
appropriate to pay the costs of the part of the administration of this
title, title XVI and title XVIII for which the Secretary of Health,
Education, and Welfare is responsible except that funds made avail-
able under this subsection for fiscal years beginning after June 30,
1974, shall not be used to pay the costs of any activity undertaken pur-
suant to section 1122 except as provided by such section. During each
fiscal year or after the close of such fiscal year (or at both times), the
Secretary of Health, Education, and Welfare shall analyze the costs of
administration of this title, title XVI, and title XVIII during the
appropriate part or all of such fiscal year in order to determine the
portion of such costs which should be borne by each of the Trust Funds
and (with respect to title XVI) by the general revenues of the United
States and shall certify to the Managing Trustee the amount, if any,
which should be transferred among such Trust Funds in order to as-
sure that (after appropriations made pursuant to section 1601, and
repayment to the Trust Funds from amounts so appropriated) each
of the Trust Funds and the general revenues of the United States
bears its proper share of the costs incurred during such fiscal year
for the part of the administration of this title, title XVI, and title
XVIII for which the Secretary of Health, Education, and Welfare
is responsible. The Managing Trustee is authorized and directed to
transfer any such amount (determined under the preceding sentence)
among such Trust Funds in accordance with any certification so made.

* * * * * * *

Old-Age and Survivors Insurance Benefit Payments

Sec. 202. (a) * * *

* * * * * * *

Increase in Old-Age Insurance Benefit Amounts on Account of Delayed
Retirement

(w)(1) If the first month for which an old-age insurance benefit
becomes payable to an individual is not earlier than the month in
which such individual attains age 65 (or his benefit payable at such age
is not reduced under subsection (q)), the amount of the old-age insur-
ance benefit (other than a benefit based on a primary insurance amount
determined under section 215(a) (3)) which is payable without regard
to this subsection to such individual shall be increased by—

(A) one-twelfth of 1 percent of such amount, multiplied by

(B) the number (if any) of the increment months for such
individual.

(2) For purposes of this subsection, the number of increment months
for any individual shall be a number equal to the total number of the
months—

(A) which have elapsed after the month before the month in
which such individual attained age 65 or (if later) December
1970 and prior to the month in which such individual attained age 72, and
(B) with respect to which—
   (i) such individual was a fully insured individual (as
defined in section 214(a)), and
   (ii) such individual either was not entitled to an old-age
       insurance benefit or suffered deductions under section 203(b)
or 203(c) in amounts equal to the amount of such benefit.

(3) For purposes of applying the provisions of paragraph (1), a
determination shall be made under paragraph (2) for each year, be-
ginning with 1972, of the total number of an individual's increment
months through the year for which the determination is made and the
total so determined shall be applicable to such individual's old-age
insurance benefits beginning with benefits for January of the year fol-
lowing the year for which such determination is made; except that
the total number applicable in the case of an individual who attains
age 72 after 1972 shall be determined through the month before the
month in which he attains such age and shall be applicable to his old-
age insurance benefit beginning with the month in which he attains
such age.

(4) This subsection shall be applied after reduction under section
203(a).

(5) If an individual's primary insurance amount is determined
under paragraph (3) of section 215(a) and, as a result of this sub-
section, he would be entitled to a higher old-age insurance benefit if his
primary insurance amount were determined under section 215(a)
without regard to such paragraph, such individual's old-age insurance
benefit based upon his primary insurance amount determined under
such paragraph shall be increased by an amount equal to the difference
between such benefit and the benefit to which he would be entitled if his
primary insurance amount were determined under such section with-
out regard to such paragraph.

Reduction of Insurance Benefits

(Maximum Benefits)

Sec. 203. (a) * * *

* * * * * * * *

Months to Which Earnings Are Charged

(f) For purposes of subsection (b)—

(1) The amount of an individual's excess earnings (as defined
in paragraph (3)) shall be charged to months as follows: There
shall be charged to the first month of such taxable year an amount
of his excess earnings equal to the sum of the payments to which
he and all other persons are entitled for such month under section
202 on the basis of his wages and self-employment income (or the
total of his excess earnings if such excess earnings are less than
such sum), and the balance, if any, of such excess earnings shall
be charged to each succeeding month in such year to the extent, in
the case of each of such month, of the sum of the payments to
which such individual and all other persons are entitled for such
month under section 202 on the basis of his wages and self-em-
ployment income, until the total of such excess has been so charged.
Where an individual is entitled to benefits under section 202(a)
and other persons are entitled to benefits under section 202(b),
(c), or (d) on the basis of the wages and self-employment income
of such individual, the excess earnings of such individual for any
taxable year shall be charged in accordance with the provisions of
this subsection before the excess earnings of such persons for a
taxable year are charged to months in such individual's taxable
year. Notwithstanding the preceding provisions of this paragraph,
but subject to section 202(s), no part of the excess earnings of an
individual shall be charged to any month (A) for which such
individual was not entitled to a benefit under this title, (B) in
which such individual was age seventy-two or over, (C) in which
such individual, if a child entitled to child's insurance benefits, has
attained the age of 18, (D) for which such individual is entitled to
widow's insurance benefits and has not attained age 65 (but only if
she became so entitled prior to attaining age 60) or widower's
insurance benefits and has not attained age 65 (but only if he
became so entitled prior to attaining age 60), or (E) in which such
individual did not engage in self-employment and did not render
services for wages (determined as provided in paragraph (5) of
this subsection) of more than $200 or the exempt amounts as de-
termined under paragraph (5).

(2) As used in paragraph (1), the term "first month of such
taxable year" means the earliest month in such year to which the
charging of excess earnings described in such paragraph is not
prohibited by the application of clauses (A), (B), (C), (D), and
(E) thereof.

(3) For purposes of paragraph (1) and subsection (h), an in-
dividual's excess earnings for a taxable year shall be 50 per centum
of his earnings for such year in excess of the product of $200 or
the exempt amount as determined under paragraph (8), multi-
plied by the number of months in such year, except that, in deter-
mining an individual's excess earnings for the taxable year in
which he attains age 72, there shall be excluded any earnings of
such individual for the month in which he attains such age and
any subsequent month (with any net earnings or net loss from
self-employment in such year being prorated in an equitable
manner under regulations of the Secretary). The excess earn-
ings as derived under the preceding sentence, if not a multiple of
$1, shall be reduced to the next lower multiple of $1.

(4) For purposes of clause (E) of paragraph (1)—

(A) An individual will be presumed, with respect to any
month, to have been engaged in self-employment in such
month until it is shown to the satisfaction of the Secretary
that such individual rendered no substantial services in such
month with respect to any trade or business the net income or
loss of which is includible in computing (as provided in
paragraph (5) of this subsection) his net earnings or net
loss from self-employment for any taxable year. The Secre-
tary shall by regulations prescribe the methods and criteria
for determining whether or not an individual has rendered substantial services with respect to any trade or business.

(B) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (5) of this subsection) of more than $200 or the exempt amount as determined under paragraph (8) until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount.

(5) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

(B) For purposes of this section—

(i) an individual's net earnings from self-employment for any taxable year shall be determined as provided in section 211, except that paragraphs (1), (4), and (5) of section 211 (c) shall not apply and the gross income shall be computed by excluding the amounts provided by subparagraph (D), and

(ii) an individual's net loss from self-employment for any taxable year is the excess of the deductions (plus his distributive share of loss described in section 702(a) (9) of the Internal Revenue Code of 1954) taken into account under clause (i) over the gross income (plus his distributive share of income so described) taken into account under clause (i).

(C) For purposes of this subsection, an individual's wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computations services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee or performed outside the United States in the active military or naval service of the United States, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

(D) In the case of an individual—

(i) who has attained the age of 65 on or before the last day of the taxable year, and

(ii) who shows to the satisfaction of the Secretary that he is receiving royalties attributable to a copyright or patent obtained before the taxable year in which he attained the age of 65 and that the property to which the copyright or patent relates was created by his own personal efforts,

there shall be excluded from gross income any such royalties.

(6) For purposes of this subsection, wages (determined as provided in paragraph (5) (C)), which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages
for a calendar year, such individual's taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.

(7) Where an individual's excess earnings are charged to a month and the excess earnings so charged are less than the total of the payments (without regard to such charging) to which all persons are entitled under section 202 for such month on the basis of his wages and self-employment income, the difference between such total and the excess so charged to such month shall be paid (if it is otherwise payable under this title) to such individual and other persons in the proportion that the benefit to which each of them is entitled (without regard to such charging, without the application of section 202(k)(3), and prior to the application of section 203(a)) bears to the total of the benefits to which all of them are entitled.

(8) (A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the [first] month of [the calendar year] June following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs [(along with the publication of such benefit increase as required by section 215(i)(2)(D))] a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends [(with the close of) after the calendar year [(with the first month of)] in which such benefit increase is effective (or, in the case of an individual who dies during [such] the calendar year after the calendar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).

(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger—

(i) the exempt amount which was in effect with respect to months in the taxable year in which the determination under subparagraph (A) was made, or

(ii) the product of the exempt amount described in clause (i) and the ratio of (I) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year in which the determination under subparagraph (A) was made to (II) the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973, or, if later, the first calendar quarter of the most recent calendar year in which an increase in the contribution and benefit base [exempt amount] was enacted or a determination resulting in such an increase was made under [section 230(a)] subparagaph (A), with such product, if not a multiple of $10 being rounded to the next higher multiple of $10 where such product is a multiple of $5 but not of $10 and to the nearest multiple of $10 in any other case.

Whenever the Secretary determines that the exempt amount is to be increased in any year under this paragraph, he shall notify the House
Committee on Ways and Means and the Senate Committee on Finance  
[no later than August 15 of such year] within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year of the estimated amount of such increase, indicating the new exempt amount, the actuarial estimates of the effect of the increase, and the actuarial assumptions and methodology used in preparing such estimates.

(C) Notwithstanding the determination of a new exempt amount by the Secretary under subparagraph (A) (and notwithstanding any publication thereof under such subparagraph or any notification thereof under the last sentence of subparagraph (B)), such new exempt amount shall not take effect pursuant thereto if during the calendar year in which such determination is made a law increasing the exempt amount [or providing a general benefit increase under this title (as defined in section 215(i)(3))] is enacted.

* * * * * * * * *

**Definition of Wages**

Sec. 209. For the purposes of this title, the term “wages” means remuneration paid prior to 1951 which was wages for the purposes of this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

(a) (1) * * *

* * * * * * * * *

(8) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to [[$12,600]] $13,200 with respect to employment has been paid to an individual during any calendar year after 1973 and prior to 1975, is paid to such individual during such calendar year;

* * * * * * * * *

**Self-Employment**

Sec. 211. For the purposes of this title—

Net Earnings From Self-Employment

(a) The term “net earnings from self-employment” means the gross income, as computed under Subtitle A of the Internal Revenue Code of 1954, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702(a)(9) of the Internal Revenue Code of 1954, from any trade or business carried on by a partnership of which he is a member;
except that in computing such gross income and deductions and such
distributive share of partnership ordinary income or loss—

(1) There shall be excluded rentals from real estate and from
personal property leased with the real estate (including such
rentals paid in crop shares), together with the deductions at-
tributable thereto, unless such rentals are received in the course
of a trade or business as a real estate dealer; except that the pre-
ceding provisions of this paragraph shall not apply to any income
derived by the owner or tenant of land if (A) such income is
derived under an arrangement, between the owner or tenant and
another individual, which provides that such other individual
shall produce agricultural or horticultural commodities (includ-
ing livestock, bees, poultry, and fur-bearing animals and wild-
life) on such land, and that there shall be material participation
by the owner or tenant in the production or the management of
the production of such agricultural or horticultural commodities,
and (B) there is material participation by the owner or tenant
with respect to any such agricultural or horticultural commodity;

* * * * * * * *

(10) In the case of an individual who has been a resident of the
United States during the entire taxable year, the exclusion from
gross income provided by section 911(a)(2) of the Internal Rev-
ene Code of 1954 shall not apply.

If the taxable year of a partner is different from that of the partner-
ship, the distributive share which he is required to include in com-
puting his net earnings from self-employment shall be based upon
the ordinary net income or loss of the partnership for any taxable
year of the partnership (even though beginning prior to 1951) end-
ing within or with his taxable year. In the case of any trade or busi-
ness which is carried on by an individual or by a partnership and in
which, if such trade or business were carried on exclusively by em-
ployees, the major portion of the services would constitute agricul-
tural labor as defined in section 210(f)—

(i) in the case of an individual, if the gross income derived by
him from such trade or business is not more than $2,400, the net
earnings from self-employment derived by him from such trade
or business may, at his option, be deemed to be 662/3 percent
of such gross income; or

(ii) in the case of an individual, if the gross income derived by
him from such trade or business is more than $2,400 and the net
earnings from self-employment derived by him from such trade
or business (computed under this subsection without regard to
this sentence) are less than $1,600, the net earnings from self-
employment derived by him from such trade or business may, at
his option, be deemed to be $1,600; and

(iii) in the case of a member of a partnership, if his distribu-
tive share of the gross income of the partnership derived from
such trade or business (after such gross income has been reduced
by the sum of all payments to which section 707(c) of the In-
ternal Revenue Code of 1954 applies) is not more than $2,400,
his distributive share of income described in section 702(a)(9) of
such Code derived from such trade or business may, at his option, be deemed to be an amount equal to 66\% percent of his distributive share of such gross income (after such gross income has been so reduced); or

(iv) in the case of a member of a partnership, if his distributive share of the gross income of the partnership derived from such trade or business (after such gross income has been reduced by the sum of all payments to which section 707(c) of the Internal Revenue Code of 1954 applies) is more than $2,400 and his distributive share (whether or not distributed) of income described in section 702(a)(9) of such Code derived from such trade or business (computed under this subsection without regard to this sentence) is less than $1,600, his distributive share of income described in such section 702(a)(9) derived from such trade or business may, at his option, be deemed to be $1,600.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the income is computed under a cash receipts and disbursements method, the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the provisions of paragraphs (1) through (6) and paragraphs (8) of this subsection; and

(vi) in the case of any such trade or business in which the income is computed under an accrual method, the gross income from such trade or business, adjusted in accordance with the provisions of paragraphs (1) through (6) and paragraph (8) of this subsection;

and, for purposes of such sentence, if an individual (including a member of a partnership) derives gross income from more than one such trade or business, such gross income (including his distributive share of the gross income of any partnership derived from such trade or business) shall be deemed to have been derived from one trade or business.

The preceding sentence and clauses (i) through (iv) of the second preceding sentence shall also apply in the case of any trade or business (other than a trade or business specified in such second preceding sentence) which is carried on by an individual who is self-employed on a regular basis as defined in subsection (g), or by a partnership of which an individual is a member on a regular basis as defined in subsection (g), but only if such individual's net earnings from self-employment in the taxable year as determined without regard to this sentence are less than $1,600 and less than 66% percent of the sum (in such taxable year) of such individual's gross income derived from all trades or businesses carried on by him and his distributive share of the income or loss from all trades or businesses carried on by all the partnerships of which he is a member; except that this sentence shall not apply to more than 5 taxable years in the case of any individual, and in no case in which an individual elects to determine the amount of his net earnings from self-employment for a taxable year under the provisions of the two preceding sentences with respect to a trade or business to which the second preceding sentence applies and with respect to a trade or
business to which this sentence applies shall such net earnings for such year exceed $1,600.

An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1) (A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such agreement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management.

Self-employment Income

(b) The term “self-employment income” means the net earnings from self-employment derived by an individual (other than a non-resident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

(1) That part of the net earnings from self-employment which is in excess of—

(A) 

(H) For any taxable year beginning after 1973 and prior to 1975, (i) [$12,600] $13,200, minus (ii) the amount of the wages paid to such individual during the taxable year; and

Quarter and Quarter of Coverage

Definitions

Sec. 213. (a) For the purposes of this title—

(1) The term “quarter”, and the term “calendar quarter”, means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(2) The term “quarter of coverage” means a quarter in which the individual has been paid $50 or more in wages (except wages for agricultural labor paid after 1954) or for which he has been credited (as determined under section 212) with $100 or more of self-employment income, except that—

(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;
(ii) if the wages paid to any individual in any calendar year equal to $3,000 in the case of a calendar year before 1951, or $3,600 in the case of a calendar year after 1950 and before 1955, or $4,200 in the case of a calendar year after 1954 and before 1959, or $4,800 in the case of a calendar year after 1958 and before 1966, or $6,600 in the case of a calendar year after 1965 and before 1968, or $7,800 in the case of a calendar year after 1967 and before 1972, or $9,000 in the case of a calendar year after 1971 and before 1973, or $10,800 in the case of a calendar year after 1972 and before 1974, or

[$12,600$] $13,800$ in the case of a calendar year after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals $3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or $4,200 in the case of a taxable year ending after 1954 and before 1959, or $4,800 in the case of a taxable year ending after 1958 and before 1966, or $6,600 in the case of a taxable year after 1965 and before 1968, or $7,800 in the case of a taxable year ending after 1967, or $9,000 in the case of a taxable year beginning after 1971 and before 1973, or $10,800 in the case of a taxable year beginning after 1972 and before 1974, or

[$12,600$] $13,800$ in the case of a taxable year beginning after 1973 and before 1975, or an amount equal to the contribution and benefit base (as determined under section 230) which is effective for the calendar year in the case of any taxable year beginning in any calendar year after 1974, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;

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**Computation of Primary Insurance Amount**

**Sec. 215.** For the purposes of this title—

(a) The primary insurance amount of an insured individual shall be determined as follows:

(1) * * *

* * * * * * * * * * * * * * * *

(3) Such primary insurance amount shall be an amount equal to

[$8.50]$ the larger of $8.50 or the amount most recently established in lieu thereof under section 215(1) multiplied by the individual’s years of coverage in excess of 10 in any case in which such amount is higher than the individual’s primary insurance amount as determined under paragraph (1) or (2).
TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS

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<tr>
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<td>(Primary insurance benefit under 1939 Act, as modified)</td>
<td>(Primary insurance amount under 1971 Act)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
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<td>If an individual’s primary insurance benefit (as determined under subsec. (c)) is—</td>
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And the maximum amount of benefits payable (as provided in sec. 412(c)) on the basis of his wages and self-employment income shall be—
### Table for Determining Primary Insurance Amount and Maximum Family Benefits—Continued

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<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
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<td>If an individual’s primary insurance benefit (as determined under subsec. (c)) is—</td>
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<td>The amount referred to in the preceding paragraph of this subsection shall be—</td>
<td>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—</td>
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<td>Or his average monthly wage (as determined under subsec. (c)) is—</td>
<td>The amount referred to in the preceding paragraph shall be—</td>
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<td>And the minimum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wages and self-employment income shall be—</td>
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<td>Or his primary insurance amount (as determined under subsec. (c)) is—</td>
<td>Or his average monthly wage (as determined under subsec. (d)) is—</td>
<td>The amount referred to in the preceding paragraphs of this subsection shall be—</td>
<td>And the maximum amount of benefits payable (as provided in sec. 200(a)) on the basis of his wages and self-employment income shall be—</td>
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Notes:
- 'primary insurance benefit' means a flat rate benefit payable to the individual.
- 'average monthly wage' means the daily wage rate multiplied by 260.
- The amounts shown are subject to the maximum amount of benefits payable on the individual wage as set out in columns IV and V.
### TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
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<tr>
<td>(Primary insurance benefit under ‘’83 Act, as modified)</td>
<td>(Primary insurance amount)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefit)</td>
</tr>
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<td>If an individual’s primary insurance benefit (as determined under subsection (6)) is:</td>
<td>Or his primary insurance amount (as determined under subsection (6)) is:</td>
<td>Or his average monthly wage (as determined under subsection (6)) is:</td>
<td>The amount referred to in the preceding paragraphs of this subsection shall be:</td>
<td>And the maximum amount of benefits payable (as provided in sec. 303(d)) on the basis of his wages and self-employment income shall be:</td>
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## TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

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<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
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<td>(Primary insurance benefit under (209 A)(5) as modified)</td>
<td>(Primary insurance amount effective for September 1978)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
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</table>

<table>
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<th>If an individual’s primary insurance benefit (as determined under subsec. (d)) is—</th>
<th>Or his primary insurance amount (as determined under subsec. (c)) is—</th>
<th>Or his average monthly wage (as determined under subsec. (b)) is—</th>
<th>The amount referred to in the preceding paragraphs of this subsection shall be—</th>
<th>And the maximum amount of benefits payable (as provided in sec. 209(a)) on the basis of his wages and self-employment income shall be—</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least</td>
<td>But not more than</td>
<td>At least</td>
<td>But not more than</td>
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TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued

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<th>I</th>
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<th>III</th>
<th>IV</th>
<th>V</th>
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<td>(Primary insurance amount effective for September 1970)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
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<td>If an individual's primary insurance benefit (as determined under subsec. (d)) is—</td>
<td>Or his primary insurance amount (as determined under subsec. (d)) is—</td>
<td>Or his average monthly wage (as determined under subsec. (b)) is—</td>
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<td>But not more than—</td>
</tr>
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* Certain Wages and Self-Employment Income Not To Be Counted

(e) For the purposes of subsections (b) and (d)—

(1) in computing an individual's average monthly wage there shall not be counted the excess over $3,600 in the case of any calendar year after 1950 and before 1955, the excess over $4,200 in the case of any calendar year after 1954 and before 1959, the...
excess over $4,800 in the case of any calendar year after 1958 and before 1966, the excess over $6,000 in the case of any calendar year after 1965 and before 1968, the excess over $7,800 in the case of any calendar year after 1967 and before 1972, the excess over $9,000 in the case of any calendar year after 1971 and before 1973, the excess over $10,800 in the case of any calendar year after 1972 and before 1974, the excess over $12,600 in the case of any calendar year after 1973 and before 1975, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1974 with respect to which such contribution and benefit base is effective of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

(2) if an individual's average monthly wage computed under subsection (b) or for the purposes of subsection (d) is not a multiple of $1, it shall be reduced to the next lower multiple of $1.

* * * * * * * * * * * * *

Cost-of-Living Increases in Benefits

(i) (1) For purposes of this subsection—

(A) the term "base quarter" means (i) the calendar quarter ending on March 31 in each year after 1974, or (ii) any other calendar quarter in which occurs the effective month of a general benefit increase under this title;

(B) the term "cost-of-living computation quarter" means a base quarter, as defined in subparagraph (A) (i), in which the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, such Index in the later of (i) the last prior cost-of-living computation quarter which was established under this subparagraph, or (ii) the most recent calendar quarter in which occurred the effective month of a general benefit increase under this title; except that there shall be no cost-of-living computation quarter in any calendar year if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and

(C) the Consumer Price Index for a base quarter, a cost-of-living computation quarter, or any other calendar quarter shall be the arithmetical mean of such index for the 3 months in such quarter.

(2) (A) (i) The Secretary shall determine each year beginning with 1974 (subject to the limitation in paragraph (1) (B) (and to subparagraph (E) of this paragraph)) whether the base quarter (as defined in paragraph (1) (A) (i)) in such year is a cost-of-living computation quarter.

(ii) If the Secretary determines that such the base quarter in any year is a cost-of-living computation quarter, he shall, effective with the month of January of the next calendar year June of such year (subject to subparagraph (E)) as provided in subparagraph (B), increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance
amount of each other individual under this title (but not including a primary insurance amount determined under subsection (a) (3) of this section) by an amount derived by multiplying each such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the nearest one-tenth of 1 percent) as the percentage by which the Consumer Price Index for such cost-of-living computation quarter exceeds such index for the most recent prior calendar quarter which was a base quarter under paragraph (1) (A) (ii) or, if later, the most recent cost-of-living computation quarter under paragraph (1) (B). Any such increased amount which is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply in the case of monthly benefits under this title for months after [December] May of the calendar year in which occurred such cost-of-living computation quarter, and in the case of lump-sum death payments with respect to deaths occurring after [December] May of such calendar year.

(C) (i) Whenever the level of the Consumer Price Index as published for any month exceeds by 2.5 percent or more the level of such index for the most recent base quarter (as defined in paragraph (1) (A) (ii) or, if later, the most recent cost-of-living computation quarter, the Secretary shall (within 5 days after such publication) report the amount of such excess to the House Committee on Ways and Means and the Senate Committee on Finance.

(ii) Whenever the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall notify the House Committee on Ways and Means and the Senate Committee on Finance of such determination within 5 days after such publication, indicating the amount of the benefit increase to be provided, his estimate of the extent to which the cost of such increase would be met by an increase in the contribution and benefit base under section 230 and the estimated amount of the increase in such base, the actuarial estimates of the effect of such increase, and the actuarial assumptions and methodology used in preparing such estimates.

(D) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before November 1 of such calendar year within 45 days after the close of such quarter a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been most recently revised by another law or pursuant to this paragraph; and such revised table shall be deemed to be the table appearing in such subsection (a)). Such revision shall be determined as follows:

*(E) Notwithstanding a determination by the Secretary under subparagraph (A) that a base quarter in any calendar year is a cost-of-
living computation quarter (and notwithstanding any notification or publication thereof under subparagraph (C) or (D)), no increase in benefits shall take effect pursuant thereto, and such quarter shall be deemed not to be a cost-of-living computation quarter, if during the calendar year in which such determination is made a law providing a general benefit increase under this title is enacted or becomes effective.

Entitlement to Hospital Insurance Benefits

Sec. 226.

(a) Every individual who—

(1) has attained age 65, and
(2) is entitled to monthly insurance benefits under section 202 or is a qualified railroad retirement beneficiary.

shall be entitled to hospital insurance benefits under part A of title XVIII for each month for which he meets the condition specified in subparagraph (B), beginning with the first month after June 1966 for which he meets the conditions specified in subparagraphs (A) and (B).

(b) * *

(d) For purposes of this section, the term "qualified railroad retirement beneficiary" means an individual whose name has been certified to the Secretary by the Railroad Retirement Board under section 21 or section 22 of the Railroad Retirement Act of 1937. An individual shall cease to be a qualified railroad retirement beneficiary at the close of the month preceding the month which is certified by the Railroad Retirement Board as the month in which he ceased to meet the requirements of section 21 or section 22 of the Railroad Retirement Act of 1937.

(c) Notwithstanding the foregoing provisions of the section, every individual who—

(1) has not attained the age of 65;
(2) is fully or currently insured (as such terms are defined in section 214 of this Act), or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1937) after December 31, 1936, were included in the term "employment" as defined in this Act, or (B) is entitled to monthly insurance benefits under title II of this Act, or an annuity under the Railroad Retirement Act of 1937, or (C) is the spouse or dependent child (as defined in regulations) of an individual who is fully or currently insured, or would be fully or currently insured if his service as an employee (as defined in the Railroad Retirement Act of 1937) after December 31, 1936, were included in the term "employment" as defined in this Act, or (D) is the spouse or dependent child (as defined in regulations) of an individual entitled to monthly insurance benefits under title II of
this Act or an annuity under the Railroad Retirement Act of 1937; and

(3) is medically determined to have chronic renal disease and who requires hemodialysis or renal transplantation for such disease;

shall be deemed to be disabled for purposes of coverage under parts A and B of Medicare subject to the deductible, premium, and copayment provisions of title XVIII.

(f) Medicare eligibility on the basis of chronic kidney failure shall begin with the third month after the month in which a course of renal dialysis is initiated and would end with the twelfth month after the month in which the person has a renal transplant or such course of dialysis is terminated.

(g) (1) The Secretary [is authorized to] shall limit reimbursement under Medicare for kidney transplant and dialysis to kidney disease treatment centers which meet such requirements as he [may] shall by regulation prescribe: Provided. That such requirements must include at least requirements for minimal utilization rate for covered procedures and for [a] an independent medical review board to screen the appropriateness of patients for the proposed treatment procedures.

“(2) Notwithstanding the provisions of section 1842(a), the Secretary is authorized to designate the organizations to be used in making payments with respect to kidney dialysis services and to provide for payments for such services by applying such tests of reasonableness as he may find appropriate, including a test of relationship of charges to costs of providing such services. Notwithstanding the provisions of section 1842(b)(3), the Secretary is further authorized to provide for payments for such services on the basis of specific individual services and on services expected to be rendered over a period of time, and may apply such conditions to payment as he may find necessary to limit charges to patients in excess of those which he may find reasonable. With respect to services expected to be provided over a period of time, the Secretary may provide for payments on a near-term basis or such other basis as he may by regulation prescribe.”.

(f)(h) (1) For purposes of determining entitlement to hospital insurance benefits under subsection (b) in the case of widows and widowers described in paragraph (2) (A) (iii) thereof—

(A) the term “age 60” in sections 202(e) (1) (B) (ii), [and] 202(e) (5), [and the term “age 62” in sections] 202(f) (1) (B) (ii), and 202(f) (6) shall be deemed to read “age 65”; and

(B) the phrase “before she attained age 60” in the matter following subparagraph (F) of section 202(e) (1) [shall] and the phrase “before he attained age 60” in the matter following subparagraph (G) of section 202(f) (1) shall each be deemed to read “based on a disability”.

(2) For purposes of determining entitlement to hospital insurance benefits under subsection [(a) (2) (b)] in the case of an individual under age 65 who is entitled to benefits under section 202, and who was entitled to widow's insurance benefits or widower's insurance benefits based on disability for the month before the first month in which such individual was so entitled to old-age insurance benefits (but ceased to be entitled to such widow’s or widower's insurance benefits upon becoming entitled to such old-age insurance benefits), such individual
shall be deemed to have continued to be entitled to such widow's insurance benefits or widower's insurance benefits for and after such first month.

(3) For purposes of determining entitlement to hospital insurance benefits under subsection [(a)(2)](b) any disabled widow age 50 or older who is entitled to mother's insurance benefits (and who would have been entitled to widow's insurance benefits by reason of disability if she had filed for such widow's benefits) shall, upon application, for such hospital insurance benefits be deemed to have filed for such widow's benefits and shall, upon furnishing proof of such disability prior to July 1, 1974, under such procedures as the Secretary may prescribe, be deemed to have been entitled to such widow's benefits as of the time she would have been entitled to such widow's benefits if she had filed a timely application therefor.

[(f)](i) For entitlement to hospital insurance benefits in the case of certain uninsured individuals, see section 103 of the Social Security Amendments of 1965.

Transitional Insured Status

Sec. 227. (a) In the case of any individual who attains the age of 72 before 1969 but who does not meet the requirements of section 214(a), the 6 quarters of coverage referred to in paragraph (1) of section 214(a) shall, instead, be 3 quarters of coverage for purposes of determining entitlement of such individual to benefits under section 202(a), and of his wife to benefits under section 202(b), but, in the case of such wife, only if she attains the age of 72 before 1969 and only with respect to wife's insurance benefits under section 202(b) for and after the month in which she attains such age. For each month before the month in which any such individual meets the requirements of section 214(a), the amount of his old-age insurance benefit shall, notwithstanding the provisions of section 202(a), be the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i) and the amount of the wife's insurance benefit of his wife shall, notwithstanding the provisions of section 202(b), be the larger of $32.00 or the amount most recently established in lieu thereof under section 215(i).

(b) In the case of any individual who has died, who does not meet the requirements of section 214(a), and whose widow attains age 72 before 1969, the 6 quarters of coverage referred to in paragraph (3) of section 214(a) and in paragraph (1) thereof shall, for purposes of determining her entitlement to widow's insurance benefits under section 202(e), instead be—

(1) 3 quarters of coverage if such widow attains the age of 72 in or before 1966,

(2) 4 quarters of coverage if such widow attains the age of 72 in 1967, or

(3) 5 quarters of coverage if such widow attains the age of 72 in 1968.

The amount of her widow's insurance benefit for each month shall, notwithstanding the provisions of section 202(e) (and section 202 (m)), be the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i).
(c) In the case of any individual who becomes, or upon filing application therefor would become, entitled to benefits under section 202(a) by reason of the application of subsection (a) of this section, who dies, and whose widow attains the age of 72 before 1969, such deceased individual shall be deemed to meet the requirements of subsection (b) of this section for purposes of determining entitlement of such widow to widow's insurance benefits under section 202(e).

Benefits at Age 72 for Certain Uninsured Individuals

Eligibility

Sec. 228. (a) Every individual who—

(1) has attained the age of 72,

(2) (A) attained such age before 1968, or (B) has not less than 3 quarters of coverage, whenever acquired, for each calendar year elapsing after 1966 and before the year in which he attained such age,

(3) is a resident of the United States (as defined in subsection (e)), and is (A) a citizen of the United States or (B) an alien lawfully admitted for permanent residence who has resided in the United States (as defined in section 210(i)) continuously during the 5 years immediately preceding the month in which he files application under this section, and

(4) has filed application for benefits under this section,

shall (subject to the limitations in this section) be entitled to a benefit under this section for each month beginning with the first month after September 1966 in which he becomes so entitled to such benefits and ending with the month preceding the month in which he dies. No application under this section which is filed by an individual more than 3 months before the first month in which he meets the requirements of paragraphs (1), (2), and (3) shall be accepted as an application for purposes of this section.

Benefit Amount

(b) (1) Except as provided in paragraph (2), the benefit amount to which an individual is entitled under this section for any month shall be the larger of $6440 or the amount most recently established in lieu thereof under section 215(i).

(2) If both husband and wife are entitled (or upon application would be entitled) to benefits under this section for any month, the amount of the husband's benefit for such month shall be the larger of $6440 or the amount most recently established in lieu thereof under section 215(i) and the amount of the wife's benefit for such month shall be the larger of $3220 or the amount most recently established in lieu thereof under section 215(i).

Reduction for Government Pension System Benefits

(c) (1) The benefit amount of any individual under this section for any month shall be reduced (but not below zero) by the amount of any periodic benefit under a governmental pension system for which he is eligible for such month.
(2) In the case of a husband and wife only one of whom is entitled to benefits under this section for any month, the benefit amount, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (A) the total amount of any periodic benefits under governmental pension systems for which the spouse who is not entitled to benefits under this section is eligible for such month, over (B) $29.00 the larger of $32.20 or the amount most recently established in lieu thereof under section 215(4).

(3) In the case of a husband and wife both of whom are entitled to benefits under this section for any month—

(A) the benefit amount of the wife, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (i) the total amount of periodic benefits under governmental pension systems for which the husband is eligible for such month, over (ii) $58.00 the larger of $64.40 or the amount most recently established in lieu thereof under section 215(4); and

(B) the benefit amount of the husband, after any reduction under paragraph (1), shall be further reduced (but not below zero) by the excess (if any) of (i) the total amount of any periodic benefits under governmental pension systems for which the wife is eligible for such month, over (ii) $29.00 the larger of $32.20 or the amount most recently established in lieu thereof under section 215(4).

(4) For purposes of this subsection, in determining whether an individual is eligible for periodic benefits under a governmental pension system—

(A) such individual shall be deemed to have filed application for such benefits,

(B) to the extent that entitlement depends on an application by such individual's spouse, such spouse shall be deemed to have filed application, and

(C) to the extent that entitlement depends on such individual or his spouse having retired, such individual and his spouse shall be deemed to have retired before the month for which the determination of eligibility is being made.

(5) For purposes of this subsection, if any periodic benefit is payable on any basis other than a calendar month, the Secretary shall allocate the amount of such benefit to the appropriate calendar months.

(6) If, under the foregoing provisions of this section, the amount payable for any month would be less than $1, such amount shall be reduced to zero. In the case of a husband and wife both of whom are entitled to benefits under this section for the month, the preceding sentence shall be applied with respect to the aggregate amount so payable for such month.

(7) If any benefit amount computed under the foregoing provisions of this section is not a multiple of $0.10, it shall be raised to the next higher multiple of $0.10.

(8) Under regulations prescribed by the Secretary, benefit payments under this section to an individual (or aggregate benefit payments under this section in the case of a husband and wife) of less than $5 may be accumulated until they equal or exceed $5.
Suspension for Months in Which Cash Payments Are Made Under Public Assistance

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

(1) such individual receives aid or assistance in the form of money payments in such month under a State plan approved under title I, X, XIV, or XVI or part A of title IV, or

(2) such individual's husband or wife receives such aid or assistance in such month, and under the State plan the needs of such individual were taken into account in determining eligibility for (or amount of) such aid or assistance,

unless the State agency administering or supervising the administration of such plan notifies the Secretary, at such time and in such manner as may be prescribed in accordance with regulations of the Secretary, that such payments to such individual (or such individual's husband or wife) under such plan are being terminated with the payment or payments made in such month and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93–66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93–66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month.

Adjustment of the Contribution and Benefit Base

Sec. 230. (a) Whenever the Secretary pursuant to section 215(i) increases benefits effective 'with the first month of the calendar year' with the June following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs (along with the publication of such benefit increase as required by section 215(i)(2)(D)) the contribution and benefit base determined under subsection (b) which shall be effective (unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E)) with respect to remuneration paid after the calendar year in which such quarter occurs and taxable years beginning after such year.

(c) For purposes of this section, and for purposes of determining wages and self-employment income under sections 209, 211, 213, and 215 of this Act and sections 1402, 3121, 3122, 3125, 6413, and 6654 of the Internal Revenue Code of 1954, the "contribution and benefit base" with respect to remuneration paid in (and taxable years beginning in) any calendar year after 1973 and prior to the calendar year with the [first month] June of which the first increase in benefits pursuant to section 215(i) of this Act becomes effective shall be $12,600 or (if applicable) such other amount as may be specified in a law enacted subsequent to the law which added this section.
International Agreements

Purpose of Agreement

Sec. 232. (a) The President is authorized to enter into agreements establishing totalization arrangements between the social security system established by this title and the social security system of any foreign country, for the purposes of establishing entitlement to and the amount of old-age, survivors, disability, or derivative benefits based on a combination of an individual’s periods of coverage under the social security system established under this title and the social security system of such foreign country.

Delegation of Authority to Secretary of Health, Education, and Welfare

(b) (1) The President is authorized to delegate any of his functions under this section to the Secretary of Health, Education, and Welfare.
(2) Pursuant to any such delegation, the Secretary of Health, Education, and Welfare shall consult with the Secretary of the Treasury and the Secretary of State prior to entering into any such agreement.

Definitions

(c) For the purposes of this section—
(1) The term “social security systems” of a foreign country means a social insurance or pension system which is of general application in the country and under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, death, or disability.
(2) The term “period of coverage” means a period of payment of contributions or a period of earnings based on wages for employment or on self-employment income, or any similar period recognized as equivalent thereto under this title or under the social security system of a country which is a party to an agreement entered into under this section.

Crediting Periods of Coverage; Tax Exemptions; Conditions of Payment of Benefits

(d) (1) Any agreement establishing a totalization arrangement pursuant to this section shall provide—
(A) that, in the case of an individual who has at least 6 quarters of coverage as defined in section 213 of this Act and periods of coverage under the social security system of a foreign country which is a party to such agreement, periods of coverage of such individual under such social security systems of such foreign country may, at the option of such individual or of the survivors of such individual, be combined with periods of coverage under this title and otherwise considered for the purpose of establishing entitlement to and the amount of old-age, survivors, and disability insurance benefits under this title;
(B) (i) that employment or self-employment, or any service which is recognized as equivalent to employment or self-employment under this title and the social security system of such foreign country which is a party to such agreement, shall, on or after
the effective date of such agreement, result in a period of coverage under the system established under this title or under the system established under the laws of such foreign country, but not under both;

(ii) the methods and conditions for determining under which system such employment, self-employment, or other service shall result in a period of coverage;

(C) that where an individual’s periods of coverage are combined, the benefit amount payable under this title shall be based on the proportion of such individual’s periods of coverage which were completed under this title; and

(D) than an individual who is entitled to cash benefits under this title pursuant to such agreement shall, notwithstanding the provisions of section 203(t), receive such benefits while he legally resides in the foreign country which is a party to such agreement.

(3) Any such agreement may provide that the benefit paid by the United States to an individual who legally resides in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit amount which would be payable to an entitled individual based on the first figure in (or deemed to be in) column IV of the table in section 215(a).

(4) Section 226 shall not apply in the case of any individual to whom it would not be applicable but for this section or any agreement or regulation under this section.

(5) Any such agreement may contain such other provisions, not inconsistent with this section, as the President deems appropriate.

Regulations

(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

Reports to Congress; Effective Date of Agreements

(f) (1) Any agreement to establish a totalization arrangement entered into pursuant to this section shall be transmitted by the President to the Congress.

(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1). The continuity of a session is broken (for purposes of this paragraph) only by an adjournment of the Congress sine die. The days on which either House of the Congress is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 90-day period.
TITLE IV.—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD WELFARE SERVICES

Part A—Aid to Families With Dependent Children

Appropriation

Sec. 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid and services to needy families with children.

State Plans for Aid and Services to Needy Families with Children

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

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

(2) provide for financial participation by the State;

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

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

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

(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income (including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954) and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as any child care expenses reasonably attributable to the earning of any such income;

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

(A) shall with respect to any month disregard—

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

(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $30 of the total of such earned income for such month plus one-third of the remainder of such income for such month; (I) the first $60 of earned income for individuals who are employed at least 40 hours per week, or at least 35 hours per week and are earning at least $64 per week, and (II) the first $30 of earned income for other individuals, plus in each case, one-third of any $300 of additional earnings, and one-fifth of such additional earnings in excess of $300, except that in each case an amount equal to the reasonable child care expenses incurred (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income (except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b) (2) and (3); and

(B) (i) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and

(ii) may, before disregarding the amounts referred to in subparagraph (A) and clause (i) of this subparagraph, disregard not more than $5 per month of any income and shall, before disregarding the amounts referred to in subparagraph (A) and clauses
(i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II; except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subparagraph (B)) of—
(C) any one of the persons specified in clause (ii) of subparagraph (A) if such person—
(i) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days) preceding such month as may be prescribed by the Secretary; or
(ii) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employment is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or
(D) any of such persons specified in clause (ii) of subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of clause (7)) was in excess of their need as determined by the State agency pursuant to clause (7) (without regard to clause (8)), unless, for any one of the four months preceding such month, the needs of such person were met by the furnishing of aid under the plan;
(9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;
(10) provide, effective July 1, 1951, that all individuals wishing to make application for aid to families with dependent children shall have opportunity to do so, and that aid to families with dependent children shall, subject to paragraphs (25) and (26), be furnished with reasonable promptness to all eligible individuals;
(11) effective July 1, 1952, provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part D of this title) of the furnishing of aid to families with dependent children in respect of a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);
(12) provide, effective October 1, 1950, that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act;
(13) provide a description of the services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;
(14) provide for the development and application of a program for such family services as defined in section 406(d) and child welfare services, as defined in section 425, for each child and relative who receives aid to families with dependent children and each appropriate individual (living in the same home as a relative and child receiving such aid whose needs are taken into account in making the determination under clause (7)), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individuals, in order to assist such child, relative, and individuals to attain or retain capability for self-support and care and in order to maintain and strengthen family life and to foster child development;

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

(16) provide—(A) that the State agency will provide such services as are necessary to aid the prevention, identification, and treatment of child abuse and neglect and, wherever feasible, to make it possible for the child to remain in the home; and (B) that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or, other agency, including law enforcement agencies, in the State providing such data with respect to the situation it may have;

(17) provide—

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

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

(ii) in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and
[(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);]

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

(19) provide—

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

(i) a child who is under age 16 or attending school full time;  
(ii) a person who is ill, incapacitated, or of advanced age;  
(iii) a person so remote from a work incentive project that his effective participation is precluded;  
(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;  
(v) a mother or other relative of a child under the age of six who is caring for the child; or

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

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

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

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

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

(E) [Repealed].

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

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

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

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the determination under clause (7)) if that child makes such refusal; and

(iv) If such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7); except that the State agency shall for a period of sixty days, make payments of the type described in section 406(b)(2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

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

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

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

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

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

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

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

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

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

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

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

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

(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the administration of such plan;

(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

(B) to cooperate with the State (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of this paragraph, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subparagraphs (A) through (E) of such section); and

(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan.

(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes as a condition of eligibility for aid to families with dependent children a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for one year immediately preceding the application for such aid, or (2) who was born within one year immediately preceding the application, if the parent or other relative with whom the child is living has resided in the State for one year immediately preceding the birth.

(c) The Secretary shall, on the basis of his review of the reports received from the States under clause (15) of subsection (a), compile such data as he believes necessary and from time to time publish his
findings as to the effectiveness of the programs developed and administered by the States under such clause. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the programs developed and administered by each State under such clause (15).

Payment to States

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

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

   (A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $18 multiplied by the total number of recipients of aid to families with dependent children for such month (which total number, for purposes of this subsection, means (i) the number of individuals with respect to whom such aid in the form of money payments is paid for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to families with dependent children in the form of medical or any other type of remedial care, plus (iii) the number of individuals, not counted under clause (i) or (ii), with respect to whom payments described in section 406(b) (2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2)); plus

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

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

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

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

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

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

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

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

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

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

(D) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under
the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies); except that services described in clause (ii) of subparagraph (C) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved; and except that, to the extent specified by the Secretary, child-welfare services, family planning services, and family services may be provided from sources other than those referred to in subparagraphs (C) and (D). The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraph (B) applies shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.

(4) [Repealed]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1975, be reduced by 5 per centum of such amount if such State is found by the Secretary in the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after June 30, 1975 (but, in the case of the fiscal year beginning July 1, 1975, only considering the third and fourth quarters thereof).

Operation of State Plans

Sec. 404. (a) In the case of any State plan for aid and services to needy families with children which has been approved by the Secretary of Health, Education, and Welfare, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

1. that the plan has been so changed as to impose any residence requirement prohibited by section 402(b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

2. that in the administration of the plan there is a failure to comply substantially with any provision required by section 402(a) to be included in the plan:

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

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(b) No payment to which a State is otherwise entitled under this title for any period before September 1, 1962, shall be withheld by reason of any action taken pursuant to a State statute which requires that aid be denied under the State plan approved under this part with respect to a child because of the conditions in the home in which the child resides; nor shall any such payment be withheld for any period beginning on or after such date by reason of any action taken pursuant to such a statute if provision is otherwise made pursuant to a State statute for adequate care and assistance with respect to such child.

(c) No State shall be found, prior to January 1, 1976, to have failed substantially to comply with the requirements of section 408(a) (27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.

(d) After December 31, 1975, in the case of any State which is found to have failed substantially to comply with the requirements of section 408(a) (27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section.

Use of Payments for Benefit of Child

Sec. 405. Whenever the State agency has reason to believe that any payments of aid to families with dependent children made with respect to a child are not being or may not be used in the best interests of the child, the State agency may provide for such counseling and guidance services with respect to the use of such payments and the management of other funds by the relative receiving such payments as it deems advisable in order to assure use of such payments in the best interests of such child, and may provide for advising such relative that continued failure to so use such payments will result in substitution therefor of protective payments as provided under section 406(b) (2), or in seeking appointment of a guardian or legal representative as provided in section 1111, or in the imposition of criminal or civil penalties authorized under State law if it is determined by a court of competent jurisdiction that such relative is not using or has not used for the benefit of the child any such payments made for that purpose; and the provision of such services or advice by the State agency (or the taking of the action specified in such advice) shall not serve as a basis for withholding funds from such State under section 404 and shall not prevent such payments with respect to such child from being considered aid to families with dependent children.

Definitions

Sec. 406. When used in this part—

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

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

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

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

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

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

(E) opportunity for a fair hearing before the State agency on the determination referred to in clause (A) for any individual with respect to whom it is made;
(c) The term "relative with whom any dependent child is living" means the individual who is one of the relatives specified in subsection (a) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

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

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

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

(B) such services as may be specified by the Secretary; but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

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

(f) Notwithstanding the provisions of subsection (b), the term "aid to families with dependent children" does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate.

Dependent Children of Unemployed Fathers

Sec. 407. (a) The term "dependent child" shall, notwithstanding section 406(a), include a needy child who meets the requirements of section 406(a)(2), who has been deprived of parental support or care by reason of the unemployment (as determined in accordance
(b) The provisions of subsection (a) shall be applicable to a State if the State's plan approved under section 402—

(1) requires the payment of aid to families with dependent children with respect to a dependent child as defined in subsection (a) when—

(A) such child’s father has not been employed (as determined in accordance with the standards prescribed by the Secretary) for at least 30 days prior to the receipt of such aid,

(B) such father has not without good cause, within such period (of not less than 30 days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment, and

(C) (i) such father has 6 or more quarters of work (as defined in subsection (d)(1)) in any 13-calendar-quarter period ending within one year prior to the application for such aid or (ii) he received unemployment compensation under an unemployment compensation law of a State or of the United States, or he was qualified (within the meaning of subsection (d)(3)) for unemployment compensation under the unemployment compensation law of the State, within one year prior to the application for such aid; and

(2) provides—

(A) for such assurances as will satisfy the Secretary that fathers of dependent children as defined in subsection (a) will be certified to the Secretary of Labor as provided in section 402(a)(19) within thirty days after receipt of aid with respect to such children;

(B) for entering into cooperative arrangements with the State agency responsible for administering or supervising the administration of vocational education in the State, designed to assure maximum utilization of available public vocational education services and facilities in the State in order to encourage the retraining of individuals capable of being retrained; and

(C) for the denial of aid to families with dependent children to any child or relative specified in subsection (a)—

(i) if, and for so long as, such child’s father is not currently registered with the public employment offices in the State; and

(ii) with respect to any week for which such child’s father receives unemployment compensation under an unemployment compensation law of a State or of the United States.

(c) Notwithstanding any other provisions of this section, expenditures pursuant to this section shall be excluded from aid to families with dependent children (A) where such expenditures are made under the plan with respect to any dependent child as defined in subsection
(a), (i) for any part of the 30-day period referred to in subparagraph (A) of subsection (b)(1), or (ii) for any period prior to the time when the father satisfies subparagraph (B) of such subsection, and (B) if, and for as long as, no action is taken (after the 30-day period referred to in subparagraph (A) of subsection (b)(2), under the program therein specified, to certify such father to the Secretary of Labor pursuant to section 402(a)(19).

(d) For purposes of this section—

(1) the term "quarter of work" with respect to any individual means a calendar quarter in which such individual received earned income of not less than $50 (or which is a "quarter of coverage" as defined in section 213(a)(2)), or in which such individual participated in a community work and training program under section 409 or any other work and training program subject to the limitations in section 409, or the work incentive program established under part C;

(2) the term "calendar quarter" means a period of 3 consecutive calendar months ending on March 31, June 30, September 30, or December 31; and

(3) an individual shall be deemed qualified for unemployment compensation under the State's unemployment compensation law if—

(A) he would have been eligible to receive such unemployment compensation upon filing application, or

(B) he performed work not covered under such law and such work, if it had been covered, would (together with any covered work he performed) have made him eligible to receive such unemployment compensation upon filing application.

Federal Payments for Foster Home Care of Dependent Children

Sec. 408. Effective for the period beginning May 1, 1961—

(a) the term "dependent child" shall, notwithstanding section 406(a), also include a child (1) who would meet the requirements of such section 406(a) or of section 407, except for his removal after April 30, 1961, from the home of a relative (specified in such section 406(a)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child, (2) whose placement and care are the responsibility of (A) the State or local agency administering the State plan approved under section 402, or (B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in paragraph (f)(1) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402, (3) who has been placed in a foster family home or child-care institution as a result of such determination, and (4) who (A) received aid under such State plan in or for the month in which court proceedings leading to such determination were initiated, or (B)(1) would have received such aid in or for such month if application had been made therefor,
or (ii) in the case of a child who had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month he had been living with (and removed from the home of) such a relative and application had been made therefore;

(b) the term “aid to families with dependent children” shall, notwithstanding section 406(b), include also foster care in behalf of a child described in paragraph (a) of this section—

(1) in the foster family home of any individual, whether the payment therefor is made to such individual or to a public or nonprofit private child-placement or child-care agency, or

(2) in a child-care institution, whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary with a view to including as “aid to families with dependent children” in the case of such foster care in such institutions only those items which are included in such term in the case of foster care in the foster family home of an individual;

(c) the number of individuals counted under clause (A) of section 403(a) (1) for any month shall include individuals (not otherwise included under such clause) with respect to whom expenditures were made in such months as aid to families with dependent children in the form of foster care; and

(d) services described in paragraph (f) (2) of this section shall be considered as part of the administration of the State plan for purposes of section 403(e) (3);

but only with respect to a State whose State plan approved under section 401—

(e) includes aid for any child described in paragraph (a) of this section, and

(f) includes provision for (1) development of a plan for each such child (including periodic review of the necessity for the child’s being in a foster family home or child-care institution) to assure that he receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a relative specified in section 406(a), and (2) use by the State or local agency administering the State plan, to the maximum extent practicable, in placing such a child in a foster family home or child-care institution, of the services of employees of the State public-welfare agency referred to in section 522(a) (relating to allotments to States for child welfare services under part 3 of title V) or of any local agency participating in the administration of the plan referred to in such section, who perform functions in the administration of such plan.

For the purposes of this section, the term “foster family home” means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing; and the term “child-care in-
"institution" means a nonprofit private child-care institution which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing.

Community Work and Training Programs

Sec. 409. (a) For the purpose of assisting the States in encouraging, through community work and training programs of a constructive nature, the conservation of work skills and the development of new skills for individuals who have attained the age of 18 and are receiving aid to families with dependent children, under conditions which are designed to assure protection of the health and welfare of such individuals and the dependent children involved, expenditures (other than for medical or any other type of remedial care) for any month with respect to a dependent child (including payments to meet the needs of any relative or relatives, specified in section 406(a), with whom he is living) under a State plan approved under section 402 shall not be excluded from aid to families with dependent children because such expenditures are made in the form of payments for work performed in such month by any one or more of the relatives with whom such child is living if such work is performed for the State agency or any other public agency under a program (which need not be in effect in all political subdivisions of the State) administered by or under the supervision of such State agency, if there is State financial participation in such expenditures, and if such State plan includes—

(1) provisions which, in the judgment of the Secretary, provide reasonable assurance that—

(A) appropriate standards for health, safety, and other conditions applicable to the performance of such work by such relatives are established and maintained;

(B) payments for such work are at rates not less than the minimum rate (if any) provided by or under State law for the same type of work and not less than the rates prevailing on similar work in the community;

(C) such work is performed on projects which serve a useful public purpose, do not result either in displacement of regular workers or in the performance by such relatives of work that would otherwise be performed by employees of public or private agencies, institutions, or organizations, and (except in cases of projects which involve emergencies or which are generally of a nonrecurring nature) are of a type which has not normally been undertaken in the past by the State or community, as the case may be;

(D) in determining the needs of any such relative, any additional expenses reasonably attributable to such work will be considered;

(E) any such relative shall have reasonable opportunities to seek regular employment and to secure any appropriate training or retraining which may be available;
(F) any such relative will, with respect to the work so performed, be covered under the State workmen’s compensation law or be provided comparable protection; and

(G) aid under the plan will not be denied with respect to any such relative (or the dependent child) for refusal by such relative to perform any such work if he has good cause for such refusal;

(2) provision for entering into cooperative arrangements with the system of public employment offices in the State looking toward employment or occupational training of any such relatives performing work under such program, including appropriate provision for registration and periodic reregistration of such relatives and for maximum utilization of the job placement services and other services and facilities of such offices;

(3) provision for entering into cooperative arrangements with the State agency or agencies responsible for administering or supervising the administration of vocational education and adult education in the State, looking toward maximum utilization of available public vocational or adult education services and facilities in the State in order to encourage the training or retraining of any such relatives performing work under such program and otherwise assist them in preparing for regular employment;

(4) provision for assuring appropriate arrangements for the care and protection of the child during the absence from the home of any such relative performing work under such program in order to assure that such absence and work will not be inimical to the welfare of the child;

(5) provision that there be no adjustment or recovery by the State or any political subdivision thereof on account of any payments which are correctly made for such work; and

(6) such other provisions as the Secretary finds necessary to assure that the operation of such program will not interfere with achievement of the objectives set forth in section 401.

(b) In the case of any State which makes expenditures in the form described in subsection (a) under its State plan approved under section 402, the proper and efficient administration of the State plan, for purposes of section 403(a) (3) and (4) may not include the cost of making or acquiring materials or equipment in connection with the work performed under a program referred to in subsection (a) or the cost of supervision of work under such program, and may include only such other costs attributable to such programs as are permitted by the Secretary.

**Assistance by Internal Revenue Service in Locating Parents**

[Sec. 410.](a) Upon receiving a report from a State agency made pursuant to section 402(a) (21), the Secretary shall furnish to the Secretary of the Treasury or his delegate the names and social security account numbers of the parents contained in such report, and the name of the State agency which submitted such report. The Secretary of the Treasury or his delegate shall endeavor to ascertain the address of each such parent from the master files of the Internal Revenue Serv-
ice, and shall furnish any address so ascertained to the State agency which submitted such report.

[(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a). The Secretary shall transfer to the Secretary of the Treasury from time to time sufficient amounts out of the monies appropriated pursuant to this subsection to enable him to perform his functions under subsection (a).]

Part B—Child-Welfare Services

Appropriation

Sec. 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child-welfare services, the following sums are hereby authorized to be appropriated: $196,000,000 for the fiscal year ending June 30, 1973, $211,000,000 for the fiscal year ending June 30, 1974, $226,000,000 for the fiscal year ending June 30, 1975, $246,000,000 for the fiscal year ending June 30, 1976, and $266,- 000,000 for each fiscal year thereafter.

Allotments to States

Sec. 421. The sum appropriated pursuant to section 420 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary, as follows: He shall allot $70,000 to each State, and shall allot to each State an amount which bears the same ratio to the remainder of the sum so appropriated for such year as the product of (1) the population of such State under the age of 21 and (2) the allotment percentage of such State (as determined under section 423) bears to the sum of the corresponding products of all the States.

Payment to States

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

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

(A) provides that (i) the State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, the organizational unit in such State or local agency established pursuant to section 402(a)(13) will be responsible for furnishing such child-welfare services,

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

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

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

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

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

(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

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

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

(D) provides for the establishment and implementation of protective services for children including, but not limited to—

(i) procedures for the discovery and reporting of instances of neglect or abuse of children, including a systematic method for receiving reports of suspected or known instances of child abuse or neglect on a twenty-four hour a day basis,

(ii) use of the full resources of local communities including public and nonprofit agencies and organizations
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which provide services and activities that would be beneficial to a child and his parents or guardians,

(iii) provisions of services, where feasible, to make it possible for the child to remain in the home,

(iv) cooperation with the appropriate courts and law enforcement officials in instances of child neglect and abuse, and

(v) a central collection point for all data and information on child abuse and neglect, and

(2) that makes a satisfactory showing that the State is extending the provision of child-welfare services in the State, with priority being given to communities with the greatest need for such services after giving consideration to their relative financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the State, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision, except that (effective July 1, 1969, or, if earlier, on the date as of which the modification of the State plan to comply with this requirement with respect to subprofessional staff is approved) such plan shall provide for the training and effective use of paid subprofessional staff with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency, an amount equal to the Federal share (as determined under section 423) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. In developing such services for children, the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the State and local communities as may be authorized by the State.

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

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

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

Allotment Percentage and Federal Share

Sec. 423. (a) The “allotment percentage” for any State shall be 100 per centum less the State percentage; and the State percentage shall be the percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

(b) The “Federal share” for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such States bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than 33½ per centum or more than 60⅔ per centum, and (2) the Federal share shall be 66⅔ per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

(c) The Federal share and allotment percentage for each State shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: Provided, That the Federal shares and allotment percentages promulgated under section 524(c) of the Social Security Act in 1966 shall be effective for purposes of this section for the fiscal years ending June 30, 1968, and June 30, 1969.

(d) For purposes of this section, the term “United States” means the fifty States and the District of Columbia.

Reallotment

Sec. 424. The amount of any allotment to a State under section 421 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in such section shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under that section and (2) will be able to use such excess amounts during such fiscal year. Such reallotments shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallocated to a State shall be deemed part of its allotment under section 421.
Definition

Sec. 425. For purposes of this title, the term “child-welfare services” means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children; (2) protecting and caring for homeless, dependent, or neglected children; (3) protecting and promoting the welfare of children of working mothers; and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities.

Research, Training, or Demonstration Projects

Sec. 426. (a) There are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine—
(1) for grants by the Secretary—
(A) to public or other nonprofit institutions of higher learning, and to public or other nonprofit agencies and organizations engaged in research or child-welfare activities, for special research or demonstration projects in the field of child welfare which are of regional or national significance and for special projects for the demonstration of new methods or facilities which show promise of substantial contribution to the advancement of child welfare;
(B) to State or local public agencies responsible for administering, or supervising the administration of, the plan under this part, for projects for the demonstration of the utilization of research (including findings resulting therefrom) in the field of child welfare in order to encourage experimental and special types of welfare services; and
(C) to public or other nonprofit institutions of higher learning for special projects for training personnel for work in the field of child welfare, including traineeships with such stipends and allowances as may be permitted by the Secretary; and
(2) for contracts or jointly financed cooperative arrangements with States and public and other organizations and agencies for the conduct of research, special projects, or demonstration projects relating to such matters.
(b) Payments of grants or under contracts or cooperative arrangements under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of the grants, contracts, or other arrangements.

National Adoption Information Exchange System

Sec. 427. (a) The Secretary of Health, Education, and Welfare is hereby authorized to provide information, utilizing computers and
modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

(b) There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for succeeding fiscal years, to carry out this section.

Part C—Work Incentive Program for Recipients of Aid Under State Plan Approved Under Part A

Purpose

Sec. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

Appropriation

Sec. 431. (a) There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33 1/3 per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).

(c) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipients
of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

Establishment of Programs

Sec. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) of this section) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

(b) Such programs shall include, but shall not be limited to, (1) (A) a program placing as many individuals as is possible in employment, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of public service employment for individuals for whom a job in the regular economy cannot be found.

(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private nonprofit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.
(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

(f)(1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.

(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.

(3) The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the Labor Market Advisory Council for such area.

Operation of Program

Sec. 433. (a) The Secretary shall provide a program of testing and counseling for all persons certified to him by a State, pursuant to section 402(a)(19)(G), and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program. The Secretary, in carrying out such program for individuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth, all other individuals so certified to him.

(b)(1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a)(19)(G) a statewide operational plan.

(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local level; and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which the information provided by the Labor Market Advisory
Council (established pursuant to section 432(f)) for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a) (19) (G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

(3) The Secretary shall develop an employability plan for each suitable person certified to him under section 402(a) (19) (G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting.

(c) The Secretary shall make maximum use of services available from other Federal and State agencies and, to the extent not otherwise available on a nonreimbursable basis, he may reimburse such agencies for services rendered to persons under this part.

(d) To the extent practicable and where necessary, work incentive programs established by this part shall include, in addition to the regular counseling, testing, referral available through the Federal-State Employment Service System, program orientation, basic education, training in communications and employability skills, work experience, institutional training, on-the-job training, job development, and special job placement and followup services, required to assist participant in securing and retaining employment and securing possibilities for advancement.

(e) (1) In order to develop public service employment under the program established by section 432(b) (3), the Secretary shall enter into agreements with (A) public agencies, (B) private nonprofit organizations established to serve a public purpose, and (C) Indian tribes with respect to Indians on a reservation, under which individuals deemed suitable for participation in such a program will be provided work which serves a useful public purpose and which would not otherwise be performed by regular employees.

(2) Such agreements shall provide—

(A) for the payment by the Secretary to each employer, with respect to public service employment performed by any individual for such employer, of an amount not exceeding 100 percent of the cost of providing such employment to such individual during the first year of such employment, an amount not exceeding 75 percent of the cost of providing such employment to such individual during the second year of such employment, and an amount not exceeding 50 percent of the cost of providing such employment to such individual during the third year of such employment;

(B) the hourly wage rate and the number of hours per week individuals will be scheduled to work in public service employment for such employer;

(C) that the Secretary will have such access to the premises of the employer as he finds necessary to determine whether such employer is carrying out his obligations under the agreement and this part; and
(D) that the Secretary may terminate any agreement under this subsection at any time.

(3) Repealed.

(4) No wage rates provided under any agreement entered into under this subsection shall be lower than the applicable minimum wage for the particular work concerned.

(f) Before entering into a project under section 432(b)(3), the Secretary shall have reasonable assurances that—

1. appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

2. such project will not result in the displacement of employed workers,

3. with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant,

4. appropriate workmen's compensation protection is provided to all participants.

(g) Where an individual certified to the Secretary of Labor pursuant to section 402(a)(19)(G) refuses without good cause to accept employment or participate in a project under a program established by this part, the Secretary of Labor shall (after providing opportunity for fair hearing) notify the State agency which certified such individual and submit such other information as he may have with respect to such refusal.

(h) With respect to individuals who are participants in public service employment under the program established by section 432(b)(3), the Secretary shall periodically (but at least once every six months) review the employment record of each such individual while on such special work project and on the basis of such record and such other information as he may acquire determine whether it would be feasible to place such individual in regular employment or on any of the projects under the programs established by section 432(b)(1) and (2).

Incentive Payment

Sec. 434. (a) The Secretary is authorized to pay to any participant under a program established by section 432(b)(2) an incentive payment of not more than $30 per month, payable in such amounts and at such times as the Secretary prescribes.

(b) The Secretary of Labor is also authorized to pay, to any member of a family participating in manpower training under this part, allowances for transportation and other costs incurred by such member, to the extent such costs are necessary to and directly related to the participation by such member in such training.

Federal Assistance

Sec. 435. (a) Federal assistance under this part shall not exceed 90 per centum of the costs of carrying out this part. Non-Federal contributions may be cash or in kind, fairly evaluated, including but not limited to plant, equipment, and services.
(b) Costs of carrying out this part include costs of training, supervision, materials, administration, incentive payments, transportation, and other items as are authorized by the Secretary, but may not include any reimbursement for time spent by participants in work, training, or other participation in the program.

Period of Enrollment

Sec. 436. (a) The program established by section 432(b)(2) shall be designed by the Secretary so that the average period of enrollment under all projects under such program throughout any area of the United States will not exceed one year.

(b) Services provided under this part may continue to be provided to an individual for such period as the Secretary determines (in accordance with regulations prescribed jointly by him and the Secretary of Health, Education, and Welfare) is necessary to qualify him fully for employment even though his earnings disqualify him from aid under a State plan approved under section 402.

Relocation of Participants

Sec. 437. The Secretary may assist participants to relocate their place of residence when he determines such relocation is necessary in order to enable them to become permanently employable and self-supporting. Such assistance shall be given only to participants who concur in their relocation and who will be employed at their place of relocation at wage rates which will meet at least their full need as determined by the State to which they will be relocated. Assistance under this section shall not exceed the reasonable costs of transportation for participants, their dependents, and their household belongings plus such relocation allowance as the Secretary determines to be reasonable.

Participants Not Federal Employees

Sec. 438. Participants in programs established by this part shall be deemed not to be Federal employees and shall not be subject to the provisions of laws relating to Federal employment, including those relating to hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits.

Rules and Regulations

Sec. 439. The Secretary and the Secretary of Health, Education, and Welfare shall, not later than July 1, 1972, issue regulations to carry out the purposes of this part. Such regulations shall provide for the establishment, jointly by the Secretary and the Secretary of Health, Education, and Welfare, of (1) a national coordination committee the duty of which shall be to establish uniform reporting and similar requirements for the administration of this part, and (2) a regional coordination committee for each region which shall be responsible for review and approval of statewide operational plans developed pursuant to section 433(b).
Annual Report

Sec. 440. The Secretary shall annually report to the Congress (with the first such report being made on or before July 1, 1970) on the work incentive programs established by this part.

Evaluation and Research

Sec. 441. (a) The Secretary shall (jointly with the Secretary of Health, Education, and Welfare) provide for the continuing evaluation of the work incentive programs established by this part, including their effectiveness in achieving stated goals and their impact on other related programs. He also may conduct research regarding ways to increase the effectiveness of such programs. He may, for this purpose, contract for independent evaluations of and research regarding such programs or individual projects under such programs. For purposes of sections 435 and 443, the costs of carrying out this section shall not be regarded as costs of carrying out work incentive programs established by this part. Nothing in this section shall be construed as authorizing the Secretary to enter into any contract with any organization after June 1, 1970, for the dissemination by such organization of information about programs authorized to be carried on under this part.

Technical Assistance for Providers of Employment or Training

Sec. 442. The Secretary is authorized to provide technical assistance to providers of employment or training to enable them to participate in the establishment and operation of programs authorized to be established by section 432(b).

Collection of State Share

Sec. 443. If a non-Federal contribution of 10 per centum of the costs of the work incentive programs established by this part is not made in any State (as specified in section 402(a)), the Secretary of Health, Education, and Welfare may withhold any action under section 404 because of the State's failure to comply substantially with a provision required by section 402. If the Secretary of Health, Education, and Welfare does withhold such action, he shall, after reasonable notice and opportunity for hearing to the appropriate State agency or agencies, withhold any payments to be made to the State under sections 3(a), 403(a), 1003(a), 1403(a), 1603(a), and 1903(a) until the amount so withheld (including any amounts contributed by the State pursuant to the requirement in section 402(a) (19) (C)) equals 10 per centum of the costs of such work incentive programs. Such withholding shall remain in effect until such time as the Secretary has assurances from the State that such 10 per centum will be contributed as required by section 402. Amounts so withheld shall be deemed to have been paid to the State under such sections and shall be paid by the Secretary of Health, Education, and Welfare to the Secretary. Such payment shall be considered a non-Federal contribution for purposes of section 435.
Agreements With Other Agencies Providing Assistance to Families of Unemployed Parents

Sec. 444. (a) The Secretary is authorized to enter into an agreement (in accordance with the succeeding provisions of this section) with any qualified State agency (as described in subsection (b)) under which the program established by the preceding sections of this part C will (except as otherwise provided in this section) be applicable to individuals certified by such State agency in the same manner, to the same extent, and under the same conditions as such program is applicable with respect to individuals certified to the Secretary by a State agency administering or supervising the administration of a State plan approved by the Secretary of Health, Education, and Welfare under part A of this title.

(b) A qualified State agency referred to in subsection (a) is a State agency which is charged with the administration of a program—

1. the purpose of which is to provide aid or assistance to the families of unemployed parents,
2. which is not established pursuant to part A of title IV of the Social Security Act,
3. which is financed entirely from funds appropriated by the Congress, and
4. none of the financing of which is made available under any program established pursuant to title V of the Economic Opportunity Act.

(c) (1) Any agreement under this section with a qualified State agency shall provide that such agency will, with respect to all individuals receiving aid or assistance under the program of aid or assistance to families of unemployed parents administered by such agency, comply with the requirements imposed by section 402(a) (19) in the same manner and to the same extent as if (A) such qualified agency were the agency in such State administering or supervising the administration of a State plan approved under part A of this title, and (B) individuals receiving aid or assistance under the program administered by such qualified agency were recipients of aid under a State plan which is so approved.

(2) Any agreement entered into under this section shall remain in effect for such period as may be specified in the agreement by the Secretary and the qualified State agency, except that, whenever the Secretary determines, after reasonable notice and opportunity for hearing to the qualified State agency, that such agency has failed substantially to comply with its obligations under such agreement, the Secretary may suspend operation of the agreement until such time as he is satisfied that the State agency will no longer fail substantially to comply with its obligations under such agreement.

(3) Any such agreement shall further provide that the agreement will be inoperative for any calendar quarter if, for the preceding calendar quarter, the maximum amount of benefits payable under the program of aid or assistance to families of unemployed parents administered by the qualified State agency which is a party to such agreement is lower than the maximum amount of benefits payable under such program for the quarter which ended September 30, 1967.
(d) The Secretary shall, at the request of any qualified State agency referred to in subsection (a) of this section and upon receipt from it of a list of the names of individuals rereferred to the Secretary, furnish to such agency the names of each individual on such list participating in public service employment under section 433(a)(3) whom the Secretary determines should continue to participate in such employment. The Secretary shall not comply with any such request with respect to an individual on such list unless such individual has been certified to the Secretary by such agency under section 403(a)(19)(G) for a period of at least six months.

Part D—Child Support and Establishment of Paternity

Appropriation

Sec. 451. For the purpose of enforcing the support obligations owned by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

Duties of the Secretary

Sec. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of the Assistant Secretary for Child Support, who shall report directly to the Secretary and who shall—

(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

(3) review and approve State plans for such programs;

(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;

(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;
(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

(9) operate the Parent Locator Service established by section 453;

(10) establish or designate regional laboratories as authorized by section 461 to provide services in analyzing and classifying blood for the purpose of establishing paternity; and

(11) not later than June 30 of each year beginning after December 31, 1974, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary, after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

(c) (1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

Parent Locator Service

Sec. 453. (a) The Secretary shall establish and conduct a Parent Locator Service under the direction of the Assistant Secretary for Child Support which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be
used to locate such parent for the purpose of enforcing support obligations against such parent.

(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

(2) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, or the United States or of any State.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1).

(c) As used in subsection (a), the term “authorized person” means—

(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

(e)(1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the infor-
information requested, such individual shall immediately transmit such in-
formation to the Secretary, except that if any information is obtained
the disclosure of which would contravene national policy or security
interests of the United States or the confidentiality of census data, such
information shall not be transmitted and such individual shall imme-
diately notify the Secretary. If such search fails to disclose the infor-
mation requested, such individual shall immediately so notify the
Secretary. The costs incurred by any such department, agency, or
instrumentality of the United States or of any State in providing such
information to the Secretary shall be reimbursed by him. Whenever
such services are furnished to an individual specified in subsection
(e) (2), a fee shall be charged such individual. The fee so charged
shall be used to reimburse the Secretary or his delegate for the expense
of providing such services.

(f) The Secretary, in carrying out his duties and functions under
this section, shall enter into arrangements with State agencies admin-
istering State plans approved under this part for such State agencies
to accept from resident parents, legal guardians, or agents of a child
described in subsection (e) (3) and, after determining that the absent
parent cannot be located through the procedures under the control of
such State agencies, to transmit to the Secretary requests for informa-
tion with regard to the whereabouts of absent parents and otherwise to
cooperate with the Secretary in carrying out the purposes of this
section.

State Plan for Child Support

Sec. 454. A State plan for child support must—
(1) provide that it shall be in effect in all political subdivisions
of the State;
(2) provide for financial participation by the State;
(3) provide for the establishment or designation of a single and
separate organizational unit, which meets such staffing and or-
ganizational requirements as the Secretary may by regulation
prescribe, within the State to administer the plan;
(4) provide that such State will undertake—
(A) in the case of a child born out of wedlock with respect
to whom an assignment under section 402(a) (26) of this title
is effective, to establish the paternity of such child, and
(B) in the case of any child with respect to whom such
assignment is effective, to secure support for such child from
his parent (or from any other person legally liable for such
support), utilizing any reciprocal arrangements adopted with
other States, except that when such arrangements and other
means have proven ineffective, the State may utilize the Fed-
cral courts to obtain or enforce court orders for support;
(5) provide that, in any case in which child support payments
are collected for a child with respect to whom an assignment under
section 402(a) (26) is effective, such payments shall be made to
the State for distribution pursuant to section 457 and shall not be
paid directly to the family except that this paragraph shall not
apply to such payments (except as provided in section 457(c) ) for
any month in which the amount collected is sufficient to make such
family ineligible for assistance under the State plan approved under part A;

(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

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

(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

(A) all sources of information and available records, and

(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

(A) in establishing paternity, if necessary,

(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

(D) in carrying out other functions required under a plan approved under this part;

(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

(11) provide that amounts collected as child support shall be distributed as provided in section 457;

(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.
Payments to States

Sec. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1975.

Support Obligations

Sec. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

(1) The amount of such obligation shall be—

(A) the amount specified in a court order which covers the assigned support rights, or

(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1)(A) and (B).

(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.

Distribution of Proceeds

Sec. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the fiscal year beginning July 1, 1974, shall be distributed as follows:

(1) 40 per centum of the first $50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;

(2) such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

(3) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

(4) such amounts as are in excess of amounts required to be distributed under paragraphs (1), (2), and (3) shall be (A)
retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after June 30, 1975, shall be distributed as follows:

1. such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

2. such amounts as are in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

3. such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

1. continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

2. at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

Incentive Payment to Localities

Sec. 458. (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights assigned under section 402 (a) (26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—

1. an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or re-
pay assistance payments) which is attributable to the support obligation owed for 12 months; and

(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first 12 months for which such collections are made.

(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

Consent by the United States to Garnishment and Similar Proceedings for Enforcement of Child Support and Alimony Obligations

Sec. 459. Notwithstanding any other provision of law, effective January 1, 1974, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

Civil Actions To Enforce Child Support Obligations

Sec. 460. The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 458(a)(8) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides.

Regional Laboratories To Establish Paternity Through Analysis and Classification of Blood

Sec. 461. (a) The Secretary shall, after appropriate consultation and study of the use of blood typing as evidence in judicial proceedings to establish paternity, establish, or arrange for the establishment or designation of, in each region of the United States, a laboratory which he determines to be qualified to provide services in analysing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it.

(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such region) that such laboratory has been so established or designated to provide services, in analysing and classifying blood for the purpose of determining paternity, for courts and public agencies in such region.

(c) The facilities of any such laboratory shall be made available
without cost to courts and public agencies in the region to be served by it.
(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.

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

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Payments to States

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

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

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

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

[(ii) (B) other services (specified by the Secretary as] which (as determined by the State) are likely to prevent or reduce dependency (so provided] and which] are provided to such applicants or recipients, or

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

[(iv) (D) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political sub-division; plus]
(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such benefits; plus

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

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

(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that

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

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

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

TITLE X—GRANTS TO STATES FOR AID TO THE BLIND

Payments to States

Sec. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to section 1130) pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1958—

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

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

(i) services which are prescribed pursuant to subsection (c) (1) and are provided (in accordance with the next sentence) to applicants for or recipients of aid to the blind to help them attain or retain capability for self-support or self-care, or

(ii) other services specified by the Secretary as which (as determined by the State) are likely to prevent or reduce dependency, and which are provided to such applicants or recipients, or

(iii) any of the services prescribed pursuant to subsection (c) (1), and of the services specified as provided in clause (ii), which the Secretary may specify as described in clauses (i) and (ii) which the State determines to be appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become (as determined by the State) applicants for or recipients of aid to the blind, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

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

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

(C) one-half of the remainder of such expenditures. The services referred to in subparagraph (A) and (B) shall, except to the extent specified by the Secretary, include only—

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

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

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

(4) in the case of any State whose State plan approved under section 1002 does not meet the requirements of subsection (c)(1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.]

(c)(1) In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1002 must provide that the State agency shall make available to applicants for or recipients of aid to the blind at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearings to the State agency administering or supervising the administration of such plan, that—

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

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

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.
TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

Part A—General Provisions

Definitions

Sec. 1101. (a) When used in this Act—
(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles I, IV, V, VII, XI, XIV, XVI, and XIX includes the Virgin Islands and Guam. Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands.

(8) (A) The "Federal percentage" for any State (other than Puerto Rico, the Virgin Islands, and Guam) shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the United States; except that the Federal percentage shall in no case be less than 50 per centum or more than 65 per centum.

(B) The Federal percentage for each State (other than Puerto Rico, the Virgin Islands, and Guam) shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: Provided, That the Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961.

(C) The term "United States" means (but only for purposes of subparagraphs (A) and (B) of this paragraph) the fifty States and the District of Columbia.

(D) Promulgations made before satisfactory data are available from the Department of Commerce for a full year on the per capita income of Alaska shall prescribe a Federal percentage for Alaska of 50 per centum and, for purposes of such promulgations, Alaska shall not be included as part of the "United States." Promulgations made thereafter but before per capita income data for Alaska for a full three-year period are available from the Department of Commerce shall be based on satisfactory data available therefrom for Alaska for such one full year or, when such data are available for a two-year period, for such two years.

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

Disclosure of Information in Possession of Department

Sec. 1106. (a) No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code of 1939, or under chapter 2 or 21 or, pursuant thereto, under subtitle F of the Internal Revenue Code of 1954, or under regulations made under authority thereof, which has been transmitted to the Secretary of Health, Education, and Welfare by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Secretary or by any officer or employee of the Department of Health, Education, and Welfare in the course of discharging the duties of the Secretary under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Secretary or from any officer or employee of the Department of Health, Education, and Welfare, shall be made except as the Secretary may by regulations prescribe and except as provided in part D of title IV of this Act. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding $1,000, or by imprisonment not exceeding one year, or both.

(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (a) of this section, and requests for services, may, subject to such limitations as may be prescribed by the Secretary to avoid undue interference with his functions under this Act, be complied with if the agency, person, or organization making the request agrees to pay for the information or services requested in such amount, if any (not exceeding the cost of furnishing the information or services), as may be determined by the Secretary. Payments for information or services furnished pursuant to this section shall be made in advance or by way of reimbursement, as may be requested by the Secretary, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, and the Federal Supplementary Medical Insurance Trust Fund) for the unit or units of the Department of Health, Education, and Welfare which furnished the information or services. Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV.
Upon request (filed in accordance with paragraph (2) of this subsection) of any State or local agency participating in administration of the State plan approved under title I, X, XIV, XVI, or XIX, or part A of title IV, or participating in the administration of any other State or local public assistance program, for the most recent address of any individual included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205, the Secretary shall furnish such address, or the address of the most recent employer, or both, if such agency certifies that—

(i) an order has been issued by a court of competent jurisdiction against such individual for the support and maintenance of his child or children who are under the age of 16 in destitute or necessitous circumstances,

(ii) such child or children are applicants for or recipients of assistance available under such a plan or program,

(iii) such agency has attempted without success to secure such information from all other sources reasonably available to it, and

(iv) such information is requested (for its own use, or on the request and for the use of the court which issued the order) for the purpose of obtaining such support and maintenance.

(B) If a request for the most recent address of any individual so included is filed (in accordance with paragraph (2) of this subsection) by a court having jurisdiction to issue orders or entertain petitions against individuals for the support and maintenance of their children, the Secretary shall furnish such address, or the address of the individual's most recent employer, or both, for the use of the court (and for no other purpose) in issuing or determining whether to issue such an order against such individual or in determining (in the event such individual is not within the jurisdiction of the court) the court to which a petition for support and maintenance against such individual should be forwarded under any reciprocal arrangements with other States to obtain or improve court orders for support, if the court certifies that the information is requested for such use.

(2) A request under paragraph (1) shall be filed in such manner and form as the Secretary may prescribe (and, in the case of a request under paragraph (1)(A), shall be accompanied by a certified copy of the order referred to in clauses (i) and (iv) thereof).

(3) The penalties provided in the second sentence of subsection (a) shall apply with respect to use of information provided under paragraph (1) of this subsection except for the purpose authorized by subparagraph (A)(iv) or (B) thereof.

(4) The Secretary, in such cases and to such extent as he may prescribe in accordance with regulations, may require payment for the cost of information provided under paragraph (1); and the provisions of the second sentence of subsection (b) shall apply also with respect to payment under this paragraph.

Demonstration Projects

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

[A] (1) the Secretary may waive compliance with any of the requirements of section 2, 402, 602, 1002, 1402, 1602, or 1902, as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

[B] (2) costs of such project which would not otherwise be included as expenditures under section 3, 403, 603, 1003, 1403, 1603, or 1903, as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, as may be appropriate.

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

(b) (1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—

(A) provide that not more than one such project be conducted on a Statewide basis;
(B) provide that in making arrangements for public service employment—
   "(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,
   (ii) such project will not result in the displacement of employed workers,
   (iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and
   (iv) appropriate workmen’s compensation protection is provided to all participants;
(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.

(2) Any State which establishes and conducts demonstration projects under this subsection, may, with respect to any such project—

(A) waive, subject to paragraph (3), any or all of the requirements of sections 402(a)(1) (relating to Statewide operation), 402(a)(3) (relating to administration by a single State agency), 402(a)(8) (relating to disregard of earned income, except that
no such waiver of 402(a)(8) shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a) (relating to the work incentive program);

(B) subject to paragraph (4), use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individual participating in such projects under part A of title IV for any fiscal year in which such demonstration projects are conducted; and

(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972 (86 Stat. 919) for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subparagraph (B).

(3) Notwithstanding the provisions of paragraph (2)(A), the Secretary may review any waiver made by a State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall be terminated not later than the last day of the month following the month in which such waiver was disapproved.

(4) Any amount payable to a State under section 403(a) on behalf of an individual participating in a project under this section shall not be increased by reason of the participation of such individual in any demonstration project conducted under this subsection over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.

(5) Participation in a project established under this section shall not be considered to constitute employment for purposes of any finding with respect to unemployment as that term is used in section 407.

(6) Any demonstration project established and conducted pursuant to the provisions of this subsection shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the provisions of this subsection shall be terminated not later than June 30, 1976.

Administrative and Judicial Review of Certain Administrative Determinations

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

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

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

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

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

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

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

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

Limitation on Federal Participation for Capital Expenditures
Sec. 1122. (a) * * *

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(c) The Secretary shall pay any such State from the Federal Hospital Insurance Trust Fund, in advance or by way of reimbursement as may be provided in the agreement with it (and may make adjustments in such payments on account of overpayments or under payments previously made), for the reasonable cost of submitting to the Secretary reports of disapproved capital expenditures together with the reasonable cost of processing and adjudicating appeals from the recommendation made by the designated agency concerning such expenditures (performing the functions specified in subsection (b)).

(d) (1) Except as provided in paragraph (2), if the Secretary determines that—

(A) neither the planning agency designated in the agreement described in subsection (b) nor an agency described in clause (ii) of subparagraph (B) of this paragraph had been given notice of any proposed capital expenditure (in accordance with such procedure or in such detail as may be required by such agency) at least 60 days prior to obligation for such expenditure; or

(B) (i) the planning agency so designated or an agency so described had received such timely notice of the intention to make such capital expenditure and had, within a reasonable period after receiving such notice and prior to obligation for such expenditure, notified the person proposing such expenditure that the expenditure would not be in conformity with the standards, criteria, or plans developed by such agency or any other agency described in clause (ii) for adequate health care facilities in such State or in the area for which such other agency has responsibility, and

(ii) the planning agency so designated had, prior to submitting to the Secretary the findings referred to in subsection (b)—

(I) consulted with, and taken into consideration the findings and recommendations of, the State planning agencies established pursuant to sections 314(a) and 604(a) of the Public Health Service Act (to the extent that either such agency is not the agency so designated) as well as the public or nonprofit private agency or organization responsible for the comprehensive regional, metropolitan area, or other local area plan or plans referred to in section 314(b) of the Public Health Service Act and covering the area in which the health care facility or health maintenance organization proposing such capital expenditure is located (where such agency is not the agency designated in the agreement), or, if there is no such agency, such other public or nonprofit private agency or organization (if any) as performs, as determined in accordance with criteria included in regulations, similar functions, and

(II) granted to the person proposing such capital expenditure an opportunity for a fair hearing with respect to such findings;

then, for such period as he finds necessary in any case to effectuate the purpose of this section, he shall, in determining the Federal payments to be made under titles V, XVIII, and XIX with respect to services furnished in the health care facility for which such capital expenditure is made, not include any amount which is attributable to deprecia-
tion, interest on borrowed funds, a return on equity capital (in the case of proprietary facilities), or other expenses related to such capital expenditure. With respect to any organization which is reimbursed on a per capita or a fixed fee or negotiated rate basis, in determining the Federal payments to be made under titles V, XVIII, and XIX, the Secretary shall exclude an amount which in his judgment is a reasonable equivalent to the amount which would otherwise be excluded under this subsection if payment were to be made on other than a per capita or a fixed fee or negotiated rate basis.

(2) If the Secretary, after submitting the matters involved to the advisory council established or designated under subsection (1), determines that an exclusion of expenses related to any capital expenditure of any health care facility or health maintenance organization would discourage the operation or expansion of such facility or organization, or of any facility of such organization, which has demonstrated to his satisfaction proof of capability to provide comprehensive health care services (including institutional services) efficiently, effectively, and economically, or would otherwise be inconsistent with the effective organization and delivery of health services or the effective administration of title V, XVIII, or XIX, he shall not exclude such expenses pursuant to paragraph (1).

Limitation on Funds for Certain Social Services

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

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

and

(2) of the amounts paid (under all of such sections) to such State for such fiscal year with respect to such expenditures, other than expenditures for—

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

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

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

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

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

(b) (1) For each fiscal year (commencing with the fiscal year beginning July 1, 1972) the Secretary shall allot to each State an amount which bears the same ratio to $2,500,000,000 as the population of such State bears to the population of all the States.

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

(c) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, X, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan approved under such title, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services, to the extent that such services are social services (as determined by the State) and the Federal share of their aggregate cost does not exceed the allocation to the State (for the fiscal year involved) under this section (or section 132 of the Social Security Amendments of 1972); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements im-
posed by section 408(a) with respect to the provision of social services to recipients of aid under such plan.

(d) For purposes of subsection (c) and for purposes of part A of title IV, VI, X, XIV, and XVI, the services referred to in subsection (c) as “social services”—

(1) shall be such services as each State determines to be appropriate for meeting any of the following specific goals:

(A) Self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency;

(B) Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children;

(C) Community-based care goal: To secure and maintain community-based care which approximates a home environment, when living at home is not feasible and institutional care is inappropriate; or

(D) Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible; and

(2) include the following services:

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

(B) child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

(C) services for children in foster care, including services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished under the State’s title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those forms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive
home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

(D) protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

(E) family planning services (including social, educational, and medical services for any female of child bearing age and any other appropriate individual needing such service); Provided, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be pre-requisite or impediment to eligibility for any other service;

(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

(G) services for adults in foster care not available under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including assessment of need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and services to assist adults in leaving foster care to attain independent living;

(H) homemaker services for individuals in their own homes, including helping individuals to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker;

(I) chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialists;

(J) home delivery or congregate meals and the preparation and delivery of hot meals to an individual in his home or in a central dining facility, to assist the individual to remain in his home, and to assure sound nutrition;

(K) day care services for adults, including meal preparation and serving, companionship, educational and recreational
activities, and rehabilitation activity when provided for less than a twenty-four-hour period in a group or family setting;

(L) health-related services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and other needed health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

(M) home management and other functional educational services, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance;

(N) housing improvement services, including helping individuals to obtain or retain adequate housing and minor repairs necessary for personal protection;

(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish paternity and child support and services related to adoption;

(P) transportation services necessary to travel to and from community facilities or resources for receipt of services;

(Q) educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program;

(R) employment services to enable individuals to secure paid employment or training leading to such employment, including vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment and other services that will assist in the individual’s plan for achieving full or partial self-support, where there are needs not met by the work incentive program;

(S) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, personal, or economic habilitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and sociolegal services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar
special services for other individuals requiring such services because of developmental disability;
(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication skills; special aids and appliances; and special counseling for caretakers of blind children and adults;
(V) services for alcoholism and drug addiction for an individual who is becoming dependent on or is addicted to alcohol or other drugs as determined by the standards set by the State agency designated by the State under the Comprehensive Alcohol Abuse and Treatment Act of 1970 and the Drug Abuse and Treatment Act of 1972, if such services are needed as part of a program for prevention or treatment of addiction or the conditions arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients receiving services in a supportive environment (such as a halfway house, hostel, or foster home) and including medical services (such as psychiatric services) incidental to the provision of a social service;
(W) special services for the emotionally disturbed as defined by the State;
(A') special services for the physically handicapped as defined by the State; and
(F) any other services which the State finds appropriate for meeting the goals of self-support, family care or self-care, community based care, or institutional care.

(c)(1) Effective July 1, 1974, Federal financial assistance which is subject to the limitation imposed by subsections (a) and (b) shall be available for a new purchase of services from a public agency (other than the single State agency) only for services beyond those represented by the expenditures for the previous fiscal year of the provider agency (or its predecessor) for the type of service and type of persons covered by the agreement.
(2) A purchase of services in any fiscal year shall not be considered a new purchase of services to the extent that an equivalent purchase of services from the same provider agency (or its predecessor) was made in any of the three preceding fiscal years and was included in the expenditures for which Federal financial participation was provided under titles I, VI, X, XIV, or XVI or Part A of title IV.

(f) For purposes of this section, the term “State” means any one of the fifty States or the District of Columbia.

Annual Reports by Secretary on Social Services

Sec. 1131. (a) Not later than June 30, 1975, and June 30 of each year thereafter, the Secretary shall submit to Congress a report on social services programs under sections 3, 403, 603, 1003, 1403, and 1603. Such report shall include information on a State-by-State basis as to the amounts of funds expended for each type of service (classified in such categories as the Secretary may determine to be appropriate), and such other data and information as may be appropriate.
(b) The Secretary shall require the States to make such reports concerning their use of Federal social services funds which shall be the basis of the report required by subsection (a).

Use of Donated Funds in Provision of Social Services

Sec. 1132. For purposes of the services to which the provisions of section 1130 are applicable, donated private funds (including in-kind contributions, as defined in OMB Circular A-102, as in effect on October 1, 1973) for services shall be considered as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

Designation of Professional Standards Review Organizations

Sec. 1152. (a) (c) (1) The Secretary shall not enter into any agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1)(A) prior to January 1, 1976, nor after such date, unless, in such area, there is no organization referred to in subsection (b) (1)(A) which meets the conditions specified in subsection (b) (2).

(2) Whenever the Secretary shall have entered into an agreement under this part under which there is designated as the Professional Standards Review Organization for any area any organization other than an organization referred to in subsection (b) (1)(A), he shall not renew such agreements with such organization if he determines that—

(A) there is in such area an organization referred to in subsection (b) (1)(A) which (i) has not been previously designated as a Professional Standards Review Organization, and (ii) is willing to enter into an agreement under this part under which such organization would be designated as the Professional Standards Review Organization for such area;

(B) such organization meets the conditions specified in subsection (b) (2); and

(C) the designation of such organization as the Professional Standards Review Organization for such area is anticipated to result in substantial improvement in the performance in such area of the duties and functions required of such organizations under this part.

(3) The Secretary shall give priority to designation of local areas and priority in designation as the Professional Standards Review Organization for any area to an otherwise qualified or-
ganization proposed to be established and operated at a local level.
(d) * * *

(g) In carrying out the provisions of this section, the Secretary may designate, as an appropriate area with respect to which a Professional Standards Review Organization may be designated, an area encompassing a whole State; and the Secretary shall not refuse to designate any qualified organization as the Professional Standards Review Organization with respect to such area solely because of the number of physicians in such State.

Statewide Professional Standards Review Councils; Advisory Groups to Such Councils

Sec. 1162. (a) In any State in which there are located one or more Professional Standards Review Organizations, the Secretary shall establish a Statewide Professional Standards Review Council. 
(b) (1) The membership of any such Council for any State in which there are located three or more Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

(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).

(2) The membership of any such Council for any State in which there are located two Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

(A) two representatives from and designated by each Professional Standards Review Organization in the State;
(B) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).
(3) The membership of any such Council for any State in which there is located one Professional Standards Review Organization shall be appointed by the Secretary and shall consist of—

(A) four physicians who shall be nominated by and elected from among the general membership of the Professional Standards Review Organization annually;

(B) two physicians who may be designated by the State hospital association of such State to serve as members on such Council; and

(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

Payments to States

Sec. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay (subject to section 1130) to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State whose State plan approved under section 1402 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which are prescribed pursuant to subsection (c)(1) and are provided in accordance with the next sentence to applicants for or recipients of aid to the permanently and totally disabled to help them attain or retain capability of self-support or self-care, or

(ii) other services specified by the Secretary which are likely to prevent or reduce dependency, and which are provided to such applicants or recipients, or

(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as described in clauses (i) and (ii) which the State determines to be appropriate for individuals who, within such pe-
riod or periods as the Secretary may prescribe, have been or are likely to become (as determined by the State) applicants for or recipients of aid to the permanently and totally disabled, if such services are requested by [such individuals] and [are] provided to such individuals [in accordance with the next sentence], or

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

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

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

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

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

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

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

[(4) in the case of any State whose State plan approved under section 1402 does not meet the requirements of subsection (c)(1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (3) and provided in accordance with the provisions of such paragraph.]

\[(c)(1)\] In order for a State to qualify for payments under paragraph (3) of subsection (a), its State plan approved under section 1402 must provide that the State agency shall make available to applicants for or recipients of aid to the permanently and totally disabled at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

\[ (2) \] In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, that—

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

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

\[the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (3) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (3) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (4) of such subsection.\]

**TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND, OR DISABLED FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED**

**Payments to States**

Sec. 1603. (a) From the sums appropriated therefor, the Secretary shall pay (subject to section 1130) to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1962—

\[(1) \]
(4) in the case of any State [whose State plan approved under section 1602 meets the requirements of subsection (c)(1)] an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

(i) services which are prescribed pursuant to subsection (c)(1) and are provided to applicants for or recipients of aid or assistance under the plan to help them attain or retain capability for self-support or self-care, or

(ii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as described in clauses (i) and (ii), which the State determines to be appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of aid or assistance under the plan if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

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

(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided to applicants for or recipients of aid or assistance under the plan to help them attain or retain capability for self-support or self-care, or

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

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

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

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

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

(5) in the case of any State whose State plan approved under section 1602 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (4) and provided in accordance with the provisions of such paragraph.

* * * * * * * *

(6) (1) In order for a State to qualify for payments under paragraph (4) of subsection (a), its State plan approved under section 1602 must provide that the State agency shall make available to applicants for or recipients of aid to the aged, blind, or disabled under such State plan at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

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

(B) in the administration of the plan there is a failure to comply substantially with such provision,
the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (4) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (4) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (5) of such subsection.

**TITLE XVI—SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND, AND DISABLED**

Part A—Determination of Benefits

Eligibility for and Amount of Benefits

Definition of Eligible Individual

Sec. 1611. (a) (1) Each aged, blind, or disabled individual who does not have an eligible spouse and—

(A) whose income, other than income excluded pursuant to section 1612(b), is at a rate of not more than $1,752 for the calendar year 1974 or any calendar year thereafter, and

(B) whose resources, other than resources excluded pursuant to section 1613(a), are not more than (i) in case such individual has a spouse with whom he is living, $2,250, or (ii) in case such individual has no spouse with whom he is living, $1,500,

shall be an eligible individual for purposes of this title.

(2) Each aged, blind, or disabled individual who has an eligible spouse and—

(A) whose income (together with the income of such spouse), other than income excluded pursuant to section 1612(b), is at a rate of not more than $2,628 for the calendar year 1974, or any calendar year thereafter, and

(B) whose resources (together with the resources of such spouse), other than resources excluded pursuant to section 1613(a), are not more than $2,250,

shall be an eligible individual for purposes of this title.

Amounts of Benefits

(b) (1) The benefit under this title for an individual who does not have an eligible spouse shall be payable at the rate of $1,752 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual.

(2) The benefit under this title for an individual who has an eligible spouse shall be payable at the rate of $2,628 for the calendar year 1974 and any calendar year thereafter, reduced by the amount of income, not excluded pursuant to section 1612(b), of such individual and spouse.
Certain Individuals Deemed To Meet Resources Test

(g) In the case of any individual or any individual and his spouse (as the case may be) who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, the resources of such individual or such individual and his spouse shall be deemed not to exceed the amount specified in sections 1611(a) (1) (B) and 1611(a) (2) (B) during any period that the resources of such individual or individual and his spouse (as the case may be) does not exceed the maximum amount of resources, as specified in the State plan (above referred to, and as in effect in October 1972) under which he or they were entitled to aid or assistance for the month of December 1972.

(g) In the case of any individual or any individual and his spouse (as the case may be) who—

(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a) (1) (B) and 1611(a) (2) (B) during any period that the resources of such individual or individual and his spouse (as the case may be) do not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973.

Certain Individuals Deemed To Meet Income Test

(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who is blind (as that term is defined under a State plan approved under title X or XVI as in effect in October 1972) and who for the month of December 1973 was a recipient of aid or assistance under a State plan approved under title X or XVI, there shall be disregarded an amount equal to the greater of the amounts determined as follows—

(1) the maximum amount of any earned or unearned income which could have been disregarded under the State plan (above referred to, and as in effect in October 1972), or

(2) the amount which would be required to be disregarded under section 1612 without application of this subsection.

(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,
(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,
(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and
(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) and eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,
there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection.

Income

Meaning of Income

Sec. 1612. (a) **

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Exclusions From Income

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;
(2) (A) the first $240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;
   (B) monthly (or other periodic) payments received by an individual (or his eligible spouse) under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in excess of 24 years in such State by such individual;
(3) (A) the total unearned income of such individual (and such spouse, if any) in a calendar quarter which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $60 in such quarter, and (B) the total earned income of such individual (and such spouse, if any) in a
calendar quarter which, as determined in accordance with such
criteria, is received too infrequently or irregularly to be included,
if such income so received does not exceed $30 in such quarter;

(4) (A) if such individual (or such spouse) is blind (and has
not attained age 65, or received benefits under this title (or aid
under a State plan approved under section 1002 or 1602) for the
month before the month in which he attained age 65), (i) the first
$780 per year (or proportionately smaller amounts for shorter
periods) of earned income not excluded by the preceding para-
graphs of this subsection, plus one-half of the remainder thereof,
(ii) an amount equal to any expenses reasonably attributable to
the earning of any income, and (iii) such additional amounts of
other income, where such individual has a plan for achieving
self-supported approved by the Secretary, as may be necessary for
the fulfillment of such plan,

(B) if such individual (or such spouse) is disabled but not
blind (and has not attained age 65, or received benefits under this
title (or aid under a State plan approved under section 1402 or
1602) for the month before the month in which he attained age
65), (i) the first $780 per year (or proportionately smaller amounts for shorter
periods) of earned income not excluded by the preceding para-
graphs of this subsection, plus one-half of the remainder thereof,
and (ii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

(C) if such individual (or such spouse) has attained age 65
and is not included under subparagraph (A) or (B), the first
$780 per year (or proportionately smaller amounts for shorter
periods) of earned income not excluded by the preceding para-
graphs of this subsection, plus one-half of the remainder thereof;

(5) any amount received from any public agency as a return
or refund of taxes paid on real property or on food purchased
by such individual (or such spouse);

(6) assistance described in section 1616(a) which is based on
need and furnished by any State or political subdivision of a
State;

(7) any portion of any grant, scholarship, or fellowship re-
ceived for use in paying the cost of tuition and fees at any educa-
tional (including technical or vocational education) institution;

(8) home produce of such individual (or spouse) utilized by the
household for its own consumption;

(9) if such individual is a child one-third of any payment for
his support received from an absent parent; and

(10) any amounts received for the foster care of a child who
is not an eligible individual but who is living in the same home
as such individual and was placed in such home by a public or
nonprofit private child-placement or child-care agency.
Meaning of Terms

Aged, Blind, or Disabled Individual

Sec. 1614. (a) (1) For purposes of this title, the term "aged, blind, or disabled individual" means an individual who—

(A) is 65 years of age or older, is blind (as determined under paragraph (2)), or disabled (as determined under paragraph (3)), and

(B) is a resident of the United States, and is either (i) a citizen or (ii) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a) (7) or section 212(d) (5) of the Immigration and Nationality Act).

(2) An individual shall be considered to be blind for purposes of this title if he has central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for purposes of the first sentence of this subsection as having a central visual acuity of 20/200 or less. An individual shall also be considered to be blind for purposes of this title if he is blind as defined under a State plan approved under title X or XVI as in effect for October 1972 and received aid under such plan (on the basis of blindness) for December 1973, so long as he is continuously blind as so defined.

(3) (A) An individual shall be considered to be disabled for purposes of this title if he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months (or, in the case of a child under the age of 18, if he suffers from any medically determinable physical or mental impairment of comparable severity). An individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973, so long as he is continuously disabled as so defined.

(B) For purposes of subparagraph (A), an individual shall be determined to be under a disability only if his physical or mental impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence (with respect to any individual), "work which exists in the national economy" means work which exists in significant numbers either in the region where such individual lives or in several regions of the country.
(C) For purposes of this paragraph, a physical or mental impairment is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

(D) The Secretary shall by regulations prescribe the criteria for determining when services performed or earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Notwithstanding the provisions of subparagraph (B), an individual whose services or earnings meet such criteria, except for purposes of paragraph (4), shall be found not to be disabled.

(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined.

(4) (A) For purposes of this title, any services rendered during a period of trial work (as defined in subparagraph (B)) by an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection) shall be deemed not to have been rendered by such individual in determining whether his disability has ceased in a month during such period. As used in this paragraph, the term "services" means activity which is performed for remuneration or gain or is determined by the Secretary to be of a type normally performed for remuneration or gain.

(B) The term "period of trial work" with respect to an individual who is an aged, blind, or disabled individual solely by reason of disability (as determined under paragraph (3) of this subsection), means a period of months beginning and ending as provided in subparagraphs (C) and (D).

(C) A period of trial work for any individual shall begin with the month in which he becomes eligible for benefits under this title on the basis of his disability; but no such period may begin for an individual who is eligible for benefits under this title on the basis of a disability if he has had a previous period of trial work while eligible for benefits on the basis of the same disability.

(D) A period of trial work for any individual shall end with the close of whichever of the following months is the earlier:

(i) the ninth month, beginning on or after the first day of such period, in which the individual renders services (whether or not such nine months are consecutive); or

(ii) the month in which his disability (as determined under paragraph (3) of this subsection) ceases (as determined after the application of subparagraph (A) of this paragraph).

* * *

Optional State Supplementation

Sec. 1616. (a) Any cash payments which are made by a State (or political subdivision thereof) on a regular basis to individuals who are receiving benefits under this title or who would but for their
income be eligible to receive benefits under this title, as assistance based on need in supplementation of such benefits (as determined by the Secretary), shall be excluded under section 1612(b)(6) in determining the income of such individuals for purposes of this title and the Secretary and such State may enter into an agreement which satisfies subsection (b) under which the Secretary will, on behalf of such State (or subdivision) make such supplementary payments to all such individuals.

(b) Any agreement between the Secretary and a State entered into under subsection (a) shall provide—

(1) that such payments will be made (subject to subsection (c)) to all individuals residing in such State (or subdivision) who are receiving benefits under this title, and

(2) such other rules with respect to eligibility for or amount of the supplementary payments, and such procedural or other general administrative provisions, as the Secretary finds necessary (subject to subsection (c)) to achieve efficient and effective administration of both the program which he conducts under this title and the optional State supplementation.

(c) (1) Any State (or political subdivision) making supplementary payments described in subsection (a) may at its option impose as a condition of eligibility for such payments, and include in the State’s agreement with the Secretary under such subsection, a residence requirement which excludes individuals who have resided in the State (or political subdivision) for less than a minimum period prior to application for such payments.

(2) Any State (or political subdivision), in determining the eligibility of any individual for supplementary payments described in subsection (a), may disregard amounts of earned and unearned income in addition to other amounts which it is required or permitted to disregard under this section in determining such eligibility, and shall include a provision specifying the amount of any such income that will be disregarded, if any.

(d) Any State which has entered into an agreement with the Secretary under this section which provides that the Secretary will, on behalf of the State (or political subdivision), make the supplementary payments to individuals who are receiving benefits under this title (or who would but for their income be eligible to receive such benefits), shall, at such times and in such installments as may be agreed upon between the Secretary and such State, pay to the Secretary an amount equal to the expenditures made by the Secretary as such supplementary payments.

(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approved under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX.
Part B—Procedural and General Provisions

Payments and Procedures

Payment of Benefits

Sec. 1631. (a) (1)

(4) The Secretary—

(A) may make to any individual initially applying for benefits under this title who is presumptively eligible for such benefits and who is faced with financial emergency a cash advance against such benefits in an amount not exceeding $100; and

(B) may pay benefits under this title to an individual applying for such benefits on the basis of disability for a period not exceeding 3 months prior to the determination of such individual's disability, if such individual is presumptively disabled and is determined to be otherwise eligible for such benefits, and any benefits so paid prior to such determination shall in no event be considered overpayments for purposes of subsection (b) solely because such individual is determined not to be disabled.

Procedures; Prohibitions of Assignments; Representation of Claimants

(d) (1) The provisions of section 207 and subsections (a), (d), (e), and (f), and (ii) of section 205 shall apply with respect to this part to the same extent as they apply in the case of title II.

TITLE XVIII.—HOSPITAL INSURANCE FOR THE AGED AND DISABLED

Requirement of Requests and Certifications

Sec. 1814. (a)

(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by regulations, except that the first of such recertifications shall be required in each case of inpatient hospital services not later than the 20th day of such period) that—

(A) in the case of inpatient psychiatric hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the psychiatric treatment of an individual; and (i) such treatment can or could reasonably be expected to improve the condition for which such treatment is or was necessary or
(ii) inpatient diagnostic study is or was medically required and such services are or were necessary for such purposes;

(B) in the case of inpatient tuberculosis hospital services, such services are or were required to be given on an inpatient basis, by or under the supervision of a physician, for the treatment of an individual for tuberculosis; and such treatment can or could reasonably be expected to (i) improve the condition for which such treatment is or was necessary or (ii) render the condition non-communicable;

(C) in the case of post-hospital extended care services, such services are or were required to be given because the individual needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services, which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis, for any of the conditions with respect to which he was receiving inpatient hospital services (or services which would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (9) of section 1861(e)) prior to transfer to the skilled nursing facility or for a condition requiring such extended care services which arose after such transfer and while he was still in the facility for treatment of the condition or conditions for which he was receiving such inpatient hospital services;

(D) in the case of post-hospital home health services, such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, or physical, occupational, or speech therapy, for any of the conditions with respect to which he was receiving inpatient hospital services (or services which would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (9) of section 1861(e)) or post-hospital extended care services; a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; and such services are or were furnished while the individual was under the care of a physician; or

(E) in the case of inpatient hospital services in connection with a dental procedure, the individual suffers from impairments of such severity as to require hospitalization; the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;

(7) with respect to inpatient hospital services or post-hospital extended care services furnished such individual during a continuous period, a finding has not been made (by the physician members of the committee or group, as described in section
1861(k) (4), including any finding made in the course of a sample or other review of admissions to the institution) pursuant to the system of utilization to review that further inpatient hospital services or further post-hospital extended care services, as the case may be, are not medically necessary; except that, if such a finding has been made, payment may be made for such services furnished before the 4th day after the day on which the hospital or skilled nursing facility, as the case may be, received notice of such finding.

To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where, at a later date, a physician makes certification of the kind provided in subparagraph (A), (B), (C), or (D) of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

* * * * *

Procedure for Payment of Claims of Providers of Services

Sec. 1835. (a) Except as provided in subsections (b), (c), and (e), payment for services described in section 1832(a)(2) furnished an individual may be made only to providers of services which are eligible therefor under section 1866(a), and only if—

(1) written request, signed by such individual, except in cases in which the Secretary finds it impracticable for the individual to do so, is filed for such payment in such form, in such manner and by such person or persons as the Secretary may by regulation prescribe, no later than the close of the period of 3 calendar years following the year in which such services are furnished (deeming any services furnished in the last 3 calendar months of any calendar year to have been furnished in the succeeding calendar year) except that, where the Secretary deems that efficient administration so requires, such period may be reduced to not less than 1 calendar year; and

(2) a physician certifies (and recertifies, where such services are furnished over a period of time, in such cases, with such frequency, and accompanied by such supporting material, appropriate to the case involved, as may be provided by regulations) that—

(A) in the case of home health services (i) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, or physical, occupational, or speech therapy, (ii) a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;

(B) in the case of medical and other health services except services described in subparagraphs (B), (C), and (D) of section 1861(s)(2), such services are or were medically required; and
(C) in the case of outpatient physical therapy services, (i) such services are or were required because the individual needed physical therapy services, (ii) a plan for furnishing such services has been established, and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;

(D) in the case of outpatient speech pathology services, (i) such services are or were required because the individual needed speech pathology services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;

(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.

For purposes of this section, the term “provider of services” shall include a clinic, rehabilitation agency, or public health agency if, in the case of a clinic or rehabilitation agency, such clinic or agency meets the requirements of section 1861(p)(4)(A), or if, in the case of a public health agency, such agency meets the requirements of section 1861(p)(4)(B), but only with respect to the furnishing of outpatient physical therapy services as therein defined. To the extent provided by regulations, the certification and recertification requirements of paragraph (2) shall be deemed satisfied where at a later date, a physician makes a certification of the kind provided in subparagraph (A) or (B) of paragraph (2) (whichever would have applied), but only where such certification is accompanied by such medical and other evidence as may be required by such regulations.

State Agreements for Coverage of Eligible Individuals Who Are Receiving Money Payments Under Public Assistance Programs (or are Eligible for Medical Assistance)

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

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

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

(2) individuals receiving money payments under all of the plans of such State approved under titles I, X, XIV, and XVI, and part A of title IV.
Except as provided in subsection (g), there shall be excluded from any coverage group any individual who is entitled to monthly insurance benefits under title II or who is entitled to receive an annuity or pension under the Railroad Retirement Act of 1937. Effective January 1, 1974, and subject to section 1902(e), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.

Part C—Miscellaneous Provisions

Definition of Services, Institutions, etc.

Sec. 1861. For purposes of this title—

* * * *

Outpatient Physical Therapy Services

(p) The term “outpatient physical therapy services” means physical therapy services furnished by a provider of services, a clinic, rehabilitation agency, or a public health agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient—

(1) who is under the care of a physician (as defined in section 1861(r)(1)), and

(2) with respect to whom a plan prescribing the type, amount, and duration of physical therapy services that are to be furnished to such individual has been established, and is periodically reviewed, by a physician (as so defined);

excluding, however—

(3) any item or service if it would not be included under subsection (b) if furnished to an inpatient of a hospital; and

(4) any such service—

(A) if furnished by a clinic or rehabilitation agency, or by others under arrangements with such clinic or agency, unless such clinic or rehabilitation agency—

(i) provides an adequate program of physical therapy services for outpatients and has the facilities and personnel required for such program or required for the supervision of such a program, in accordance with such requirements as the Secretary may specify,

(ii) has policies, established by a group of professional personnel, including one or more physicians (associated with the clinic or rehabilitation agency) and one or more qualified physical therapists, to govern the services (referred to in clause (i)) it provides,

(iii) maintains clinical records on all patients,
(iv) if such clinic or agency is situated in a State in which State or applicable local law provides for the licensing of institutions of this nature, (I) is licensed pursuant to such law, or (II) is approved by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing; and

(v) meets such other conditions relating to the health and safety of individuals who are furnished services by such clinic or agency on an outpatient basis, as the Secretary may find necessary, or

(B) if furnished by a public health agency, unless such agency meets such other conditions relating to health and safety of individuals who are furnished services by such agency on an outpatient basis, as the Secretary may find necessary. The term “outpatient physical therapy services” also includes physical therapy services furnished an individual by a physical therapist (in his office or in such individual’s home) who meets licensing and other standards prescribed by the Secretary in regulations, otherwise than under an arrangement with and under the supervision of a provider of services, clinic, rehabilitation agency, or public health agency, if the furnishing of such services meets such conditions relating to health and safety as the Secretary may find necessary. In addition, such term includes physical therapy services which meet the requirements of the first sentence of this subsection except that they are furnished to an individual as an inpatient of a hospital or extended care facility. The term “outpatient physical therapy services” also includes speech pathology services and occupational therapy services furnished by a provider of services, a clinic, rehabilitation agency, or by others under an arrangement with, and under the supervision of, such provider, clinic, rehabilitation agency, or public health agency to an individual as an outpatient, subject to the conditions prescribed in this subsection except that the requirements of paragraph (B) insofar as they require a physician to establish a plan prescribing the type, amount, and duration of speech pathology services to be furnished shall not apply if such a plan is established by the speech pathologist providing such services.

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Exclusions From Coverage

Sec. 1862. (a) Notwithstanding any other provisions of this title, no payment may be made under part A or part B for any expenses incurred for items or services—

(1) which are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member;

(2) for which the individual furnished such items or services has no legal obligation to pay, and which no other person (by
reason of such individual's membership in a prepayment plan or otherwise) has a legal obligation to provide or pay for;

(3) which are paid for directly or indirectly by a governmental entity (other than under this Act and other than under a health benefits or insurance plan established for employees of such an entity), except in such cases as the Secretary may specify;

(4) which are not provided within the United States (except for inpatient hospital services furnished outside the United States under the conditions described in section 1814(f) and, subject to such conditions, limitations, and requirements as are provided under or pursuant to this title, physicians' services and ambulance services furnished an individual in conjunction with such inpatient hospital services but only for the period during which such inpatient hospital services were furnished);

(5) which are required as a result of war, or of an act of war, occurring after the effective date of such individual's current coverage under such part;

(6) which constitute personal comfort items;

(7) where such expenses are for routine physical checkups, eyeglasses or eye examinations for the purpose of prescribing, fitting, or changing eyeglasses, procedures performed (during the course of any eye examination) to determine the refractive state of the eyes, hearing aids or examinations therefor, or immunizations;

(8) where such expenses are for orthopedic shoes or other supportive devices for the feet;

(9) where such expenses are for custodial care;

(10) where such expenses are for cosmetic surgery or are incurred in connection therewith, except as required for the prompt repair of accidental injury or for improvement of the functioning of a malformed body member;

(11) where such expenses constitute charges imposed by immediate relatives of such individual or members of his household;

(12) where such expenses are for services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth except that payment may be made under part A in the case of inpatient hospital services in connection with a dental procedure where the individual suffers from impairments of such severity as to require hospitalization; or

the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or

(13) where such expenses are for—

(A) the treatment of flat foot conditions and the prescription of supporting devices therefor.

(B) the treatment of subluxations of the foot, or

(C) routine foot care (including the cutting or removal of corns, warts, or calluses, the trimming of nails, and other routine hygiene care).

(b) Payment under this title may not be made with respect to any item or service to the extent that payment has been made, or can reasonably be expected to be made (as determined in accordance with regulations), with respect to such item or service, under a workmen's compensation law or plan of the United States or a State. Any pay-
ment under this title with respect to any item or service shall be conditioned on reimbursement to the appropriate Trust Fund established by this title when notice or other information is received that payment for such item or service has been made under such a law or plan.

(c) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, 1976, if such item or service is covered under a health benefits plan in which such individual is enrolled under chapter 89 of title 5, United States Code, unless prior to the date on which such item or service is so furnished the Secretary shall have determined and certified that such plan or the Federal employees health benefits program under chapter 89 of such title 5 has been modified so as to assure that—

(1) there is available to each Federal employee or annuitant enrolled in such plan, upon becoming entitled to benefits under part A or B, or both parts A and B of this title, in addition to the health benefits plans available before he becomes so entitled, one or more health benefits plans which offer protection supplementing the protection he has under this title, and

(2) the Government or such plan will make available to such Federal employee or annuitant a contribution in an amount at least equal to the contribution which the Government makes toward the health insurance of any employee or annuitant enrolled for high option coverage under the Government-wide plans established under chapter 89 of such title 5, with such contribution being in the form of (A) a contribution toward the supplementary protection referred to in paragraph (1), (B) a payment to or on behalf of such employee or annuitant to offset the cost to him of his coverage under this title, or (C) a combination of such contribution and such payment.

* * * * *

Administration

Sec. 1874. (a) Except as otherwise provided in this title and in the Railroad Retirement Act of 1937, the insurance programs established by this title shall be administered by the Secretary, and section 226 shall be administered by the Secretary; and the Secretary, in administering such programs, shall assign primary policy, operating, and general administrative responsibility to the commissioner of Social Security. The Secretary may perform any of his functions under this title directly, or by contract providing for payment in advance or by way of reimbursement, and in such installments, as the Secretary may deem necessary.

(b) The Secretary may contract with any person, agency, or institution to secure on a reimbursable basis such special data, actuarial information, and other information as may be necessary in the carrying out of his functions under this title.

(c) In the course of any hearing, investigation, or other proceeding that he is authorized to conduct under this title, the Secretary may administer oaths and affirmations.

* * * * *
Sec. 1876. (a)(1) In lieu of amounts which would otherwise be payable pursuant to sections 1814(b) and 1833(a), the Secretary is authorized to determine, by actuarial methods, as provided in this section, but only with respect to a health maintenance organization with which he has entered into a contract under subsection (i), a per capita rate of payment—

(A) for services provided under parts A and B for individuals enrolled with such organization pursuant to subsection (e) who are entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B, and

(B) for services provided under part B for individuals enrolled with such organization pursuant to subsection (e) who are not entitled to benefits under part A but who are enrolled for benefits under part B.

(2) An interim per capita rate of payment for each health maintenance organization shall be determined annually by the Secretary on the basis of each organization's annual operating budget and enrollment forecast which shall be submitted (in such form and in such detail as the Secretary may prescribe) at least 90 days before the beginning of each contract year. Each interim rate shall be equal to the estimated per capita cost (based upon types and components of expenses otherwise reimbursable under this title) of providing services defined in paragraph (3)(A)(iii). In the event that the data requested to be furnished by a health maintenance organization are not furnished timely, such reduction in interim payments may be made by the Secretary as is appropriate, until such time as a reasonable estimate of per capita costs can be made. Each month, the Secretary shall pay each such organization its interim per capita rate, in advance, for each individual enrolled with it pursuant to subsection (e). Each such organization shall submit interim estimated cost reports and enrollment data on a quarterly basis in such form and manner satisfactory to the Secretary, and the Secretary shall adjust each interim per capita rate to the extent necessary to maintain interim payments at the level of current costs. Interim payments made under this paragraph shall be subject to retroactive adjustment at the end of each contract year as provided in paragraph (3).

(3)(A) With respect to any health maintenance organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i)(2)(A), payments made to such organization shall be subject to the following adjustments at the end of each contract year:

(i) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is less than the adjusted average per capita incurred cost (as defined herein) of providing such services, the resulting difference (hereinafter referred to as "savings") shall be apportioned following the close of a contract year for such year between such organization and the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund (hereinafter collectively referred to as the "Medicare Trust Funds") as follows:
(I) savings up to 20 percent of the adjusted average per capita cost shall be apportioned equally between such organization and the Medicare Trust Funds;

(II) savings in excess of 20 percent of the adjusted average per capita cost shall be apportioned entirely to such Trust Funds;

(ii) if the Secretary determines that the per capita incurred cost of any such organization in any contract year for providing services described in paragraph (1) is greater than the adjusted average per capita incurred cost of providing such services, the resulting difference (hereinafter referred to as "losses"), shall be absorbed by such organization, and shall be carried forward and offset from savings realized in later years, with the apportionment of savings being proportional to the losses absorbed and not yet offset;

(iii) determination of any amounts payable at the close of the contract year to such organization or to the Trust Funds shall be made as follows:

(1) within 90 days after close of a contract year, interim determination of the amount of estimated savings and apportionment thereof shall be made, actuarially, on the basis of interim reports of costs incurred by an organization, and adjusted average per capita costs incurred (as defined herein), and other evidence acceptable to the Secretary and one-half of any amounts deemed payable to such organization or the Trust Funds shall be paid by such organization or the Secretary as appropriate;

(II) final settlement and payment by the Secretary or organization, as appropriate, of any additional amounts due on basis of such final settlement will be made where adequate data for actuarial computation are available, in timely fashion following submission by such organization of reports specified in subparagraph (C) of this paragraph; and

(III) where such final settlement is reached more than 90 days following submission of reports specified in subparagraph (C) of this paragraph, any amount payable by the Secretary or organization shall be increased by an interest amount, accruing from the 91st day following submission of such report, equal to the average rate of interest payable on Federal obligations if issued on such 91st day for purchase by the Trust Funds.

(iv) The term "adjusted average per capita cost" means the average per capita amount that the Secretary determines (on the basis of actual experience, or retrospective actuarial equivalent based upon an adequate sample and other information and data, in the geographic area served by a health maintenance organization or in a similar area, with appropriate adjustment to assure actuarial equivalence, including adjustments relating to age distribution, sex, race, institutional status, disability status, and any other relevant factors) would be payable in any contract year for services covered under this title and types of expenses otherwise reimbursable under this title (including administrative costs in-
curred by organizations described in sections 1816 and 1842) if such services were to be furnished by other than such health maintenance organization.

(B) With respect to any health maintenance organization which has entered into a reasonable cost reimbursement contract with the Secretary pursuant to subsection (i) (2) (B), payments made to such organization shall be subject to suitable retroactive corrective adjustments at the end of each contract year so as to assure that such organization is paid for the reasonable cost actually incurred (excluding therefrom any part of incurred cost found to be unnecessary in the efficient delivery of health services) for the types of expenses otherwise reimbursable under this title for providing services covered under this title to individuals described in paragraph (1).

(C) Any contract with a health maintenance organization under this title shall provide that the Secretary shall require, at such time following the expiration of each accounting period of a health maintenance organization (and in such form and in such detail) as he may prescribe:

(i) that such health maintenance organization report to him in an independently certified financial statement its per capita incurred cost based on the types and components of expenses otherwise reimbursable under this title for providing services described in paragraph (1), including therein, in accordance with accounting procedures prescribed by the Secretary, its methods of allocating costs between individuals enrolled under this section and other individuals enrolled with such organization;

(ii) that failure to report such information as may be required may be deemed to constitute evidence of likely overpayment on the basis of which appropriate collection action may be taken;

(iii) that in any case in which a health maintenance organization is related to another organization by common ownership or control, a consolidated financial statement shall be filed and that the allowable costs for such organization may not include costs for the types of expense otherwise reimbursable under this title, in excess of those which would be determined to be reasonable in accordance with regulations (providing for limiting reimbursement to costs rather than charges to the health maintenance organization by related organizations and owners) issued by the Secretary in accordance with section 1861 (v) of the Social Security Act; and

(iv) that in any case in which compensation is paid by a health maintenance organization substantially in excess of what is normally paid for similar services by similar practitioners (regardless of method of compensation), such compensation may as appropriate be considered to constitute a distribution of profits.

(4) The payments to health maintenance organizations under this subparagraph with respect to individuals described in subsection (a) (1) (A) shall be made from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund. The portion of such payment to such an organization for a month to be paid by the latter trust fund shall be equal to 200 percent of the sum of—

(A) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1))
who have attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839(c)(1), and

(B) the product of (i) the number of covered enrollees of such organization for such month (as described in paragraph (1)) who have not attained age 65, and (ii) the monthly actuarial rate for supplementary medical insurance for such month as determined under section 1839(c)(4).

The remainder of such payment shall be paid by the former trust fund. For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or area-wide planning agency, see section 1122.

(b) The term "health maintenance organization" means a public or private organization which—

(1) provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined periodic rate without regard to the frequency or extent of services furnished to any particular enrollee;

(2) provides, either directly or through arrangements with others, to the extent applicable in subsection (c) (through institutions, entities, and persons meeting the applicable requirements of section 1861), all of the services and benefits covered under parts A and B of this title which are available to individuals residing in the geographic area served by the health maintenance organization;

(3) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such organizations, or (B) under arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

(4) provides either directly or under arrangements with others, the services of a sufficient number of primary care and specialty care physicians to meet the health needs of its members; for purposes of this section the term "specialty care physician" means a physician who is either board certified or eligible for board certification, except that the Secretary may by regulation prescribe conditions under which physicians who have a record of demonstrated proficiency but who are not eligible for board certification may, on the basis of training and experience, be recognized as specialty care physicians;

(5) has effective arrangements to assure that its members have access to qualified practitioners in those specialties which are generally available in the geographic area served by the health maintenance organization;

(6) demonstrates to the satisfaction of the Secretary proof of financial responsibility and proof of capability to provide comprehensive health care services, including institutional services, efficiently, effectively, and economically;
(7) except as provided in subsection (h), has at least half of its enrolled members consisting of individuals under age 65;

(8) assures that the health services required by its members are received promptly and appropriately and that the services that are received measure up to quality standards which it establishes in accordance with regulations; and

(9) has an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment (unless to do so would result in failure to meet the requirements of paragraph (7)) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with the regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.

(c) The benefits provided under this section to enrollees of an organization which has entered into a risk sharing contract with the Secretary pursuant to subsection (i) (2) (A) shall consist of—

(1) in the case of an individual who is entitled to hospital insurance benefits under part A and enrolled for medical insurance benefits under part B—

(A) entitlement to have payment made on his behalf for all services described in section 1812 and section 1832 which are furnished to him by the health maintenance organization with which he is enrolled pursuant to subsection (e) of this section; and

(B) entitlement to have payment made by such health maintenance organization to him or on his behalf for (i) such emergency services (as defined in regulations), (ii) such urgently needed services (as defined in regulations) furnished to him during a period of temporary absence (as defined in regulations) from the geographic area served by the health maintenance organization with which he is enrolled, and (iii) such other services as may be determined, in accordance with subsection (f), to be services which the individual was entitled to have furnished by the health maintenance organization, as may be furnished to him by a physician, supplier, or provider of services, other than the health maintenance organization with which he is enrolled; and

(2) in the case of an individual who is not entitled to hospital insurance benefits under part A but who is enrolled for medical insurance benefits under part B, entitlement to have payment made for services described in paragraph (1), but only to the extent that such services are also described in section 1832.

(d) Subject to the provisions of subsection (e), every individual described in subsection (c) shall be eligible to enroll with any health maintenance organization (as defined in subsection (b)) which serves the geographic area in which such individual resides.

(e) An individual may enroll with a health maintenance organization under this section, and may terminate such enrollment, as may be prescribed by regulations.
(f) Any individual enrolled with a health maintenance organization under this section who is dissatisfied by reason of his failure to receive without additional cost to him any health service to which he believes he is entitled shall, if the amount in controversy is $100 or more, be entitled to a hearing before the Secretary to the same extent as is provided in section 205(b) and in any such hearing the Secretary shall make such health maintenance organization a party thereto. If the amount in controversy is $1,000 or more, such individual or health maintenance organization shall be entitled to judicial review of the Secretary's final decision after such hearing as is provided in section 205(g).

(g)(1) If the health maintenance organization provides its enrollees under this section only the services described in subsection (c), its premium rate or other charges for such enrollees shall not exceed the actuarial value of the deductible and coinsurance which would otherwise be applicable to such enrollees under part A and part B, if they were not enrolled under this section.

(2) If the health maintenance organization provides to its enrollees under this section services in addition to those described in subsection (c), election of coverage for such additional services shall be optional for such enrollees and such organization shall furnish such enrollees with information on the portion of its premium rate or other charges applicable to such additional services. The portion of its premium rate or other charges applicable to the services described in subsection (c) may 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 less the actuarial value of other charges made in lieu of such deductible and coinsurance.

(h) The provisions of paragraph (7) of subsection (b) shall not apply with respect to any health maintenance organization for such period not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to subsection (i), as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year that it is making continuous efforts and progress toward achieving compliance with the provisions of such paragraph (7) within such three-year period.

(i)(1) Subject to the limitations contained in subparagraphs (A) and (B) of paragraph (2), the Secretary is authorized to enter into a contract with any health maintenance organization which undertakes to provide, on an interim per capita prepayment basis, the services described in section 1832 (and section 1812, in the case of individuals who are entitled to hospital insurance benefits under part A) to individuals enrolled with such organization pursuant to subsection (e).

(2)(A) If the health maintenance organization (i) has a current enrollment of not less than 25,000 members on a prepaid capitation basis and has been the primary source of health care of at least 8,000 persons in each of the two years immediately preceding the contract year, or (ii) serves a nonurban geographic area, has a current enrollment of not less than 5,000 members on a prepaid capitation basis and has been the primary source of health care for at least 1,500 per-
sons in each of the three years immediately preceding the contract year, the Secretary may enter into a risk-sharing contract with such organization pursuant to which any savings, as determined pursuant to subsection (a)(3)(A), are shared between such organization and the Medicare Trust Funds in the matter prescribed in such subsection. For purposes of this subparagraph, a health maintenance organization shall be considered to serve a nonurban geographic area if it is located in a nonmetropolitan county (that is, a county with fewer than 50,000 inhabitants), or if it has at least one such county in its normal service area, or if it is located outside of a metropolitan area and its facilities are within reasonable travel distance (as defined by the Secretary) of fewer than 50,000 individuals. No health maintenance organization which has entered into risk-sharing contract with the Secretary under this subparagraph and has voluntarily terminated such contract may again enter into such a contract.

(B) If the health maintenance organization does not meet the requirements of subparagraph (A), or if the Secretary is not satisfied that the health maintenance organization has the capacity to bear the risk of potential losses as determined under clause (ii) of subsection (a)(3)(A), or if the health maintenance organization meeting the requirements of subparagraph (A) so elects, or if an organization does not fully meet the requirements of section 1876(b) but has demonstrated to the satisfaction of the Secretary that it is making reasonable efforts to meet, and is developing the capability to fully meet, such requirements, and that it fully meets such basic requirements as the Secretary shall prescribe in regulations, the Secretary may, if he is otherwise satisfied that the health maintenance organization or other organization is able to perform its contractual obligations effectively and efficiently, enter into a contract with such organization pursuant to which such organization is reimbursed on the basis of its reasonable cost (as defined in section 1861(v)) in the manner prescribed in subsection (a)(3)(B).

(3) Such contract may, at the option of such organization, provide that the Secretary (A) will reimburse hospitals and skilled nursing facilities for the reasonable cost (as determined under section 1861(v)) of services furnished to individuals enrolled with such organization pursuant to subsection (e), and (B) will deduct the amount of such reimbursement from payments which would otherwise be made to such organization. If a health maintenance organization pays a hospital or skilled nursing facility directly, the amount paid shall not exceed the reasonable cost of the services (as determined under section 1861(v)) unless such organization demonstrates to the satisfaction of the Secretary that such excess payments are justified on the basis of advantages gained by the organization.

(4) Each contract under this section shall be for a term of at least one year, as determined by the Secretary, and may be made automatically renewable from term to term in the absence of notice by either party of intention to terminate at the end of the current term; except that the Secretary may terminate any such contract at any time (after such reasonable notice and opportunity for hearing to the health maintenance organization involved as he may provide in regulations), if he finds that the organization (A) has failed substantially to carry out the contract, (B) is carrying out the contract in a manner
inconsistent with the efficient and effective administration of this sec-
tion, or (C) no longer substantially meets the applicable conditions
of subsection (b).

(5) The effective date of any contract executed pursuant to this sub-
section shall be specified in such contract pursuant to the regulations.

(6) Each contract under this section—
(A) shall provide that the Secretary, or any person or organi-
zation 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 per-
tain to services performed and determinations of amounts
payable under such contract;
(B) shall provide that no reinsurance costs (other than those
with respect to out-of-area services), including any underwriting
of risk relating to costs in excess of adjusted average per capita
cost, as defined in clause (iii) of subsection (a) (3) (A), shall be
allowed for purposes of determining payment, authorized under
this section; and
(C) shall contain such other terms and conditions not incon-
sistent with this section as the Secretary may find necessary.

(j) The function vested in the Secretary by subsection (i) may
be performed without regard to such provisions of law or of other
regulations relating to the making, performance, amendment, or modi-
fication of contracts of the United States as the Secretary may deter-
mine to be inconsistent with the furtherance of the purpose of this title.

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TITLE XIX—GRANTS TO STATES FOR MEDICAL
ASSISTANCE PROGRAMS

Appropriation

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

State Plans for Medical Assistance

Sec. 1902. (a) A State plan for medical assistance must—
(1) provide that it shall be in effect in all political subdivisions
of the State, and, if administered by them, be mandatory upon
them;
(2) provide for financial participation by the State equal to not less than 40 per centum of the non-Federal share of the expenditures under the plan with respect to which payments under section 1903 are authorized by this title; and, effective July 1, 1969, provide for financial participation by the State equal to all of such non-Federal share or provide for distribution of funds from Federal or State sources, for carrying out the State plan, on an equalization or other basis which will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available under the plan;

(3) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for medical assistance under the plan is denied or is not acted upon with reasonable promptness;

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

(5) either provide for the establishment or designation of a single State agency to administer the plan; or provide for the establishment or designation of a single State agency to supervise the administration of the plan except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or [XVI (insofar as it relates to the aged)]; or by the agency or agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title XVI if the State is not eligible to participate in such programs established under title XVI;

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

(7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;
provide that all individuals wishing to make application for medical assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

(9) provide—

(A) that the State health agency, or other appropriate State medical agency (whichever is utilized by the Secretary for the purposes specified in the first sentence of section 1864 (a)), shall be responsible for establishing and maintaining health standards for private or public institutions in which recipients of medical assistance under the plan may receive care or services, and

(B) for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards, other than those relating to health, for such institutions:

(10) providing for making medical assistance available to all individuals receiving aid or assistance under State plans approved under titles I, X, XIV, and XVI, and part A of title IV; and

(A) provide that the medical assistance made available to individuals receiving aid or assistance under any such State plan—

(i) shall not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such State plan, and

(ii) shall not be less in amount, duration, or scope than the medical or remedial care and services made available to individuals not receiving aid or assistance under any such plan; and

(B) if medical or remedial care and services are included for any group of individuals who are not receiving aid or assistance under any such State plan and who do not meet the income and resources requirements of the one of such State plans which is appropriate, as determined in accordance with standards prescribed by the Secretary, provide—

(i) for making medical or remedial care and services available to all individuals who would, if needy, be eligible for aid or assistance under any such State plan and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical or remedial care and services, and

(ii) that the medical or remedial care and services made available to all individuals not receiving aid or assistance under any such State plan shall be equal in amount, duration, and scope:

(10) provide—

(A) for making medical assistance available to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;
(B) that the medical assistance made available to any individual described in clause (A)—

(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4) or (14) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, and (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of the deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals; and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);
(11) (A) provide for entering into cooperative arrangements with the State agencies responsible for administering or supervising the administration of health services and vocational rehabilitation services in the State looking toward maximum utilization of such services in the provision of medical assistance under the plan; and (B) effective July 1, 1969, provide, to the extent prescribed by the Secretary, for entering into agreements, with any agency, institution, or organization receiving payments for part or all of the cost of plans or projects under title V, (i) providing for utilizing such agency, institution, or organization in furnishing care and services which are available under such plan or project under title V and which are included in the State plan approved under this section and (ii) making such provision as may be appropriate for reimbursing such agency, institution, or organization for the cost of any such care and services furnished any individual for which payment would otherwise be made to the State with respect to him under section 1003;

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

(13) provide—
(A) (i) for the inclusion of some institutional and some non-institutional care and services, and
(ii) for the inclusion of home health services for any individual who, under the State plan, is entitled to skilled nursing home services, and
(B) in the case of individuals receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, for the inclusion of at least the care and services listed in clauses (1) through (5) of section 1905(a), and
(C) in the case of individuals not included under subparagraph (B) for the inclusion of at least—
(i) the care and services listed in clauses (1) through (5) of section 1905(a) or
(ii) (I) the care and services listed in any 7 of the clauses number (1) through (16) of such section and (II) in the event the care and services provided under the State plan include hospital or skilled nursing facility services, physicians' services to an individual in a hospital or skilled nursing facility during any period he is receiving hospital services from such hospital or skilled nursing facility services from such home, and
(D) for payment of the reasonable cost of inpatient hospital services provided under the plan, as determined in accordance with methods and standards, consistent with section 1122, which shall be developed by the State and reviewed and approved by the Secretary and (after notice of approval by the Secretary) included in the plan, except that the reason-
able cost of any such services as determined under such methods and standards shall not exceed the amount which would be determined under section 1861(v) as the reasonable cost of such services for purposes of title XVIII: and

(E) effective July 1, 1976, for payment of the skilled nursing facility and intermediate care facility services provided under the plan on a reasonable cost related basis, as determined in accordance with methods and standards which shall be developed by the State on the basis of cost-finding methods approved and verified by the Secretary;

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

(A) in case of individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate, any additional benefits are being paid under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)—

(i) no enrollment fee, premium, or similar charge, and

(ii) any deduction, cost sharing, or similar charge imposed under the plan, and

(B) with respect to individuals (other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)) who are not receiving aid or assistance under any such State plan and with respect to whom supplemental security income benefits are not being paid under title XVI and who do not meet the income and resources requirements of the one of such State plans which is appropriate or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX the appropriate State plan, or the supple-
mental security income program under title XVI, as the case may be—

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

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

(15) in the case of eligible individuals 65 years of age or older who are covered by either or both of the insurance programs established by title XVIII, provide where, under the plan, all of any deductible, cost-sharing, or similar charge imposed with respect to such individual under the insurance program established by such title is not met, the portion thereof which is met shall be determined on a basis reasonably related (as determined in accordance with standards approved by the Secretary and included in the plan) to such individual's income or his income and resources;

(16) provide for inclusion, to the extent required by regulations prescribed by the Secretary, of provisions (conforming to such regulations) with respect to the furnishing of medical assistance under the plan to individuals who are residents of the State but are absent therefrom;

(17) include reasonable standards (which shall be comparable for all groups and may, in accordance with standards prescribed by the Secretary, differ with respect to income levels, but only in the case of applicants or recipients of assistance under the plan who are not receiving aid or assistance under [the State's plan approved under title I, X, XIV, or XVI or part A of title IV], any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI based on the variations between shelter costs in urban areas and in rural areas) for determining eligibility for and the extent of medical assistance under the plan which (A) are consistent with the objectives of this title, (B) provide for taking into account only such income and resources as are, as determined in accordance with standards prescribed by the Secretary, available to the applicant or recipient, and (in the case of any applicant or recipient who would, if he met the requirements as to need) except for income and resources, be eligible for aid or assistance in the form of money payments under [a State plan approved under title I, X, XIV, or XVI, or part A of title IV] any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI as would not be disregarded (or set aside for future needs) in determining his eligibility for [and amount of such aid or assistance under such plan] such aid, assistance, or benefits, (C) provide for reasonable evaluation of any such income or resources, and (D) do not take into account the financial responsibility of any individual for any applicant or recipient of assistance under the plan unless such applicant or recipient is such individual's spouse or such individual's child who is under age 21
or is blind or permanently and totally disabled (with respect to States eligible to participate in the State program established under Title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program); and provide for flexibility in the application of such standards with respect to income by taking into account, except to the extent prescribed by the Secretary, the costs (whether in the form of insurance premiums or otherwise) incurred for medical care or for any other type of remedial care recognized under State law;

(18) provide that no lien may be imposed against the property of any individual prior to his death on account of medical assistance paid or to be paid on his behalf under the plan (except pursuant to the judgment of a court on account of benefits incorrectly paid on behalf of such individual), and that there shall be no adjustment or recovery (except, in the case of an individual who was 65 years of age or older when he received such assistance, from his estate, and then only after the death of his surviving spouse, if any, and only at a time when he has no surviving child who is under age 21 or is blind or permanently and totally disabled (with respect to States eligible to participate in the State program established under Title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program) of any medical assistance correctly paid on behalf of such individual under the plan;

(19) provide such safeguards as may be necessary to assure that eligibility for care and services under the plan will be determined, and such care and services will be provided, in a manner consistent with simplicity of administration and the best interests of the recipients;

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

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

(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institutions, and that there will be a periodical determination of his need for continued treatment in the institution;
(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for recipients 65 years of age or older who would otherwise need care in such institutions, including appropriate medical treatment and other aid or assistance; for services referred to in 3(a)(4)(A)(i) and (ii), section 603(a)(1)(A)(i) and (ii) or section 1603(a)(4)(A)(i) and (ii) which are appropriate for such recipients and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such recipients and such patients will be effectively carried out; and

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

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

(22) include descriptions of (A) the kinds and numbers of professional medical personnel and supporting staff that will be used in the administration of the plan and of the responsibilities they will have, (B) the standards, for private or public institutions in which recipients of medical assistance under the plan may receive care or services, that will be utilized by the State authority or authorities responsible for establishing and maintaining such standards, (C) the cooperative arrangements with State health agencies and State vocational rehabilitation agencies entered into with a view to maximum utilization of and coordination of the provision of medical assistance with the services administered or supervised by such agencies, and (D) other standards and methods that the State will use to assure that medical or remedial care and services provided to recipients of medical assistance are of high quality; and

(23) provide that any individual eligible for medical assistance (including drugs) may obtain such assistance from any institution, agency, community pharmacy, or person, qualified to perform the service or services required (including an organization which provides such services, or arranges for their availability, on a prepayment basis), who undertakes to provide him such services; and a State plan shall not be deemed to be out of compliance with the requirements of this paragraph or paragraph (1) or (10) solely by reason of the fact that the State (or any political subdivision thereof) has entered into a contract with an organization which has agreed to provide care and services in addition to those offered under the State plan to individuals eligible for medical assistance who reside in the geographic area served by such organization and who elect to obtain such care and services from such organization;
(24) effective July 1, 1969, provide for consultative services by health agencies and other appropriate agencies of the State to hospitals, nursing homes, facilities, home health agencies, clinics, laboratories, and such other institutions as the Secretary may specify in order to assist them (A) to qualify for payments under this Act, (B) to establish and maintain such fiscal records as may be necessary for the proper and efficient administration of this Act, and (C) to provide information needed to determine payments due under this Act on account of care and services furnished to individuals;

(25) provide (A) that the State or local agency administering such plan will take all reasonable measures to ascertain the legal liability of third parties to pay for care and services (available under the plan) arising out of injury, disease, or disability, (B) that where the State or local agency knows that a third party has such a legal liability such agency will treat such legal liability as a resource of the individual on whose behalf the care and services are made available for purposes of paragraph (17)(B), and (C) that in any case where such a legal liability is found to exist after medical assistance has been made available on behalf of the individual, the State or local agency will seek reimbursement for such assistance to the extent of such legal liability;

(26) effective July 1, 1969, provide (A) for a regular program of medical review (including medical evaluation) of each patient's need for skilled nursing facility care or (in the case of individuals who are eligible therefor under the State plan) need for care in a mental hospital, a written plan of care, and, where applicable, a plan of rehabilitation prior to admission to a skilled nursing facility; (B) for periodic inspections to be made in all skilled nursing facilities and mental institutions (if the State plan includes care in such institutions) within the State by one or more medical review teams (composed of physicians and other appropriate health and social service personnel) of (i) the care being provided in such nursing homes facilities (and mental institutions, if care therein is provided under the State plan) to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular nursing homes facilities (or institutions) to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities (or institutions, (iii) the necessity and desirability of the continued placement of such patients in such nursing homes facilities (or institutions), and (iv) the feasibility of meeting their health care needs through alternative institutional or noninstitutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections together with any recommendations to the State agency administering or supervising the administration of the State plan;

(27) provide for agreements with every person or institution providing services under the State plan under which such person or institution agrees (A) to keep such records as are necessary fully to disclose the extent of the services provided to individuals
receiving assistance under the State plan, and (B) to furnish the
State agency with such information, regarding any payments
claimed by such person or institution for providing services under
the State plan, as the State agency may from time to time request;

(28) provide that any skilled nursing facility receiving pay-
ments under such plan must satisfy all of the requirements con-
tained in section 1861(j), except that the exclusion contained
therein with respect to institutions which are primarily for the
care and treatment of mental diseases and tuberculosis shall not
apply for purposes of this title;

(29) include a State program which meets the requirements set
forth in section 1908, for the licensing of administrators of nurs-
ing homes;

(30) provide such methods and procedures relating to the utili-
zation of, and the payment for, care and services available under
the plan (including but not limited to utilization review plans as
provided for in section 1903(i)(4)) as may be necessary to safe-
guard against unnecessary utilization of such care and services
and to assure that payments (including payments for any drugs
provided under the plan) are not in excess of reasonable charges
consistent with efficiency, economy, and quality of care;

(31) provide (A) for a regular program of independent pro-
fessional review (including medical evaluation of each patient's
need for intermediate care) and a written plan of service prior
to admission or authorization of benefits in an intermediate care
facility as determined under regulations of the Secretary; (B)
for periodic on-site inspections to be made in all such intermedi-
ate care facilities (if the State plan includes care in such in-
stitutions) within the State by one or more independent profes-
sional 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 per-
sons receiving assistance under the State plan, (ii) with respect to
each of the patients receiving such care, the adequacy of the serv-
ces 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 neces-
sity and desirability of the continued placement of such patients
in such facilities, and (iv) the feasibility of meeting their health
care needs through alternative institutional or non-institutional
services; and (C) for the making by such team or teams of full
and complete reports of the findings resulting from such inspec-
tions, together with any recommendations to the State agency
administering or supervising the administration of the State
plan;

(32) provide that no payment under the plan for any care or
service provided to an individual by a physician, dentist, or other
individual practitioner shall be made to anyone other than such
individual or such physician, dentist, or practitioner, except that
payment may be made (A) to the employer of such physician,
dentist, or practitioner if such physician, dentist, or practitioner
is required as a condition of his employment to turn over his fee
for such care or service to his employer, or (B) (where the care
or service was provided in a hospital, clinic, or other facility) to
the facility in which the care or service was provided if there is a
contractual arrangement between such physician, dentist, or prac-
titioner and such facility under which such facility submits the
bill for such care or service:

(33) provide—
(A) that the State health agency, or other appropriate
State medical agency, shall be responsible for establishing a
plan, consistent with regulations prescribed by the Secre-
tary, 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 estab-
lished or designated pursuant to paragraph (5) and, where
applicable, to the State agency described in the last sen-
tence penultimate sentence of this subsection; and
(B) that the State or local agency utilized by the Secretary
for the purpose specified in the first sentence of section
1864(a), or, if such agency is not the State agency which is
responsible for licensing health institutions, the State agency
responsible for such licensing, will perform for the State
agency administering or supervising the administration of
the plan approved under this title the function of determin-
ing whether institutions and agencies meet the requirements
for participation in the program under such plan;

(34) provide that in the case of any individual who has been
determined to be eligible for medical assistance under the plan
such assistance will be made available to him for care and services
included under the plan and furnished in or after the third month
before the month in which he made application (or application was
made on his behalf in the case of a deceased individual) for such
assistance if such individual was (or upon application would have
been) eligible for such assistance at the time of such care and serv-
dices were furnished;

(35) effective January 1, 1973, provide that any intermediate
care facility receiving payments under such plan must supply to
the licensing agency of the State full and complete information
as to the identity (A) of each person having (directly or indi-
crectly) an ownership interest of 10 per centum or more in such
intermediate care facility or who is the owner (in whole or in part)
of any mortgage, deed of trust, note or other obligation secured
(in whole or in part) by such intermediate care facility or any of
the property or assets of such intermediate care facility, (B) in
case an intermediate care facility is organized as a corporation,
of each officer and director of the corporation, and (C) in case
an intermediate care facility is organized as a partnership, of
each partner; and promptly report any changes which would
affect the current accuracy of the information so required to be
supplied: and

(36) provide that within 90 days following the com-
pletion of each survey of any health care facility, laboratory,
agency, clinic, or organization, by the appropriate State agency
described in paragraph (9), such agency shall (in accordance with regulations of the Secretary) make public in readily available form and place the pertinent findings of each such survey relating to the compliance of each such health care facility, laboratory, clinic, agency, or organization with (A) the statutory conditions of participation imposed under this title, and (B) the major additional conditions which the Secretary finds necessary in the interest of health and safety of individuals who are furnished care or services by any such facility, laboratory, clinic, agency, or organization.

Notwithstanding paragraph (5), if on January 1, 1965, and on the date on which a State submits its plan for approval under this title, the State agency which administered or supervised the administration of the plan of such State approved under title X (or title XVI, insofar as it relates to the blind) was different from the State agency which administered or supervised the administration of the State plan approved under title I (or title XVI, insofar as it relates to the aged), the State agency which administered or supervised the administration of such plan approved under title X (or title XVI, insofar as it relates to the blind) may be designated to administer or supervise the administration of the portion of the State plan for medical assistance which relates to blind individuals and a different State agency may be established or designated to administer or supervise the administration of the rest of the State plan for medical assistance; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title (except for purposes of paragraph (10)).

For purposes of paragraphs (9) (A)9 (29), (31), and (33), and of section 1903(i) (4), the term "skilled nursing facility" and "nursing home" do not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts.

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

(1) an age requirement of more than 65 years; or
(2) effective July 1, 1967, any age requirement which excludes any individual who has not attained the age of 21 and is or would, except for the provisions of section 406(a) (2), be a dependent child under part A of subchapter IV of this chapter; or
(3) any residence requirement which excludes any individual who resides in the State; or
(4) any citizenship requirement which excludes any citizen of the United States.

(c) Notwithstanding subsection (b), the Secretary shall not approve any State plan for medical assistance if he determines that the approval and operation of the plan will result in a reduction in aid or assistance in the form of money payments (other than so much, if any, of the aid or assistance in such form as was, immediately prior to the effective date of the State plan under this title, attributable to medical needs) provided for eligible individuals under a plan of such State approved under title I, X, XIV, or XVI, or part A of title IV.
(d) (Repealed).

(e) Notwithstanding any other provision of this title, effective January 1, 1974, each State plan approved under this title must provide that each family which was eligible for assistance pursuant to part A of title IV in at least 3 of the 6 months immediately preceding the month in which such family became ineligible for such assistance because of increased income from employment, shall, while a member of such family is employed, remain eligible for such assistance for 4 calendar months following the month in which such family would otherwise be determined to be ineligible for such assistance because of the income and resources limitations contained in such plan.

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

In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is
eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10) (A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10) (C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10) (C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10) (A) of that subsection.”.

Payment to States

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

(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b), subject to subsections (g) and (h) of this section) of the total amount expended during such quarter as medical assistance under the State plan (including expenditures for premiums under part B of title XVIII, for individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV) individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a) (10) (A), and, except in the case of individuals sixty-five years of age or older and disabled individuals entitled to hospital insurance benefits under title XVIII who are not enrolled under part B of title XVIII, other insurance premiums for medical or any other type of remedial care or the cost thereof); plus

(2) an amount equal to 75 per centum of so much of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) as are attributable to compensation or training of skilled professional medical personnel, and staff directly supporting such personnel of the State agency or any other public agency; plus

(3) an amount equal to—

(A) (i) 90 per centum of so much of the sums expended during such quarter as are attributable to the design, development, or installation of such mechanized claims processing
and information retrieval systems as the Secretary determines are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of title XVIII, including the State's share of the cost of installing such a system to be used jointly in the administration of such State's plan and the plan of any other State approved under this title, and

(ii) 90 per centum of so much of the sums expended during any such quarter in the fiscal year ending June 30, 1972, or the fiscal year ending June 30, 1973, as are attributable to the design, development, or installation of cost determination systems for State-owned general hospitals (except that the total amount paid to all States under this clause for either such fiscal year shall not exceed $150,000), and

(B) 75 per centum of so much of the sums expended during such quarter as are attributable to the operation of systems (whether such systems are operated directly by the State or by another person under a contract with the State) of the type described in subparagraph (A) (i) (whether or not designed, developed, or installed with assistance under such subparagraph) which are approved by the Secretary and which include provision for prompt written notice to each individual who is furnished services covered by the plan of the specific services so covered, the name of the person or persons furnishing the services, the date or dates on which the services were furnished, and the amount of the payment or payments made under the plan on account of the services; plus

(4) an amount equal to 100 per centum of the sums expended with respect to costs incurred during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) which are attributable to compensation or training of personnel (of the State agency or any other public agency) responsible for inspecting public or private institutions (or portions thereof) providing long-term care to recipients of medical assistance to determine whether such institutions comply with health or safety standards applicable to such institutions under this Act; plus

(5) an amount equal to 90 per centum of the sums expended during such quarter (as found necessary by the Secretary for the proper and efficient administration of the State plan) which are attributable to the offering, arranging, and furnishing (directly or on a contract basis) of family planning services and supplies;

(6) an amount equal to 50 per centum of the remainder of the amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan.

(b) [(1) (Repealed)]

[(2) (j) Notwithstanding the preceding provisions of this section, the amount determined under subsection (a) (1) for any State for any quarter beginning after December 31, 1969, shall not take into account any amounts expended as medical assistance with respect to
individuals aged 65 or over and disabled individuals entitled to hospital insurance benefits under title XVIII which would not have been so expended if the individuals involved had been enrolled in the insurance program established by part B of title XVIII other than amounts expended under provisions of the plan as required by section 1902(a)(3).

((b) For limitation on Federal participation for capital expenditures which are out of conformity with a comprehensive plan of a State or area-wide planning agency, see section 1122.

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

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

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

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

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

(2) The Secretary shall then pay to the State, in such installments as he may determine, the amounts so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection. Expenditures for which payments were made to the State under subsection (a) shall be treated as an
overpayment to the extent that the State or local agency administering such plan has been reimbursed for such expenditures by a third party pursuant to the provisions of its plan in compliance with section 1902(a)(25).

(3) The pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered during any quarter by the State or any political subdivision thereof with respect to medical assistance furnished under the State plan shall be considered an overpayment to be adjusted under this subsection.

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

(e) [(Repealed)]

With respect to amounts expended during any quarter (commencing with the calendar quarter which begins on January 1, 1974) as medical assistance under the State plan (including amounts for premiums as described in subsection (a)(1)) in providing services to any individual who, at any time during the twelve-month period ending with the month preceding the month in which he received such services resided on or adjacent to a Federal Indian reservation, and was eligible for comprehensive health services under the Indian Health Service program conducted within the Public Health Service, the Federal medical assistance percentage shall be increased to 100 per centum.

(f) (1) (A) Except as provided in paragraph (4), payment under the preceding provisions of this section shall not be made with respect to any amount expended as medical assistance in a calendar quarter, in any State, for any member of a family the annual income of which exceeds the applicable income limitation determined under this paragraph.

(B) (i) Except as provided in clause (ii) of this subparagraph, the applicable income limitation with respect to any family is the amount determined, in accordance with standards prescribed by the Secretary, to be equivalent to 133 1/3 percent of the highest amount which would ordinarily be paid to a family of the same size without any income or resources, in the form of money payments, under the plan of the State approved under part A of title IV of this Act.

(ii) If the Secretary finds that the operation of a uniform maximum limits payments to families of more than one size, he may adjust the amount otherwise determined under clause (i) to take account of families of different sizes.

(C) The total amount of any applicable income limitation determined under subparagraph (B) shall, if it is not a multiple of $100 or such other amount as the Secretary may prescribe, be rounded to the next higher multiple of $100 or such other amount, as the case may be.

(2) In computing a family's income for purposes of paragraph (1), there shall be excluded any costs (whether in the form of insurance premiums or otherwise) incurred by such family for medical care or for any other type of remedial care recognized under State law.

(3) For purposes of paragraph (1)(B), in the case of a family consisting of only one individual, the "highest amount which would ordinarily be paid" to such family under the State's plan approved
under part A of title IV of this Act shall be the amount determined by the State agency (on the basis of reasonable relationship to the amounts payable under such plan to families consisting of two or more persons) to be the amount of the aid which would ordinarily be payable under such plan to a family (without any income or resources) consisting of one person if such plan (without regard to section 408) provided for aid to such a family.

(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual who, at the time of the provision of the medical assistance giving rise to such expenditure—

(A) is a recipient of aid or assistance under a plan of such State which is approved under title I, X, XIV, or XVI, or part A of title IV, or

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

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 800 percent of the supplemental security income benefit rate established by section 1611(b)(1),

at the time of the provision of the medical assistance giving rise to such expenditure."

(g)(1) With respect to amounts paid for the following services furnished under the State plan after June 30, 1973 (other than services furnished pursuant to a contract with a health maintenance organization as defined in section 1876), the Federal medical assistance percentage shall be decreased as follows: After an individual has received care as an inpatient in a hospital (including an institution for tuberculosis), skilled nursing facility or intermediate care facility on 60 days, or in a hospital for mental diseases on 90 days (whether or not such days are consecutive), during any fiscal year, which for pur-
poses of this section means the four calendar quarters ending with June 30, the Federal medical assistance percentage with respect to amounts paid for any such care furnished thereafter to such individual in the same fiscal year shall be decreased by 33\% per centum thereof unless the State agency responsible for the administration of the plan makes a showing satisfactory to the Secretary that, with respect to each calendar quarter for which the State submits a request for payment at the full Federal medical assistance percentage for amounts paid for inpatient hospital services (including tuberculosis hospitals), skilled nursing facility services, or intermediate care facility services furnished beyond 60 days (or inpatient mental hospital services furnished beyond 90 days), there is in operation in the State an effective program of control over utilization of such services; such a showing must include evidence that—

(A) in each case for which payment is made under the State plan, a physician certifies at the time of admission, or, if later, the time the individual applies for medical assistance under the State plan (and recertifies, where such services are furnished over a period of time, in such cases, at least every 60 days, and accompanied by such supporting material, appropriate to the case involved, as may be provided in regulations of the Secretary), that such services are or were required to be given on an inpatient basis because the individual needs or needed such services; and

(B) in each such case, such services were furnished under a plan established and periodically reviewed and evaluated by a physician;

(C) such State has in effect a continuous program of review of utilization pursuant to section 1902(a)(30) whereby the necessity for admission and the continued stay of each patient in such institution is periodically reviewed and evaluated (with such frequency as may be prescribed in regulations of the Secretary) by medical and other professional personnel who are not themselves directly responsible for the care of the patient and who are not employed by or financially interested in any such institution or, except in the case of hospitals, employed by the institution; and

(D) such State has an effective program of medical review of the care of patients in mental hospitals, skilled nursing facilities, and intermediate care facilities pursuant to section 1902(a)(30) and (31) whereby the professional management of each case is reviewed and evaluated at least annually by independent professional review teams.

In determining the number of days on which an individual has received services described in this subsection, there shall not be counted any days with respect to which such individual is entitled to have payments made (in whole or in part) on his behalf under section 1812.

(2) The Secretary shall, as part of his validation procedures under this subsection, conduct sample onsite surveys of private and public institutions in which recipients of medical assistance may receive care and services under a State plan approved under this title, and his findings with respect to such surveys (as well as the showings of the State agency required under this subsection) shall be made available for public inspection.
(h) (1) If the Secretary determines for any calendar quarter beginning after June 30, 1973, with respect to any State that there does not exist a reasonable cost differential between the statewide average cost of skilled nursing facility services and the statewide average cost of intermediate care facility services in such State, the Secretary may reduce the amount which would otherwise be considered as expenditures under the State plan by any amount which in his judgment is a reasonable equivalent of the difference between the amount of the expenditures by such State for intermediate care facility services and the amount that would have been expended by such State for such services if there had been a reasonable cost differential between the cost of skilled nursing facility services and the cost of intermediate care facility services.

(2) In determining whether any such cost differential in any State is reasonable the Secretary shall take into consideration the range of such cost differentials in all States.

(3) For the purposes of this subsection, the term "cost differential" for any State for any quarter means, as determined by the Secretary on the basis of the data for the most recent calendar quarter for which satisfactory data are available, the excess of—

(A) the average amount paid in such State (regardless of the source of payment) per inpatient day for skilled nursing facility services, over

(B) the average amount paid in such State (regardless of the source of payment) per inpatient day for intermediate care facility services.

(4) For purposes of this subsection, the term "cost" shall mean amounts reimbursable by the State under a State plan approved under this title.

(1) Payment under the preceding provisions of this section shall not be made—

(1) with respect to any amount paid for items or services furnished under the plan after December 31, 1972, to the extent that such amount exceeds the charge which would be determined to be reasonable for such items or services under the fourth and fifth sentences of section 1842(b)(3); or

(2) with respect to any amount paid for services furnished under the plan after December 31, 1972, by a provider or other person during any period of time, if payment may not be made under title XVIII with respect to services furnished by such provider or person during such period of time solely by reason of a determination by the Secretary under section 1862(d)(1) or under clause (D), (E), or (F) of section 1866(b)(2); or

(3) with respect to any amount expended for inpatient hospital services furnished under the plan to the extent that such amount exceeds the hospital's customary charges with respect to such services or (if such services are furnished under the plan by a public institution free of charge or at nominal charges to the public) exceeds an amount determined on the basis of those items (specified in regulations prescribed by the Secretary) included in the determination of such payment which the Secretary finds will provide fair compensation to such institution for such services; or
(4) with respect to any amount expended for care or services furnished under the plan by a hospital or skilled nursing facility unless such hospital or skilled nursing home has in effect a utilization review plan which meets the requirements imposed by section 1861(k) for purposes of title XVIII; and if such hospital or skilled nursing facility has in effect such a utilization review plan for purposes of title XVIII, such plan shall serve as the plan required by this subsection (with the same standards and procedures and the same review committee or group) as a condition of payment under this title; the Secretary is authorized to waive the requirements of this paragraph if the State agency demonstrates to his satisfaction that it has in operation utilization review procedures which are superior in their effectiveness to the procedures required under section 1861(k).

(j) Notwithstanding the preceding provisions of this section—

(1) in determining the amount payable to any State with respect to expenditures for skilled nursing facility services furnished in any calendar quarter beginning after December 31, 1973, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of skilled nursing facility services provided under the State plan in such quarter, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter; and

(2) in determining the amount payable to any State with respect to expenditures for intermediate care facility services furnished in any calendar quarter beginning after December 31, 1972, there shall not be included as expenditures under the State plan any amount in excess of the product of (A) the number of inpatient days of intermediate care facility services provided in such quarter under each of the plans of such State approved under titles I, X, XIV, XVI, and XIX, and (B) 105 per centum of the average per diem cost of such services for the fourth calendar quarter preceding such calendar quarter.

For purposes of determining the amount payable to any State with respect to any quarter under paragraphs (1) and (2), the Secretary may by regulation increase the percentage specified in clause (B) of each such paragraph to the extent necessary to take account of increases in per diem costs which result directly from increases in the Federal minimum wage, or which otherwise result directly from cost increases which the Secretary determines are attributable to the upgrading of services and facilities required by this Act or from provisions of Federal law enacted (or amendments to Federal law made) after the date of the enactment of the Social Security Amendments of 1972.

(j) (1) Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this subsection) with respect to expenditures incurred by it for services provided by any institution during any period that an order for suspension of payment (as authorized by this subsection) is effective with respect to such institution.

(2) The Secretary may issue a suspension of payment order with respect to any institution if—
(A) such institution (i) does not (at the time such order is issued) have in effect an agreement with the Secretary which is entered into pursuant to section 1866; and (ii) did (prior to the time such order is issued) have in effect such an agreement; and

(B) (i) The Secretary has been unable to collect (or make satisfactory arrangement for the collection of) amounts due on account of overpayments made to such institution under title XVIII; or

(ii) the Secretary has been unable to obtain from such institution the data and information necessary to enable him to determine the amount (if any) of the overpayments made to such institution under title XVIII.

(3) Whenever the Secretary issues any order for suspension of payment under this subsection with respect to any institution, he shall submit a notice of such order to the single State agency (referred to in section 1902(a) (5)) of each State which he has reason to believe does or may utilize the services of such institution in providing medical assistance under a plan approved under this title.

(4) Any order for suspension of payment issued with respect to any institution under this subsection shall become effective, in the case of any State plan approved under this title, on the 60th day after the date the State agency (referred to in section 1902(a) (5)) administering or supervising the administration of such plan receives notice of such order submitted pursuant to paragraph (3). Any such order shall cease to be effective at such time as the Secretary is satisfied that the institution is participating in substantial negotiations which seek to remedy the conditions which gave rise to his order of suspension of payments, or that the amounts (referred to in paragraph (2)) are no longer due from such institution or that a satisfactory arrangement has been made for the payment by such institution of any such amounts. Upon the determination of the Secretary that any such order with respect to any such institution shall cease to be effective, he shall forthwith notify each State agency to which he has therefore submitted notice under paragraph (3) with respect to such institution.

(5) Whenever any order which has been issued by the Secretary under the preceding provisions of this subsection with respect to an institution ceases to be effective, any payment to which any State would (except for the preceding provisions of this subsection) have been entitled under this section on account of services provided by such institution shall be made to such State for the month in which such order ceases to be effective.

(k) The Secretary is authorized to provide at the request of any State (and without cost to such State) such technical and actuarial assistance as may be necessary to assist such State to contract with any health maintenance organization which meets the requirements of section 1876 for the purpose of providing medical care and services to individuals who are entitled to medical assistance under this title.

(l) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974 by a State as payment on a per capita or similar basis for the provision of medical assistance only if—
the entity to which such payment is made meets the definition of a health maintenance organization contained in section 1876(b), other than the provisions of clauses (2), (3), and (7).  

(2) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such entity, or (B) under formal contractual arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;  

(3) provides either directly or through formal contractual arrangements with others all the services covered under the State plan, except to the extent that the State shall have secured from the Secretary a waiver with respect to any particular service, which waiver shall not be approved by the Secretary unless the State provides assurances satisfactory to the Secretary that an alternative arrangement will be provided for the provision of such service to individuals receiving medical assistance through such entity;  

(4) of the enrolled members of such entity not less than (A) 50 per centum of such members (in case such entity is not an entity described in clause (B)) are individuals who are neither entitled to benefits under title XVIII nor eligible for medical assistance under the State plan approved under this title, or (B) in case such entity serves a geographic area in which individuals referred to in clause (A) constitute less than 50 per centum of the total population, a per centum equal to whichever of the following is the larger: (i) a per centum of such members equal to the per centum of such total population which consists of such individuals, or (ii) 25 per centum of such members; and  

(5) such payment is made under a contract or other arrangement which has been approved in advance by the Secretary and which meets requirements imposed by regulations which the Secretary shall prescribe for the purpose of assuring that payments by a State on a per capita or similar basis for the provision of medical assistance are subject to substantially the same requirements as those imposed by subsections (a) and (i) of section 1876 with respect to title XVIII, except that, notwithstanding the provisions of section 1876(i)(2)(A), such regulations may authorize a risk sharing contract or arrangement with an otherwise qualified entity which has a current enrollment of at least 5,000 members on a prepaid capitation or similar basis.

Operation of State Plans

Sec. 1904. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—  

(1) that the plan has been so changed that it no longer complies with the provisions of section 1902; or  

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

Definitions

Sec. 1905. For purposes of this title—

(a) The term "medical assistance" means payment of part or all of the cost of the following care and services (if provided in or after the third month before the month in which the recipient makes application for assistance) for individuals, and, with respect to physicians' or dentists' services, at the option of the State, to individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV, individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A) not receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI, who are

(i) under the age of 21,

(ii) relatives specified in section 406(b)(1) with whom a child is living if such child, except for section 406(a)(2), is (or would, if needy, be) a dependent child under part A of title IV,

(iii) 65 years of age or older,

(iv) blind, with respect to States eligible to participate in the State plan program established under title XVI,

(v) 18 years of age or older and permanently and totally disabled, with respect to States eligible to participate in the State plan program established under title XVI,

(vi) persons essential (as described in the second sentence of this subsection) to individuals receiving aid or assistance under State plans approval under title I, X, XIV, or XVI, or

(vii) blind or disabled as defined in section 1614, with respect to States not eligible to participate in the State plan program established under title XVI,

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

(1) inpatient hospital services (other than services in an institution for tuberculosis or mental diseases);

(2) outpatient hospital services;

(3) other laboratory and X-ray services;

(4) (A) skilled nursing facility services (other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older; (B) effective July 1, 1969, such early and periodic screening and diagnosis of individuals who
are eligible under the plan and are under the age of 21 to ascertain their physical or mental defects, and such health care, treatment, and other measures to correct or ameliorate defects and chronic conditions discovered thereby, as may be provided in regulations of the Secretary; and (C) family planning services and supplies furnished (directly or under arrangements with others) to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies;

(5) physicians' services furnished by a physician (as defined in section 1861(r)(1)), whether furnished in the office, the patient's home, a hospital, or a skilled nursing facility, or elsewhere;

(6) medical care, or any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law;

(7) home health care services;

(8) private duty nursing services;

(9) clinic services;

(10) dental services;

(11) physical therapy and related services;

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

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

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

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

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

(17) any other medical care, and any other type of remedial care recognized under State law, specified by the Secretary; except as otherwise provided in paragraph (16), such term does not include—

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

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

For purposes of clause (vi) of the preceding sentence, a person shall be considered essential to another individual if such person is the spouse of and is living with such individual, the needs of such person are taken into account in determining the amount of aid or assistance furnished to such individual (under a State plan approved under
(b) The term “Federal medical assistance percentage” for any State shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 43 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum, and (2) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, and Guam shall be 50 per centum. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (I) of section 1110(a) except that the Secretary shall promulgate such percentage as soon as possible after the enactment of this title, which promulgation shall be conclusive for each of the six quarters in the period beginning January 1, 1966, and ending with the close of June 30, 1967.

(c) For purposes of this title the term “intermediate care facility” means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing home facility is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are established under regulation of the Secretary in addition to those applicable to nursing homes under State law. The term “intermediate care facility” also includes any skilled nursing home facility or hospital which meets the requirements of the preceding sentence. The term “intermediate care facility” also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusettes, but only with respect to institutional services deemed appropriate by the State. The term “intermediate care facility” also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as meeting the requirements of clauses (2) and (3) of this subsection and providing the care and services required under clauses (1). With respect to services furnished to individuals under age 65, the term “intermediate care facility” shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

(d) The term “intermediate care facility services” may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if:

1. the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

2. the mentally retarded individual with respect to whom a request for payment is made under a plan approved under this title is receiving active treatment under such a program; and
(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures in any calendar quarter prior to January 1, 1975, with respect to services furnished to patients in such institution (or distinct part thereof) in the State will not, because of payments made under this title, be reduced below the average amount expended for such services in such institution in the four quarters immediately preceding the quarter in which the State in which such institution is located elected to make such services available under its plan approved under this title.

(e) In the case of any State the State plan of which (as approved under this title)—

(1) does not provide for the payment of services (other than services covered under section 1392(a)(12)) provided by an optometrist; but

(2) at a prior period did provide for the payment of services referred to in paragraph (1);

the term "physicians' services" (as used in subsection (a)(5)) shall include services of the type which an optometrist is legally authorized to perform where the State plan specifically provides that the term "physicians' services", as employed in such plan, includes services of the type which an optometrist is legally authorized to perform, and shall be reimbursed whether furnished by a physician or an optometrist.

(f) For purposes of this title, the term "skilled nursing facility services" means services which are or were required to be given an individual who needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis.

(g) If the State plan includes provision of chiropractors' services, such services include only—

(1) services provided by a chiropractor (A) who is licensed as such by the State and (B) who meets uniform minimum standards promulgated by the Secretary under section 1861(r)(5); and

(2) services which consist of treatment by means of manual manipulation of the spine which the chiropractor is legally authorized to perform by the State.

(h) (1) For purposes of paragraph (16) of subsection (a), the term "inpatient psychiatric hospital services for individuals under age 21" includes only—

(A) inpatient services which are provided in an institution which is accredited as a psychiatric hospital by the Joint Commission on Accreditation of Hospitals;

(B) inpatient services which, in the case of any individual, (i) involves active treatment which meets such standards as may be prescribed in regulations by the Secretary, and (ii) a team, consisting of physicians and other personnel qualified to make determinations with respect to mental health conditions and the treatment thereof, has determined are necessary on an inpatient basis and can reasonably be expected to improve the condition, by reason of which such serv-
ices are necessary, to the extent that eventually such services will no longer be necessary; and

(C) inpatient services which, in the case of any individual, are provided prior to (A) the date such individual attains age 21, or

(B) in the case of an individual who was receiving such services in the period immediately preceding the date on which he attained age 21, (i) the date such individual no longer requires such services, or (ii) if earlier, the date such individual attains age 22;

(2) Such term does not include services provided during any calendar quarter under the State plan of any State if the total amount of the funds expended, during such quarter, by the State (and the political subdivisions thereof) from non-Federal funds for inpatient services included under paragraph (e) (1), and for active psychiatric care and treatment provided on an outpatient basis for eligible mentally ill children, is less than the average quarterly amount of the funds expended, during the 4-quarter period ending December 31, 1971, by the State and the political subdivisions thereof) from non-Federal funds for such services.

(h) (i) For purposes of this title, the term “skilled nursing facility” also includes any institution which is located in a State on an Indian reservation and is certified by the Secretary as being a qualified skilled nursing facility by meeting the requirements of section 1861(i) or

(j) The term “State supplementary payment” means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits (as determined by the Secretary), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93–66 shall not be considered supplemental security income benefits payable under title XVI.

Sec. 1906. [Repealed.]

Observance of Religious Beliefs

Sec. 1907. Nothing in this title shall be construed to require any State which has a plan approved under this title to compel any person to undergo any medical screening, examination, diagnosis, or treatment or to accept any other health care or services provided under such plan for any purpose (other than for the purpose of discovering and preventing the spread of infection or contagious disease or for the purpose of protecting environmental health), if such person objects (or, in case such person is a child, his parent or guardian objects) thereto on religious grounds.

State Programs for Licensing of Administrators of Nursing Homes

Sec. 1908. (a) For purposes of section 1902(a)(29), a “State program for licensing of administrators of nursing homes” is a program
which provides that no nursing home within the State may operate except under the supervision of an administrator licensed in the manner provided in this section.

(b) Licensing of nursing home administrators shall be carried out by the agency of the State responsible for licensing under the healing arts licensing act of the State; or, in the absence of such act or such an agency, a board representative of the professions and institutions concerned with care of chronically ill and infirm aged patients and established to carry out the purposes of this section.

(c) It shall be the function and duty of such agency or board to—

(1) develop, impose, and enforce standards which must be met by individuals in order to receive a license as a nursing home administrator, which standards shall be designed to insure that nursing home administrators will be individuals who are of good character and are otherwise suitable, and who, by training or experience in the field of institutional administration, are qualified to serve as nursing home administrators;

(2) develop and apply appropriate techniques, including examinations and investigations, for determining whether an individual meets such standards;

(3) issue licenses to individuals determined, after the application of such techniques, to meet such standards, and revoke or suspend licenses previously issued by the board in any case where the individual holding any such license is determined substantially to have failed to conform to the requirements of such standards;

(4) establish and carry out procedures designed to insure that individuals licensed as nursing home administrators will, during any period that they serve as such, comply with the requirements of such standards;

(5) receive, investigate, and take appropriate action with respect to any charge or complaint filed with the board to the effect that any individual licensed as a nursing home administrator has failed to comply with the requirements of such standards; and

(6) conduct a continuing study and investigation of nursing homes and administrators of nursing homes within the State with a view to the improvement of the standards imposed for the licensing of such administrators and of procedures and methods for the enforcement of such standards with respect to administrators of nursing homes who have been licensed as such.

(d) No State shall be considered to have failed to comply with the provisions of section 1902(a) (29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the three calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a) (29) are first met by the State, has served as a nursing home administrator, of any of the standards developed, imposed, and enforced by such agency or board pursuant to subsection (c). No State shall be considered to have failed to comply with the provisions of section 1902(a) (29) because the agency or board of such State (established pursuant to subsection (b)) shall have granted any waiver, with respect to any individual who, during all of the calendar years immediately preceding the calendar year in which the requirements prescribed in section 1902(a) (29) are first met.
by the State, has served as a nursing home administrator, of any of
the standards developed, imposed, and enforced by such board pur-
suant to subsection (c) (1) other than such standards as relate to good
character or suitability if—

(1) such waiver is for a period which ends after being in effect
for two years or on June 30, 1972, whichever is earlier, and

(2) there is provided in the State (during all of the period
for which waiver is in effect), a program of training and instruc-
tion designed to enable all individuals, with respect to whom any
such waiver is granted, to attain the qualifications necessary in
order to meet such standards.

(e) (1) There are hereby authorized to be appropriated for fiscal
year 1968 and the four succeeding fiscal years such sums as may be
necessary to enable the Secretary to make grants to States for the pur-
pose of assisting them in instituting and conducting programs of train-
ning and instruction of the type referred to in subsection (d) (2).

(2) No grant with respect to any such program shall exceed 75 per
centum of the reasonable and necessary cost, as determined by the
Secretary, of instituting and conducting such program.

(f) For the purpose of advising the Secretary and the States in
carrying out the provisions of this section, there is hereby created a
National Advisory Council on Nursing Home Administration which
shall consist of nine persons, not otherwise in the employ of the
United States, appointed by the Secretary without regard to the pro-
visions of title 5, United States Code, governing appointments in the
competitive service. The Secretary shall from time to time appoint
one of the members to serve as Chairman. The members shall include,
but not be limited to, representatives of State health officers, State
welfare directors, nursing home administrators, and university pro-
grams in public health or medical care administration.

(2) In addition to the function stated in paragraph (1) of this sub-
section, it shall be the function and duty of the Council (A) to study
and identify the core of knowledge that should constitute minimally
the training in the field of institutional administration which should
qualify an individual to serve as a nursing home administrator; (B)
to study and identify the experience, in the field of institutional ad-
ministration that a nursing home administrator should be required to
possess; (C) to study and develop model techniques for determining
whether an individual possesses such qualifications; (D) to study and
develop model criteria for granting waivers under the provisions of
subsection (d) ; (E) to study and develop suggested programs of train-
ing referred to in subsection (d) ; (F) to study, develop, and recom-
end programs of training and instruction for those desiring to purs-
ue a career in nursing home administration; (G) to complete the
functions in (A) through (E) above by July 1, 1969, and submit a
written report to the Secretary which report shall be submitted to the
States to assist them in carrying out the provisions of this section.

(3) Members of the Council, while attending meetings or confer-
ences thereof or otherwise serving on business of the Council shall be
entitled to receive compensation at rates fixed by the Secretary, but
not exceeding $100 per day, including travel time, and while so serving
away from their homes or regular places of business they may be
allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(c) The Secretary may at the request of the Council engage such technical assistance as may be required to carry out its functions; and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such pertinent data obtained and prepared by the Department of Health, Education, and Welfare as the Council may require to carry out its functions.

(5) The council shall be appointed by the Secretary prior to July 1, 1968, and shall cease to exist as of December 31, 1971.

(g) As used in this section, the term—

(1) "nursing home" means any institution or facility defined as such for licensing purposes under State law, or, if State law does not employ the term nursing home, the equivalent term or terms as determined by the Secretary, but does not include a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts; and

(2) "nursing home administrator" means any individual who is charged with the general administration of a nursing home whether or not such individual has an ownership interest in such home and whether or not his functions and duties are shared with one or more other individuals.
(a) In General.—

(1) Allowance of credit.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

(2) The Applicable Percentage.—The percentage under paragraph (1) applicable to the social security taxes is—

(A) 86 percent for calendar years 1974 through 1977,
(B) 83 percent for calendar years 1978 through 1980,
(C) 80 percent for calendar years 1981 through 1985,
(D) 78 percent for calendar years 1986 through 2010, and
(E) 76 percent for calendar years beginning after December 31, 2010.

(b) Limitations.—

(1) Maximum credit.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed $4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b) without regard to the exclusion set forth in paragraph (9) of that section).

(2) Reduction for additional income.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer’s income, or, if he is married (as determined under section 143), the total of his income and his spouse’s income, for the taxable year exceeds $4,000. For purposes of this paragraph, the term ‘income’ means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

(A) any amount described in section 71(b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a prin-
cipal sum paid in installments), or 74(b) (relating to certain prizes and awards).

(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to muster-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States).

(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any amount for the purchase of prosthetic devices or medical services, and

(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

(3) APPLICATION WITH SECTION 6428—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2) shall be reduced by the sum of any amounts received under section 6428 during that year.

(c) DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE INDIVIDUAL.—The term "eligible individual" means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

(2) SOCIAL SECURITY TAXES.—The terms "social security taxes" means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term "employment" (as defined in section
did not contain the exclusion set forth in paragraph (9) of such section.

SEC. 164. TAXES.

(a) General Rule.—Except as otherwise provided in this section, the following taxes shall be allowed as a deduction for the taxable year within which paid or accrued:

1. State and local, and foreign, real property taxes.
2. State and local personal property taxes.
3. State and local, and foreign, income, war profits, and excess profits taxes.
4. State and local general sales taxes.
5. State and local taxes on the sale of gasoline, diesel fuel, and other motor fuels.

In addition, there shall be allowed as a deduction State and local, and foreign, taxes not described in the preceding sentence which are paid or accrued within the taxable year in carrying on a trade or business or an activity described in section 212 (relating to expenses for production of income).

(b) Definitions and Special Rules.—For purposes of this section—

1. Personal Property Taxes.—The term “personal property tax” means an ad valorem tax which is imposed on an annual basis in respect of personal property.

2. General Sales Taxes.—
   (A) In General.—The term “general sales tax” means a tax imposed at one rate in respect of the sale at retail of a broad range of classes of items.
   (B) Special Rules for Food, etc.—In the case of items of food, clothing, medical supplies, and motor vehicles—
      (i) the fact that the tax does not apply in respect of some or all of such items shall not be taken into account in determining whether the tax applies in respect of a broad range of classes of items, and
      (ii) the fact that the rate of tax applicable in respect of some or all of such items is lower than the general rate of tax shall not be taken into account in determining whether the tax is imposed at one rate.
   (C) Items Taxed at Different Rates. Except in the case of a lower rate of tax applicable in respect of an item described in subparagraph (B), no deduction shall be allowed under this section for any general sales tax imposed in respect of an item at a rate other than the general rate of tax.
   (D) Compensating Use Taxes.—A compensating use tax in respect of an item shall be treated as a general sales tax. For pur-
poses of the preceding sentence, the term "compensating use tax" means, in respect of any item, a tax which—

(i) is imposed on the use, storage, or consumption of such item, and

(ii) is complementary to a general sales tax, but only if a deduction is allowable under subsection (a)(4) in respect of items sold at retail in the taxing jurisdiction which are similar to such item.

(E) Special Rule for Motor Vehicles.—In the case of motor vehicles, if the rate of tax exceeds the general rate, such excess shall be disregarded and the general rate shall be treated as the rate of tax.

(3) State or Local Taxes.—A State or local tax includes only a tax imposed by a State, a possession of the United States, or a political subdivision of any of the foregoing, or by the District of Columbia.

(4) Foreign Taxes.—A foreign tax includes only a tax imposed by the authority of a foreign country.

(5) Separately Stated General Sales Taxes and Gasoline Taxes.—If the amount of any general sales tax [or of any tax on the sale of gasoline, diesel fuel, or other motor fuel] is separately stated, then, to the extent that the amount so stated is paid by the consumer (otherwise than in connection with the consumer's trade or business) to his seller, such amount shall be treated as a tax imposed on, and paid by, such consumer.

CHAPTER 2—Tax on Self-Employment Income

SEC. 1401. RATE OF TAX.

(a) *

(b) Hospital Insurance.—In addition to the tax imposed by the preceding subsection, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

(1) in the case of any taxable year beginning after December 31, 1967, and before January 1, 1973, the tax shall be equal to 0.60 percent of the amount of the self-employment income for such taxable year;

(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1978, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

(3) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;

(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year;
in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year.

(2) in the case of any taxable year beginning after December 31, 1974, and before January 1, 1978, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year:

(3) in the case of any taxable year beginning after December 31, 1979, and before January 1, 1981, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year:

(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year:

(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1985, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year.

(c) During any period in which there is in effect an agreement entered into pursuant to section 32 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such self-employment income is subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.

SEC. 1402. DEFINITIONS.

(a) Net Earnings From Self-Employment.—The term “net earnings from self-employment” means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this subtitle which are attributable to such trade or business, plus his distributive share (whether or not distributed) of income or loss described in section 702(a) (9) from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary income or loss—

(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer; except that the preceding provisions of this paragraph shall not apply to any income derived by the owner or tenant of land if (A) such income is derived under an arrangement, between the owner or tenant and another individual, which provides that such other individual shall produce agricultural or horticultural commodities (including livestock, bees, poultry, and fur-bearing animals and wildlife) on such land, and that there shall be material participation by the owner or tenant in the production or the management of the pro-
duction of such agricultural or horticultural commodities, and
(B) there is material participation by the owner or tenant with
respect to any such agricultural or horticultural commodity;

(11) in the case of an individual who has been a resident of
the United States during the entire taxable year, the exclusion
from gross income provided by section 911(a)(2) shall not apply.
If the taxable year of a partner is different from that of the part-
nership, the distributive share which he is required to include in com-
puting his net earnings from self-employment shall be based on the
ordinary income or loss of the partnership for any taxable year of
the partnership ending within or with his taxable year. In the case
of any trade or business which is carried on by an individual or by a
partnership and in which, if such trade or business were carried on
exclusively by employees, the major portion of the services would con-
stitute agricultural labor as defined in section 3121(g)—

(i) in the case of an individual, if the gross income derived by
him from such trade or business is not more than $2,400, the net
earnings from self-employment derived by him from such trade
or business may, at his option, be deemed to be 66 2/3 percent of
such gross income; or

(ii) in the case of an individual, if the gross income derived by
him from such trade or business is more than $2,400 and the net
earnings from self-employment derived by him from such trade
or business (computed under this subsection without regard to
this sentence) are less than $1,600, the net earnings from self-
employment derived by him from such trade or business may, at
his option, be deemed to be $1,600; and

(iii) in the case of a member of a partnership, if his distribu-
tive share of the gross income of the partnership derived from
such trade or business (after such gross income has been reduced
by the sum of all payments to which section 707(c) applies) is not
more than $2,400, his distributive share of income described in
section 702(a)(9) derived from such trade or business may, at his
option, be deemed to be an amount equal to 66 2/3 percent of his
distributive share of such gross income (after such gross income
has been so reduced); or

(iv) in the case of a member of a partnership, if his distribu-
tive share of the gross income of the partnership derived from
such trade or business (after such gross income has been reduced
by the sum of all payments to which section 707(c) applies) is
more than $2,400 and his distributive share (whether or not dis-
tributed) of income described in section 702(a)(9) derived from
such trade or business (computed under this subsection without
regard to this sentence) is less than $1,600, his distributive share
of income described in section 702(a)(9) derived from such trade
or business may, at his option, be deemed to be $1,600.

For purposes of the preceding sentence, gross income means—

(v) in the case of any such trade or business in which the
income is computed under a cash receipts and disbursements
methods, the gross receipts from such trade or business reduced
by the cost or other basis of property which was purchased and
sold in carrying on such trade or business, adjusted (after such
reduction, in accordance with the provisions of paragraphs (1)
through (7) and paragraph (9) of this subsection; and
(vi) in the case of any such trade or business in which the
income is computed under an accrual method, the gross income
from such trade or business, adjusted in accordance with the pro-
visions of paragraphs (1) through (7) and paragraph (9) of
this subsection;
and, for purposes of such sentence, if an individual (including a mem-
ber of a partnership) derives gross income from more than one such
trade or business, such gross income (including his distributive share
of the gross income of any partnership derived from any such trade
or business) shall be deemed to have been derived from one trade or
business.
The preceding sentence and clauses (i) through (iv) of the second
preceding sentence shall also apply in the case of any trade or busi-
ness (other than a trade or business specified in such second preceding
sentence) which is carried on by an individual who is self-employed
on a regular basis as defined in subsection (i), or by a partnership of
which an individual is a member on a regular basis as defined in sub-
section (i), but only if such individual's net earnings from self-
employment as determined without regard to this sentence in the tax-
able year are less than $1,600 and less than 662/3 percent of the sum
(in such taxable year) of such individual's gross income derived from
all trades or businesses carried on by him and his distributive share
of the income or loss from all trades or businesses carried on by all
the partnerships of which he is a member; except that this sentence
shall not apply to more than 5 taxable years in the case of any indi-
vidual, and in no case in which an individual elects to determine the
amount of his net earnings from self-employment for a taxable year
under the provisions of the two preceding sentences with respect to a
trade or business to which the second preceding sentence applies and
with respect to a trade or business to which this sentence applies shall
such net earnings for such year exceed $1,600.
An agreement between an owner or tenant of land and another per-
son under which such other person is to manage and supervise the
production of agricultural or horticultural commodities on such land
shall not be considered to be an arrangement (described in paragraph
(1)(A) of the first sentence of this subsection) which provides for
material participation by the owner or tenant in production or man-
agement, if under such arrangement it is the responsibility and duty
of such other person, as the agent of such owner or tenant, to manage
and supervise such production (including the selection of the tenants
or other personnel whose services will be utilized in such production)
without personal participation therein by such owner or tenant,
and if, in fact, there is no personal participation by such owner or
tenant in such production or management.
(b) Self-Employment Income.—The term “self-employment in-
come” means the net earnings from self-employment derived by an
individual (other than a nonresident alien individual) during any
taxable year; except that such term shall not include—
(1) that part of the net earnings from self-employment which is in excess of—

(A) 

(H) for any taxable year beginning after 1973 and before 1975, (i) \( \$12,600 \) \( \$13,200 \), minus (ii) the amount of the wages paid to such individual during the taxable year; and

(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.

SUBTITLE C—EMPLOYMENT TAXES

CHAPTER 21—FEDERAL INSURANCE CONTRIBUTIONS ACT

SUBCHAPTER A—TAX ON EMPLOYEES

SEC. 3101. RATE OF TAX.

(a) OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE.—In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages received during the calendar year 1968, the rate shall be 3.8 percent;

(2) with respect to wages received during the calendar years 1969 and 1970, the rate shall be 4.2 percent;

(3) with respect to wages received during the calendar years 1971 and 1972, the rate shall be 4.6 percent;

(4) with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.95 percent;

(5) with respect to wages received during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and

(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent.
(b) Hospital Insurance.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

1. with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;
2. with respect to wages received during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 1.0 percent;
3. with respect to wages received during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;
4. with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent;
5. with respect to wages paid after December 31, 1985, the rate shall be 1.45 percent.

1. with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;
2. with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;
3. with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;
4. with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and
5. with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.

(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.

Subchapter B—Tax on Employers

SEC. 3111. RATE OF TAX

(a) Old-Age, Survivors, and Disability Insurance.—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

1. with respect to wages paid during the calendar year 1968, the rate shall be 3.8 percent;
2. with respect to wages paid during the calendar years 1969 and 1970, the rate shall be 4.2 percent;
3. with respect to wages paid during the calendar years 1971 and 1972, the rate shall be 4.6 percent;
[(4) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 4.85 percent;]
[(5) with respect to wages paid during the calendar years 1978 through 2010, the rate shall be 4.80 percent; and]
[(6) with respect to wages paid after December 31, 2010, the rate shall be 5.85 percent.]

(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;
(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and
(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent.

(b) HOSPITAL INSURANCE.—In addition to the tax imposed by the preceding subsection, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

(1) with respect to wages paid during the calendar years 1968, 1969, 1970, 1971, and 1972, the rate shall be 0.60 percent;
(2) with respect to wages paid during the calendar years 1973, 1974, 1975, 1976, and 1977, the rate shall be 0.90 percent;
(3) with respect to wages paid during the calendar years 1978, 1979, and 1980, the rate shall be 1.25 percent;
(4) with respect to wages paid during the calendar years 1981, 1982, 1983, 1984, and 1985, the rate shall be 1.35 percent;
and
(5) with respect to wages paid after December 31, 1985, the rate shall be 1.45 percent.

(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;
(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;
(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;
(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and
(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.

(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.

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SUBCHAPTER C—GENERAL PROVISIONS

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SEC. 3121. DEFINITIONS.

(a) Wages.—For purposes of this chapter, the term “wages” means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

(1) that part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to $10,800 to $13,200 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to $10,800 to $13,200 to such individual during such calendar year any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

SEC. 3122. FEDERAL SERVICE.

In the case of the taxes imposed by this chapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, including service, performed as a member of a uniformed service, to which the provisions of section 3121(m) (1) are applicable, and including service, performed as a volunteer or volunteer leader within the meaning of the Peace Corps Act, to which the provisions of section 3121(p) are applicable, the determination whether an individual has performed service which constitutes employment as defined in section 3121(b), the determination of the amount of remuneration for such service which constitutes wages as defined in section 3121(a), and the return and payment of the taxes imposed by this chapter, shall be made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to such service without regard to the $10,800 to $13,200 limitation in section 3121(a) (1), and he shall not be required to obtain a refund of the tax paid under section 3111 on that part of the remuneration not included in wages by reason of section 3121(a) (1). Payments
of the tax imposed under section 3111 with respect to service, performed by an individual as a member of a uniformed service, to which the provisions of section 3121(m)(1) are applicable, shall be made from appropriations available for the pay of members of such uniformed service. The provisions of this section shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of this section the Secretary of Defense shall be deemed to be the head of such instrumentality. The provisions of this section shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this section the Secretary shall be deemed to be the head of such instrumentality.

* * * * *

SEC. 3125. RETURNS IN THE CASE OF GOVERNMENTAL EMPLOYEES IN GUAM, AMERICAN SAMOA, AND THE DISTRICT OF COLUMBIA.

(a) Guam.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of Guam or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of Guam or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with respect to the service of such individuals without regard to the $10,800 limitation in section 3121(a)(1).

(b) American Samoa.—The return and payment of the taxes imposed by this chapter on the income of individuals who are officers or employees of the Government of American Samoa or any political subdivision thereof or of any instrumentality of any one or more of the foregoing which is wholly owned thereby, and those imposed on such Government or political subdivision or instrumentality with respect to having such individuals in its employ, may be made by the Governor of American Samoa or by such agents as he may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 3111 with re-
spect to the service of such individuals without regard to the [§10,800] $13,200 limitation in section 3121(a)(1).

(c) DISTRICT OF COLUMBIA.—In the base of the taxes imposed by this chapter respect to service performed in the employ of the District of Columbia or in the employ of any instrumentality which is wholly owned thereby, the return and payment of the taxes may be made by the Commissioners of the District of Columbia or by such agents as they may designate. The person making such return may, for convenience of administration, make payments of the tax imposed by section 3111 with respect to such service without regard to the [§10,800] $13,200 limitation in section 3121(a)(1).

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CHAPTER 61—INFORMATION AND RETURNS

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SUBCHAPTER A—RETURNS AND RECORDS

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PART II—TAX RETURNS OR STATEMENTS

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SUBPART A—GENERAL REQUIREMENT

Sec. 6011. General requirement of return, statement or list.

SEC. 6011. GENERAL REQUIREMENT OF RETURN, STATEMENT, OR LIST.

(a) GENERAL RULE.—When required by regulations prescribed by the Secretary or his delegate any person made liable for any tax imposed by this title, or for the collection thereof, shall make a return or statement according to the forms and regulations prescribed by the Secretary or his delegate. Every person required to make a return or statement shall include therein the information required by such forms or regulations.

* * * * *

(d) INTEREST EQUALIZATION TAX RETURNS, ETC.

(4) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 42 CREDIT.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

* * * * *

CHAPTER 63—ASSESSMENT

* * * * *
SEC. 6201. ASSESSMENT AUTHORITY.

(a) Authority of Secretary or Delegate.—The Secretary or his delegate is authorized and required to make the inquiries, determinations, and assessments of all taxes (including interest, additional amounts, additions to the tax, and assessable penalties) imposed by this title, or accruing under any former internal revenue law, which have not been duly paid by stamp at the time and in the manner provided by law. Such authority shall extend to and include the following:

(4) Erroneous Credit under Section 9 or 40.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of the credit allowable by section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil) or section 40 (relating to tax credit for low income workers with families), the amount so overstated which is allowed against the tax shown on the return or which is allowed as a credit or refund may be assessed by the Secretary or his delegate in the same manner as in the case of a mathematical error appearing upon the return.

SUBTITLE F—PROCEDURE AND ADMINISTRATION

Chapter 64—Collection

SUBCHAPTER A—GENERAL PROVISIONS

Sec.
6301. Collection authority.
6302. Mode or time of collection.
6303. Notice and demand for tax.
6304. Collection under the Tariff Act.
6305. Collection of certain liability.

SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

(a) In General.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 405(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—
(1) No interest or penalties shall be assessed or collected.
(2) For such purposes paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply, and
(3) There shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children.

(b) Review of Assessments and Collections.—No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.

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Chapter 65—Abatements, Credits, and Refunds

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Subchapter A—Procedure in General

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Sec. 6401. Amounts Treated as Overpayments.

(a) Assessment and Collection After Limitation Period.—The term “overpayment” includes that part of the amount of the payment of any internal revenue tax which is assessed or collected after the expiration of the period of limitation properly applicable thereto.

(b) Excess Credits.—If the amount allowable as credits under sections 31 (relating to tax withheld on wages), 39 (relating to certain uses of gasoline, special fuels, and lubricating oil), 42 (relating to tax credit for low income workers with families), and 667(b) (relating to taxes paid by certain trusts) exceeds the tax imposed by subtitle A (reduced by the credits allowable under subpart A of part IV of subchapter A of chapter 1, other than the credits allowable under sections 31, [and 39] 39, and 42), the amount of such excess shall be considered an overpayment.

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Subchapter B—Rules of Special Application

Sec. 6411. Tentative carryback adjustments.
Sec. 6412. Floor stocks refunds.
Sec. 6413. Special rules applicable to certain employment taxes.
Sec. 6414. Income tax withheld.
Sec. 6415. Credits or refunds to persons who collected certain taxes.
Sec. 6416. Certain taxes on sales and services.
Sec. 6417. Coconut and palm oil.
Sec. 6418. Sugar.
Sec. 6419. Excise tax on wagering.
Sec. 6420. Gasoline used in farms.
Sec. 6421. Gasoline used for certain nonhighway purposes or by local transit systems.
Sec. 6422. Cross references.
Sec. 6423. Conditions to allowance in the case of alcohol and tobacco taxes.
Sec. 6424. Lubricating oil not used in highway motor vehicles.
Sec. 6425. Adjustment of overpayment of estimated income tax by corporation.
Sec. 6426. Refund of aircraft use tax where plane transports for hire in foreign air commerce.
Sec. 6427. Fuels not used for taxable purposes.
Sec. 6428. Advance refund of section 42 credit.

SEC. 6413. SPECIAL RULES APPLICABLE TO CERTAIN EMPLOYMENT TAXES.

(a) .

(c) Special Refunds.—

(1) In general.—If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed $3,600, the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer (A) during any calendar year after the calendar year 1954 and prior to the calendar year 1959, the wages received by him during such year exceed $4,200, or (B) during any calendar year after the calendar year 1958 and prior to the calendar year 1966, the wages received by him during such year exceed $4,800, or (C) during any calendar year after the calendar year 1965 and prior to the calendar year 1968, the wages received by him during such year exceed $6,600, or (D) during any calendar year after the calendar year 1967 and prior to the calendar year 1972, the wages received by him during such year exceed $7,800, or (E) during any calendar year after the calendar year 1971 and.
prior to the calendar year 1973, the wages received by him during such year exceed $9,000 or (F) during any calendar year after the calendar year 1972 and prior to the calendar year 1974, the wages received by him during such year exceed $10,800, or (i) during any calendar year after the calendar year 1973 and prior to the calendar year 1975, the wages received by him during such year exceed $12,600, or (J) during any calendar year after 1974, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year; and the employee shall be entitled (subject to the provisions of section 31(b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first $4,200 of such wages received in such calendar year after 1954 and before 1959, or which exceeds the tax with respect to the first $4,800 of such wages received in such calendar year after 1958 and before 1966, or which exceeds the tax with respect to the first $6,600 of such wages received in such calendar year after 1965 and before 1968, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1971 and before 1973, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year.

(2) Applicability in case of Federal and State employees, employees of certain foreign corporations, and governmental employees in Guam, American Samoa, and the District of Columbia.—

(A) Federal employees.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year, each head of a Federal agency or instrumentality who makes a return pursuant to section 3122 and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for purposes of this subsection, be deemed a separate employer, and the term "wages" includes for purposes of this subsection the amount, not to exceed $3,600 for the calendar year 1951, 1952, 1953, or 1954, $4,200 for the calendar year 1955, 1956, 1957, or 1958, $4,800 for the calendar year 1959, 1960, 1961, 1962, 1963, 1964, or 1965, $6,600 for the calendar year 1966 or 1967, $7,800 for the calendar year 1968, 1969, 1970, or 1971, or $9,000 for the calendar year 1972, $10,800 for the calendar year 1973, $12,600 for the calendar year 1974, $13,200 for the calendar year 1975, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1974 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year.
$13,200 for the calendar year 1974, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1974 with respect to which such contribution and benefit base is effective, determined by each such head or agent as constituting wages paid to an employee.

"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.

(a) In General.—A taxpayer may receive an advance refund of the credit allowable to him under section 42 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

(b) Limitations.—

(1) Amount of Refund.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 42 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

(2) Ineligible for Credit.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.

(3) Minimum Payment.—No payment may be made under this section in an amount less than $30.

(c) Collection of Excess Payments.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess.
SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

(a) * * *

(d) Exception.—Notwithstanding the provisions of the preceding subsections, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the least—

1. The tax shown on the return of the individual for the preceding taxable year, if a return showing a liability for tax was filed by the individual for the preceding taxable year and such preceding year was a taxable year of 12 months.

2. An amount equal to 80 percent (66 2/3 percent in the case of individuals referred to in section 6073(b), relating to income from farming or fishing) of the tax for the taxable year computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid and by taking into account the adjusted self-employment income (if the net earnings from self-employment (as defined in section 1402(a)) for the taxable year equal or exceed $400). For purposes of this paragraph—

(A) The taxable income shall be placed on an annualized basis by—

(i) multiplying by 12 (or, in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income (computed without deduction of personal exemptions) for the months in the taxable year ending before the month in which the installment is required to be paid,

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, and

(iii) deducting from such amount the deductions for personal exemptions allowable for the taxable year (such personal exemptions being determined as of the last date prescribed for payment of the installment).

(B) The term “adjusted self-employment income” means—

(i) the net earnings from self-employment (as defined in section 1402(a)) for the months in the taxable year ending before the month in which the installment is required to be paid, but not more than
(ii) the excess of \$10,800 over the amount determined by placing the wages (within the meaning of section 1402(b)) for the months in the taxable year ending before the month in which the installment is required to be paid on an annualized basis in a manner consistent with clauses (i) and (ii) of subparagraph (A).

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PUBLIC LAW 92-338

AUTOMATIC ADJUSTMENTS IN BENEFITS AND IN THE CONTRIBUTION AND BENEFIT BASE

Adjustments in Benefits

Sec. 202. (a)(1) * * *

(3) (A) Effective [January 1, 1975] June 1, 1974, section 215(a) of such Act (as amended by section 201(c) of this Act) is further amended—

(i) by inserting "(or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (1)(2)(D))" after "the following table" in paragraph (1)(A); and

(ii) by inserting "(whether enacted by another law or deemed to be such table under subsection (1)(2)(D))" after "effective month of a new table" in paragraph (2).

(B) Effective [January 1, 1975] June 1, 1974, section 215(b)(4) of such Act (as amended by section 201(d) of this Act) is further amended to read as follows:

"(4) The provisions of this subsection shall be applicable only in the case of an individual—

"(A) who becomes entitled to benefits under section 202(a) or section 223 in or after the month in which a new table that appears in (or is deemed by subsection (1)(2)(D) to appear in) subsection (a) becomes effective; or

"(B) who dies in or after the month in which such table becomes effective without being entitled to benefits under section 202(a) or section 223; or

"(C) whose primary insurance amount is required to be recomputed under subsection (f)(2)."

(C) Effective [January 1, 1975] June 1, 1974, section 215(c) of such Act (as amended by section 201(e) of this Act) is further amended to read as follows:

"Primary Insurance Amount Under Prior Provisions

"(c)(1) For the purposes of column II of the latest table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the month in which the latest such table became effective.

* * * * * * * *
"(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223, or who died, before such effective month."

F(4) Effective January 1, 1975, sections 227 and 228 of such Act (as amended by section 201(g) of this Act) are further amended by striking out $58.00 wherever it appears and inserting in lieu thereof "the larger of $58.00 or the amount most recently established in lieu thereof under section 215(i)"; and by striking out $29.00 wherever it appears and inserting in lieu thereof "the larger of $29.00 or the amount most recently established in lieu thereof under section 215(i)".

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 203. (a) (1) * * *

(b) (1) * * *

(2) (A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$9,000" each place it appears and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out "$10,800" each place it appears and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, section 3121(a)(1) of such Code is amended—

(i) by striking out "$12,600" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)";

(ii) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective."

(3) (A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3122 of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to remuneration paid after 1974, the second sentence of section 3122 of such Code is amended by striking out "the ($12,600 limitaion" and inserting in lieu thereof "the contribution and benefit base limitation".

(4) (A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$10,800".

(B) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out "$10,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$12,000".

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(C) Effective with respect to remuneration paid after 1974, section 3126 of such Code is amended by striking out "the $12,600 limitation" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base limitation".

(7) (A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$9,000" and inserting in lieu thereof "$10,800".

(B) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$10,800" and inserting in lieu thereof "$12,000".

(C) Effective with respect to taxable years beginning after 1974, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "the excess of (12,600) over the amount" and inserting in lieu thereof "the excess of (if) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for the calendar year in which the taxable year begins, over (II) the amount".

PUBLIC LAW 93-66

TITLE II—PROVISIONS RELATING TO THE SOCIAL SECURITY ACT

PART A—INCREASE IN SOCIAL SECURITY BENEFITS

COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

Sec. 201. (a) (1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by 7 per centum the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972.

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

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provision of such increase in benefits shall be made, in the manner prescribed in section 215(1) of the Social Security Act.
Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be [based on the increase in the Consumer Price Index described in subsection (a)] 7 per cent.

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

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

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

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

(e) For purposes of subsection (a)(2), this section is effective with respect to the month in which this subsection is enacted and for each month thereafter which begins prior to June 1974.

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

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

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

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

(c) The amendments made by this section shall apply with respect to payments for months after [June 1974] December 1973.

SUPPLEMENTAL SECURITY INCOME BENEFITS FOR ESSENTIAL PERSONS

Sec. 211. (a) (1) In determining (for purposes of title XVI of the Social Security Act, as in effect after December 1973) the eligibility
for and the amount of the supplemental security income benefit pay-
able to any qualified individual (as defined in subsection (b)), with
respect to any period for which such individual has in his home an
essential person (as defined in subsection (c))—
(A) the dollar amounts specified in subsection (a) (1) (A) and (2) (A), and subsection (b) (1) and (2), of section 1611 of such
Act, shall each be increased by [[$840]|$876 ] ($780 in the case of
any period prior to July 1974)] for each such essential person, and
(B) the income and resources of such individual shall (for
purposes of such title XVI) be deemed to include the income and
resources of such essential person;
except that the provisions of this subsection shall not, in the case of
any individual, be applicable for any period which begins in or after
the first months that such individual—
(C) does not but would (except for the provisions of subpara-
graph (B) ) meet—
(i) the criteria established with respect to income in sec-
tion 1611(a) of such Act, or
(ii) the criteria established with respect to resources by
such section 1611(a) (or, if applicable, by section 1611(g) of
such Act).

MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM

Sec. 212. (a) (1)...

(E) (i) In the case of an individual who, for December 1973 lived
as a member of a family unit other members of which received aid (in
the form of money payments) under a State plan of a State approved
under part A of title IV of the Social Security Act; such State at its
option, may (subject to clause (ii)) reduce such individual's December
1973 income (as determined under subparagraph (B) ) to such extent
as may be necessary to cause the supplementary payment (referred to
in paragraph (2) payable to such individual for January 1974 or any
month thereafter to be reduced to a level designed to assure that the
total income of such individual (and of the members of such family
unit) for any month after December 1973 does not exceed the total
income of such individual (and of the members of such family unit)
payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family unit referred to in clause (i), and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act.

* * *

PERSONS IN MEDICAL INSTITUTIONS

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

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

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

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

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

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

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

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

BLIND AND DISABLED MEDICALLY INDIGENT PERSONS

SEC. 232. For purposes of section 1902(a) (10) of the Social Security Act, any individual who, for the month of December 1973 was eligible for medical assistance by reason of his having been determined to meet the criteria for blindness or disability (established by a state plan approved under title I, X, XIV, or XVI of such Act), shall be deemed for purposes of title XIX to be an individual who is blind or disabled.
within the meaning of section 1614(a) of the Social Security Act to be a person described as being a person who "would, if needy, be eligible for aid or assistance under any such State plan" in subparagraph (B)(i) of such section for each month in a continuous period of months (beginning with the month of January 1974), if, for each month in such period, such individual continues to meet the criteria for blindness or disability so established by such a State plan (as it was in effect for December 1973). Federal matching under title XIX of the Social Security Act shall be available for the medical assistance furnished to individuals eligible for such assistance under this section and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973).

FOOD STAMP ACT OF 1964

Sec. 3. As used in the Act—

(e) The term "household" shall mean a group of related individuals (including legally adopted children and legally assigned foster children) or non-related individuals over age 60 who are not residents of an institution or boarding house, but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term "household" shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act. No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture. No individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 219(a) of Public Law 93-56, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during the 18-month period beginning January 1, 1974, if, for such month, such indi-
vidual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973

Food Stamps

Sec. 3. The Food Stamp Act of 1964, as amended, is amended as follows:
(a) The second sentence of section 3(e) of the Food Stamp Act of 1964 (7 U.S.C. 2012(e)) is amended—
   (1) by striking out "or"; and
   (2) by inserting before the period at the end thereof the following: "or (3) any narcotics addict or alcoholic who lives under the supervision of a private nonprofit organization or institution for the purpose of regular participation in a drug or alcoholic treatment and rehabilitation program."
(b) Section 3(e) of the Food Stamp Act of 1964 is amended by striking out the last sentence therein and inserting in lieu thereof the following sentence: "No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household or an elderly person for any purpose of this Act for any month if such person receives for such month, as part of his supplemental security income benefits or payments described in section 1616(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92–603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture."

Sec. 4. * * *

(c) No individual who receives supplemental security income benefits under title XVI of the Social Security Act shall be considered to be a member of a household for any purpose of the Food Distribution Program for families under section 32 of Public Law 74–320, section 416 of the Agricultural Act of 1949, or other law for any month if
such person receives for such month, as part of his supplemental security income benefits or payments described in section 1610(a) of the Social Security Act (if any), an amount equal to the bonus value of food stamps (according to the Food Stamp Schedule effective for July 1973) in addition to the amount of assistance such individual would be entitled to receive for such month under the provisions of the plan of the State approved under title I, X, XIV, or XVI, as appropriate, in effect for December 1973, assuming such plan were in effect for such month and such individual were aged, blind, or disabled, as the case may be, under the provisions of such State plan or under Public Law 92-603 as amended. The Secretary of Health, Education, and Welfare shall issue regulations for the implementation of the foregoing sentence after consultation with the Secretary of Agriculture.

SOCIAL SECURITY AMENDMENTS OF 1967

Sec. 204. (a) * * *

(c)(1) The amendment made by subsection (b) shall in the case of any State be effective on July 1, 1968, or if a statute of such State prevents it from complying with the requirements of such amendment on such date, such amendment shall with respect to such State be effective on July 1, 1969; except such amendment shall be effective earlier (in the case of any State), but not before April 1, 1968, if a modification of the State plan to comply with such amendment is approved on an earlier date.

(2) The provisions of section 409 of the Social Security Act shall not apply to any State with respect to any quarter beginning after June 30, 1968.

SOCIAL SECURITY AMENDMENTS OF 1972

Sec. 303. (a) Effective January 1, 1974, titles I, X, and XIV of the Social Security Act are repealed.

(b) The amendments made by sections 301 and 302 and the repeals made by subsection (a) shall not be applicable in the case of Puerto Rico, Guam, and the Virgin Islands.

(c) Section 9 of the Act of April 19, 1950 [64 Stat. 47] is amended to read as follows:

Sec. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State
toward expenditures during the preceding quarter by the State, under
the State plan approved under the Social Security Act for aid to
dependent children to Navajo and Hopi Indians residing within the
boundaries of the State on reservations or on allotted or trust lands,
with respect to whom payments are made to the State by the United
States under section 405(a) of the Social Security Act, not counting
so much of such expenditure to any individual for any month as ex-
ceeds the limitations prescribed in such section.

* * * * * * *

Limitation on Fiscal Liability of States for Optional State
Supplementation

Sec. 401. (a) (1) The amount payable to the Secretary by a State
for any fiscal year, other than fiscal year 1974, pursuant to its agree-
ment or agreements under section 1616 of the Social Security Act shall
not exceed the non-Federal share of expenditures as aid or assistance
for quarters in the calendar year 1972 under the plans of the State
approved under titles, I, X, XIV, and XVI of the Social Security Act
(as defined in subsection (c) of this section), and the amount payable
for fiscal year 1974 pursuant to such agreement or agreements shall
not exceed one-half of the non-Federal share of such expenditures.
(2) Paragraph (1) of this subsection shall only apply with respect
to that portion of the supplementary payments made by the Secretary
on behalf of the State under such agreements in any fiscal year which
does not exceed in the case of any individual the difference between—
(A) the adjusted payment level under the appropriate approved
plan of such State as in effect for January 1972 (as defined in
subsection (b) of this section), and
(B) the benefits under title XVI of the Social Security Act,
plus income not excluded under section 1612(b) of such Act in
determining such benefits, paid to such individual in such fiscal
year,
and shall not apply with respect to supplementary payments to any
individual who (i) is not required by section 1616 of such Act to be
included in any such agreement administered by the Secretary and
(ii) would have been ineligible (for reasons other than income) for
payments under the appropriation approved State plan as in effect
for January 1972.
(b) (1) For purposes of subsection (a), the term "adjusted payment
level under the appropriate approved plan of a State as in effect for
January 1972" means the amount of the money payment which an
individual with no other income would have received under the plan
of such State approved under title I, X, XIV, or XVI of the Social
Security Act, as may be appropriate, and in effect for January 1972;
except that the State may, at its option, increase such payment level
with respect to any such plan by an amount which does not exceed [the
sum of—

(A) a payment level modification (as defined in paragraph (2)
of this subsection) with respect to such plan, and
(B) the bonus value of food stamps in such State for January
1972 (as defined in paragraph (3) of this subsection)]
(2) For purposes of paragraph (1), the term "payment level modification" with respect to any State plan means that amount by which a State which for January 1972 made money payments under such plan to individuals with no other income which were less than 100 per centum of its standard of need could have increased such money payments without increasing (if it reduced its standard of need under such plan so that such increased money payments equaled 100 per centum of such standard of need) the non-Federal share of expenditures as aid or assistance for quarters in calendar year 1972 under the plans of such State approved under titles I, X, XIV, and XVI of the Social Security Act.

(3) For purposes of paragraph (1), the term "bonus value of food stamps in a State for January 1972" (with respect to an individual) means—

(A) the face value of the coupon allotment which would have been provided to such an individual under the Food Stamp Act of 1964 for January 1972, reduced by

(B) the charge which such an individual would have paid for such coupon allotment.

if the income of such individual, for purposes of determining the charge it would have paid for its coupon allotment, had been equal to the adjusted payment level under the State plan (including any payment level modification with respect to the plan adopted pursuant to paragraph (2) (but not including any amount under this paragraph)). The total face value of food stamps and the cost thereof in January 1972 shall be determined in accordance with rules prescribed by the Secretary of Agriculture in effect in such month.

(c) For purposes of this section, the term "non-Federal share of expenditures as aid or assistance for quarters in the calendar year 1972 under the plans of a State approved under titles I, X, XIV, and XVI of the Social Security Act" means the difference between—

(1) the total expenditures in such quarters under such plans for aid or assistance (excluding expenditures authorized under section 1119 of such Act for repairing the home of an individual who was receiving aid or assistance under one of such plans (as such section was in effect prior to the enactment of this Act)), and

(2) the total of the amounts determined under sections 3, 1003, 1403, and 1603 of the Social Security Act, under section 1118 of such Act, and under section 9 of the Act of April 19, 1950, for such State with respect to such expenditures in such quarters.

Transitional Administrative Provisions

Sec. 402. In order for a State to be eligible for any payments pursuant to title IV, V, [XVI] VI or [XIX] IX of the Social Security Act with respect to expenditures for the third and fourth quarters in the fiscal year ending June 30, 1974, and any quarter in the fiscal year ending June 30, 1975, and for the purpose of providing an orderly transition from State to Federal administration of the Supplemental Security Income Program, such State shall enter into an agreement with the Secretary of Health, Education, and Welfare under which the State agencies responsible for administering or for supervising
the administration of the plans approved under titles I, X, XIV, and XVI of the Social Security Act will, on behalf of the Secretary, administer all or such part or parts of the program established by section 301 of this Act, during such portion of the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of the fiscal year ending June 30, 1975, as may be provided in such agreement.

TITLE 5, UNITED STATES CODE

CHAPTER 53—PAY RATES AND SYSTEMS

SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

§ 5315 Positions at Level IV

(98) Assistant Secretary for Child Support, Department of Health, Education, and Welfare.

ACT OF APRIL 19, 1950

(64 STAT. 47)

Sec. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section[s 3(a), 403(a), and 1003(a)] of the Social Security Act) an amount, in addition to the amounts prescribed to be paid to such State under such section[s], equal to 80 per centum of the total amounts of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan[s] approved under the Social Security Act for [old-age assistance, aid to dependent children, and aid to the needy blind] to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section[s 3(a), 403(a), and 1003(a)], respectively, of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such sections.
It becomes increasingly apparent with every passing day that the existing system of welfare cannot be reformed at the Federal level. Every proposal to do so carries within it the seeds of defeat: new frustrations and added costs, growing welfare rolls and greater politicization of the problem.

In our efforts at welfare reform, we are caught, as it were, between two poles. On the one hand, we seek greater equity in the distribution of welfare; on the other, we seek a plan which ideally will at least reduce costs, end abuses and simplify the system. Both goals are laudable. But, just as with our income tax system, housing assistance, and many other Federal programs, equity and efficiency are not entirely compatible goals. We can move away from the poles toward compromise, but the greater the effort to achieve equity, the more complex the program will become, the more open it will be to abuse and thus, over time, the more likely to remain inequitable and to increase in scope and cost and inefficiency. Conversely, if the program is structured too simply, it is in danger of not meeting minimum demands for equity.

What is clear, however, not only in theory but as evidenced in recent practice, is that the closer the decision-making is kept to the local level—to the people themselves—the more equitable and efficient the program will be. Meaningful welfare reform will not be accomplished at the Federal level—not by a total package such as the Administration offered with the Family Assistance Plan, called FAP, which is really a guaranteed annual income plan, and certainly not by patchwork, piecemeal efforts such as that now proposed by the Finance Committee.

The Committee has agreed to a plan which provides for a cash payment to families based upon the amount of the family’s earnings. This payment by the Federal Government would be 10% of the earnings for a family earning $4,000 a year or less. In other words, if a family earned $4,000 the Federal Government would supplement their income by $400. If their earnings were $3,000 their supplement would be $300. The percentage would be a lesser amount for those earning over $4,000 at a gradually declining rate, phasing out completely at $5,600. The Committee plan is not limited to individuals now on welfare as a means of assisting them in moving from welfare to gainful employment. This cash payment would be made for all low-wage earners who apply for it.

There is complete agreement with the basic premise of the Chairman in his opposition to FAP on the grounds that it was committed to the proposition that the less one worked and the less he earned, the more he got from the Federal Treasury. There is great merit in the idea which Chairman Long has consistently and effectively advanced that inherent in the welfare program should be the concept of rewarding work, rather than discouraging work. On that point, there is total agreement.

The “work bonus” or a “workfare” plan should be employed as a means of getting people off welfare and into a self-supporting status.
In other words, it should operate as an incentive to move ahead, not as an incentive to "march in place" so that one does not lose his share of the "free money."

The basic work bonus idea should be adapted to and restricted to able-bodied individuals now on welfare, and the benefits extended to them for a limited period only, in order to assist and encourage them in the transition from welfare to a fully-supportive working situation. Instead, applying as it does to the working poor not now on welfare, the plan, as reported by the Committee, would mean that about five million heads of families not now receiving a Government check would begin receiving one, at a minimum cost of $1 billion per year. This does nothing to reform the present welfare system or to reduce its cost or scope. It is simply another Federal program piled atop the existing pyramid of laws providing assistance to various individuals.

What the work bonus actually amounts to is a rebate of Social Security taxes. Thus, the Social Security system is being adapted as a vehicle both for distribution of welfare and redistribution of the national wealth. It constitutes a clear move in the direction of phasing out Social Security taxes for low-salaried workers, shifting that burden entirely to employers or higher-salaried workers. It would depart from the principle that each person paid a substantial part of the cost of his Social Security benefit.

The Social Security program is tailored to a clear and specific purpose—meeting the income needs of our citizens at an age when they may no longer be able to earn an income. Clearly it is not a welfare program so long as all those who benefit also significantly contribute. To adapt it as a vehicle for welfare places upon it strains which may ultimately destroy it.

The Administration's plan for FAP went to extremes in an effort to achieve equity—and in so doing created gross new inequities and doubled the costs.

The worst problem with the plan reported by the Committee, however, is that, like FAP, it offers enormous temptation to office holders and office seekers to enlarge the benefits and make more millions eligible for those benefits. Indeed, it does not merely offer a temptation, it creates a positive pressure to do so.

In theory, rewarding work is definitely to be commended. Such a plan as reported by the Committee should be limited to those on welfare for a limited period as a means of aiding their transition from welfare to work.

The Federal government has proven its incapacity to administer welfare or clean up the welfare mess. By contrast, some of the States have demonstrated a convincing ability to do both. Therefore, we should not let welfare reform remain unfinished business. Instead, we should act promptly to return to the States the authority and responsibility for devising and administering their own welfare programs, providing them with the Federal dollars to do that part of the job which the Federal government has been carrying. Such Federal financial assistance should be provided through the mechanism of special revenue sharing, with a minimum of Federal bureaucratic control over its specific allocation. The States should be permitted to write their own regulations and completely manage their own welfare programs.
In this way, we can expect to achieve the maximum possible levels of both equity and efficiency. Some will argue that different eligibility requirements and different benefit levels in different States are not equitable, but standardization, consistency or conformity has very little to do with equity. Equity is a matter of justice. Justice, in the area of welfare assistance, means meeting real human and economic needs in the best way possible.

Human and economic needs across the length and breadth of this great land cannot be equated in terms of a single dollar value. The needs of a rural family in Nebraska can be met in a very different way—and at a very different dollar cost—from similar needs of a ghetto family in New York City. As applied to welfare, let no one tell you that equality—when it refers to eligibility requirements and benefit levels—is synonymous with equity.

Others may argue that history has shown the individual States either cannot or will not do the job adequately if left to their own devices. That is arguing from old history. Relevant recent history demonstrates that individual States not only can do the job but will do it—are doing it. Necessity continues to be the mother of invention. When the States found the Federal government was not going to resolve this problem, those for whom it had reached crises proportions instituted their own reforms and are succeeding in bringing welfare under control. Others will follow suit, if encouraged to do so. The public mood and the constant threat of media exposure in the age in which we now live will never permit any State to lag far behind its sisters in providing adequately for the welfare needs of its citizens. The main obstacle to a State's efforts to reform welfare has been the Federal regulations and dominance. Again it is stressed that the States should be allowed to write their own regulations and run their own welfare programs.

In the 92nd Congress, S. 2037 was introduced to restore to the States the authority and responsibility for welfare assistance. In the bill reported out by the Finance Committee last year as an alternative to FAP, the essential elements of that plan were adopted for application to those welfare families who had no able-bodied person among their number. A workfare plan, far superior to the present workfare proposal, was agreed upon as the vehicle for aiding those welfare families containing an able-bodied member (covering about 40 percent of the total welfare caseload). Many Committee members had reservations about it and would have preferred to see the States given control over the entire program.

The efforts for welfare reform should not be abandoned. The workfare proposal should be used as a vehicle for assisting those on welfare in their transition to gainful employment and that assistance should be for a limited period only.

The Administration's plan for special revenue sharing should be the plan for the Federal government to pay its just share of the welfare load and the operation and management of welfare should be left to the States. Each State should decide who is eligible for welfare, the amount of welfare, how it is to be paid and what the work requirements should be.

CARL T. CURTIS.
XVII. ADDITIONAL VIEWS OF MR. FANNIN AND MR. HANSEN

The Social Services Amendments of 1973: Reaction Without Reform

(Note: On October 30th the Committee reconsidered its previous action on S. 2528, the Social Services Amendments of 1973. Earlier the Committee had adopted the provisions of S. 2528 as an amendment to H.R. 3153. In its reconsideration, however, the Committee deleted the provisions of S. 2528 and replaced it with a revenue sharing approach.

On the assumption that the Committee’s initial decision was final, I prepared a statement, which Senator Hansen supported, outlining my views on social services in general and S. 2528 in particular. The Committee’s decision, however, places this statement in a different context, but I believe it is nevertheless a valuable statement as it casts considerable light on the issue of Congressional intent as it relates to social services. In this respect I am filing this statement for the purpose of providing further background on the development and implementation of this vital program.

Paul J. Fannin.)

Introduction

On October 3, 1973, S. 2528, the Social Services Amendments of 1973, was introduced and referred to the Committee. Two days later, without the benefit of hearings, or reasonable consideration by members of the Committee, or comment by the Administration, the Committee approved the provisions of S. 2528 as an amendment to H.R. 3153. It may appear by the Committee’s quick action on S. 2528 that the controversy surrounding the social services program has been settled insofar as Congress is concerned. By approving the provisions of S. 2528, however, the Committee has reopened the debate over social services; a debate which I believe is far from over. In my opinion, the Committee amendment needs to be debated since it raises some very profound issues as to the operation and objectives of this program. But in a larger sense, the Social Services Amendments of 1973 prompts a discussion of the role of the Federal Government in reducing welfare dependency through social services. Welfare dependency is the heart of the issue and before we rush to embrace the Social Services Amendments of 1973 I think it essential, if not imperative, that the Congress ponder whether the Committee amendment is the policy which will effectively contribute to the effort to reduce dependency.

It is in this context of policy making that the Social Services Amendments of 1973 must be judged and evaluated. To evaluate social services it is important to review the history and background of the program, the intent and expectations of Congress in establishing social services, and, of course, the results.

I am convinced that this review will demonstrate that social services were designed to serve those on welfare, but that developments during the past two years have broadened the use of “social services” far beyond anything intended by Congress.

Social Services: History and Intent

The welfare titles of the Social Security Act of 1935 provide for Federal matching of state expenditures under the programs of old
age assistance, aid to the blind, aid to the permanently and totally
disabled, and aid to families with dependent children. These programs
were all designed to provide monetary assistance to eligible individuals
and families whose incomes and resources fall below specified stand-
ards of need as determined by each State. Under the original Social
Security Act of 1935, the concept of social services was not specifically
recognized in the statute. As viewed initially, the problem of welfare
was one of income maintenance; a view which did not conceive of
supplementary services. In practice, however, services were provided
to recipients by the staff of state welfare agencies and the costs in-
volved were Federally matched as administrative expenses of the wel-
fare program. In 1956, the Social Security Act was changed to specifi-
cally authorize social services as a legitimate part of the state welfare
agency's costs.

In amending the existing law in 1956, the Congress officially recog-
nized that the emphasis in public assistance had shifted from "relief"
to "rehabilitation". This decision was not without significance since it
represented the beginning of the service strategy in dealing with
problems of welfare. This strategy presumed that cash assistance
wasn't enough to enable people to achieve self-sufficiency and that
specific services were necessary in combination with cash assistance
to achieve the objective of self-support and self-care. According to a
recent study, "the approach taken here was the only one considered
and it was the approach of professional social workers who were con-
vinced at that time that poverty in an affluent society was a function
of individual maladjustment which could be corrected via the pro-
fessional process known as casework." The commitment to a service
strategy was unfilled, however, when the appropriations to operate the
program were insufficient to meet the goals of rehabilitation.

In 1962, the Congress considered further amendments to the Social
Security Act to implement the commitment to social services as
initially established in the 1956 amendments.

In advocating the enactment of the Public Welfare Amendments
of 1962, Secretary Ribicoff stressed the importance of rehabilitative
social services in helping families to become self-supporting and in-
dependent. In terms of specifics, these proposed amendments increased
the Federal matching from 50 to 75 percent for social services as
defined by the Secretary of Health, Education and Welfare as likely
to prevent or reduce dependency or as necessary to help recipients
strengthen family life or attain capability for self-care or self-sup-
port. The matching for other services and for administrative costs was
left at 50 percent. The amendments also broadened the scope of what
could be considered as social services. Under the 1962 amendments,
Federal funding was made available not only for social services to
recipients but also for "preventive" services, i.e., services designed to
keep past recipients from having to return to dependency on welfare
and services to keep "potential" recipients from becoming dependent
in the first place. The concept of "preventive" services, however, intro-
duced a new approach to social services. This innovative proposal
prompted an inquiry from the Senate Finance Committee, and in
response to a number of questions, Secretary Ribicoff attempted to
explain the scope and objective of "preventive" services:
“Question 1. What would constitute ‘preventive services’ to those who might otherwise come on welfare rolls?

Answer. ‘Preventive services’ are those types of social services which can be provided to individuals who are not now dependent but who, if they do not receive such services are likely to become dependent in the foreseeable future. This provision is included in the bill in order to make it possible for State public welfare departments if they wish to help persons who request help in dealing with their personal problems, but who are not recipients of assistance at this time.”

“Question 2. Who would be eligible for these ‘preventive services’?

Answer. We contemplate that these services would be available only to those whose circumstances identify them as individuals who are likely to become recipients of assistance in the near future because of their circumstances or those who formerly received assistance. We do not see this as a broad program because we feel that the State public welfare departments should and will want to concentrate their services on those persons who already are recipients of assistance. States, however, have pointed out that if Federal funds were available to assist them in dealing with such problems at the prevention stage, some applications for assistance would be unnecessary and greater expenditure avoided. Services can be offered people who are applying for assistance, even if later found not eligible. ‘Preventive services,’ however, are offered to those who are knowingly not eligible for assistance but who request service.”

“Question 3. Would ‘preventive services’ be a new program or an expansion or extension of some existing program?

Answer. The provision of ‘preventive services’ would be more accurately described as an extension of existing programs rather than the development of a new program. All public welfare departments to varying degrees provide services now to persons who are not applicants for or recipients of assistance. They receive no Federal participation, however, in the cost of these services. Very often these services are given because the State recognizes that a failure to do so will increase its expenditures when assistance application becomes necessary. The administration’s recommendation is to encourage the States to provide ‘preventive services’ with a view to ultimately reducing the number of persons who need aid. The services provided would be comparable to those available to persons who are already on the rolls and, thus, these services can be more accurately described as an extension of the existing programs.”

“Question 4. What need tests would have to be met for participation in ‘preventive services’ aspects of this proposal?

Answer. It is not contemplated that ‘preventive services’ will be made available to applicants who could purchase the type of consultation and service which they need from available community resources, but who are not at present applicants or eligible for assistance. Nor is it contemplated that these services would be extended broadly to very many people other than those already on the assistance rolls. It is the objective of the provision to reach people who are likely to become recipients of assistance in some immediately foreseeable period in the future. It will be those people to which this provision is directed and thus it would not be practicable to set limits as to the income or re-
sources such individuals may have. States may choose to set limits, however.

A central factor in the large increase in Federal funds for social services in recent years has related to the provision of services to those not on welfare and therefore this discussion is significant not only in terms of establishing the original intent of "preventive" services, but the definition of the "potential" recipient.

It is my impression that the intent of "preventive services" was to assist those in danger of becoming dependent on public assistance. It was not contemplated, however, that preventive services would be a broad program since it was the opinion of Secretary Ribicoff that the service efforts of the states would be primarily designed to serve those on welfare. In addition, it was asserted that "preventive" services would not be made available to those who could purchase such services on their own.

In addition, the 1962 Act authorized Federal funding in cases in which the welfare agency entered into agreements with other State or local agencies under which those other agencies would provide the services to recipients (including past and potential recipients). The amendments specifically required such arrangements in the case of vocational rehabilitation services and subject to the limitations prescribed by the Secretary, "permitted them in other cases where the services could not be economically or efficiently provided by the welfare agency." The 1962 amendments can be viewed as a comprehensive effort to expand services to welfare recipients, but the objective of reducing dependency remained as a priority. According to Secretary Ribicoff, "social services represent the key to our efforts to help people become self-sufficient so they no longer need assistance." Similarly, the House Ways and Means Committee stated that "the new approach embodied in the bill places emphasis on the provision of services to help families become self-supporting rather than dependent upon welfare checks." The Senate Finance Committee expressed a similar hope, but emphasized that it expected "the Secretary of HEW to carefully limit the prescribed services to those which will significantly contribute to the rehabilitative objective of this legislation and meet the serious problems known to exist in the assistance programs." In addition, the Finance Committee argued that it did not "anticipate that public welfare programs will be used to finance the cost of services normally the responsibility of another state agency." Finally, the Committee clearly indicated that services to former and potential recipients shall only be provided "upon the request of the individual or on his behalf."

The Public Welfare Amendments of 1962 became Public Law 87-543 with the approval of President Kennedy on July 25, 1962. In signing the bill, the President sounded an optimistic note by stating that:

This measure embodies a new approach—stressing services in addition to support, rehabilitation instead of relief, and training for useful work instead of prolonged dependency. This important legislation will assist our States and local public welfare agencies to redirect the incentives and services they offer to needy families and children and to aged and disabled people. Our objective is to prevent or reduce
dependency and to encourage self-care and self-support—to maintain family life where it is adequate and to restore it where it is deficient.

In reviewing the history of the 1962 amendments I am convinced that both the Congress and the President hoped that services of a casework nature would greatly assist in the effort to rehabilitate those who were currently on welfare. In addition, Congress viewed the delivery of such services as the prime responsibility of a welfare agency except in those cases where the welfare agency determines that it cannot deliver certain services to achieve the goals of rehabilitation.

In 1962 the objectives of the service strategy had been enthusiastically endorsed, but by 1967, according to Steiner, "the old slogans; services instead of support, rehabilitation instead of relief were abandoned and work incentives became the new thing in the continuing search for relief from relief costs." This disillusionment with the 1962 programs occurred when the numbers of welfare recipients increased particularly in the area of aid to families with dependent children (AFDC). In confronting the issue of increased numbers of welfare recipients, the Congress in the Social Security Amendments of 1967, placed greater emphasis on services which would, according to the House Ways and Means Committee, "restore more families to employment and self-reliance."

Specifically, the 1967 legislation amended the social services provisions, applicable to the AFDC program, by making 75 percent matching available for all services meeting a broad definition in the law. Among the services that could be provided according to HEW were:

1. Services to assist all appropriate persons in a family to achieve employment and self-sufficiency.
2. Child care services for children of mothers in training or employment.
3. Foster care services.
4. Services to prevent and reduce births out of wedlock.
5. Family planning services.
6. Protective services for children found to be in danger of or subject to neglect, abuse, or exploitation.
7. Services to help families meet their health needs.

In addition, the law authorized the State welfare departments to contract with sources other than State and local government agencies to provide services which they could not deliver themselves. This broadened contracting authority, however, was to be available only "to the extent specified by the Secretary."

Of primary significance to the future of the social services program was the stipulation in the law that the Secretary must define the eligibility of former and "potential" applicants. As a result, the Secretary issued regulations defining "potential" recipients as those "who are likely, within five years, to become recipients of financial assistance."

And, in addition, services were defined as "services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence."
These very broad definitions issued to assist in promoting flexibility would ultimately be recognized as a prime reason for the abuses which later occurred.

The 1967 amendments also established the Work Incentive Program (WIN) for families in the AFDC category, and the social services changes were viewed in the context of the requirements imposed by the new WIN program. This point was emphasized by the Senate Finance Committee in its report on the 1967 amendments as follows:

The Committee is well aware that the services which the States will be required to furnish AFDC families will impose an additional financial burden on the States. Therefore, the provision of law relating to Federal financial participation would be amended by the Committee bill to provide 75 percent Federal financial participation in the cost of all the services provided under these new requirements upon the States. In addition, as is provided under present law, 75 percent Federal sharing would be available for services for applicants and families that are near dependency. Provision of such services can help families to remain self-supporting. As appropriate for this purpose, services may be made available to those who need them in low-income neighborhoods and among other groups that might otherwise include more AFDC cases.

The 1962 amendments relating to social services provide that, with certain exceptions, the basic services must be provided by the staff of the State or local welfare agency. The Committee bill proposes some changes in this provision to take into account the need for a variety of services in State implementation of the plan for each family. Thus, an exception is permitted, to the extent specified by the Secretary, to permit child welfare, family planning, and other family services to be provided from sources other than the staff of the State and local agency. This will permit the purchase of day-care services, which, as indicated above, the committee anticipates will be needed in great volume under the bill, and other specialized services not now available or feasible to be provided by the staff of the public welfare agency and which are available elsewhere in the community. Services may be provided by the staff of the State or local agency in some parts of the State and may be provided in other parts of the State by purchase. The Secretary, in his standards governing this aspect of the program may permit purchase from other agencies and institutions. The basic reason for the exception is the variety of existing arrangements around the country in which some kinds of services are now provided, usually institutional services by other than the State or local public welfare agency.

In essence the 1967 Social Security Amendments emphasized services which would increase the employment of welfare recipients and thus reduce the dependency of those recipients on welfare assistance programs. But it was not to be. In a recent study, it was noted that
by 1972, "the number of AFDC recipients had risen fivefold since the mid-1950’s, doubling just since 1967; the average annual rate of increase in AFDC recipients jumped from 7.3 percent during 1953–66 to 18.3 percent during 1967–71." Clearly, the hope that accompanied social services as a prime tool in reducing the dependency of AFDC recipients had, in reality, been nothing but an illusion.

The reality of continuing increases in the welfare rolls and the questionable capacity of social service programs to effectively combat welfare dependency became somewhat obscured, however, following the 1967 legislative endeavors as Federal expenditures for social services emerged as the significant issue.

Because Federal matching for social services is mandatory and open-ended, social service spending increased substantially as more and more states began to take advantage of the program by defining a "social service" as almost anything.

This situation occurred because services and participants were defined so broadly that almost any social need could claim Federal funds as a "social service."

In addition, these broad definitions allowed States to claim Federal funds for many services formerly funded by State agencies other than a welfare agency.

As a result, in 1969 Federal funding of social services amounted to $354 million; by 1972 the level of Federal funding has risen to more than $1.5 billion, and in July 1972 there were indications that the fiscal 1973 funding level could rise as high as $4.7 billion. This dramatic increase in Federal costs to meet State demands prompted the Administration and Congress to seek a limitation on spending. Following a number of legislative endeavors, the Congress finally approved an amendment to the revenue sharing bill which fixed a $2.5 billion limit on the social services program. In addition, this legislation specified:

1. That each State’s proportionate share would be based on its proportionate share of the population.
2. The 75 percent match would continue until the State had reached its proportionate share.
3. Except for designated services to drug addicts, alcoholics, and mentally retarded plus child care and family planning programs, 90 percent of the expenditures would have to be made on behalf of current welfare recipients. The exemptions to this requirement are:
   (a) child care services related to the employment or training of a member of the family, or the death, incapacity or continued absence of the parent or guardian;
   (b) family planning services;
   (c) services to mentally retarded individuals;
   (d) services to drug addicts and alcoholics undergoing treatment;
   (e) services to children who are under foster care.

By enacting into law a ceiling on expenditures for social services, the Congress was able to avoid a fiscal crisis, but in doing so it revived the debate over the scope of social services.
Reaction and Response

During the period in which Congress was confronting the issue or how to limit the growth of social services expenditures, numerous comments were directed toward the social service program.

The Senate Finance Committee in its report on the revenue sharing bill stated:

Under present administrative guidelines—or perhaps more correctly lack of guidelines—States have succeeded in financing almost any government activity under this provision. The distribution of social services today seems based more on a State's aggressiveness and administrative ingenuity than the needs of its recipients of assistance.

State welfare departments, which are supposed to exercise control over these expenditures, are becoming little more than fiscal conduits. Some States have gone so far as to formally appropriate private funds—like UGF, and so forth—so they will qualify for Federal matching money.

The Senate Appropriations Committee in reporting the 1973 HEW appropriations bill wrote:

The Committee is not convinced that these funds are being spent prudently and effectively, in all cases.

This Committee is concerned that the use of this source of Federal financing is out of any reasonable control: The Department of Health, Education, and Welfare cannot even describe to us with any precision what $2 billion of taxpayers money is being used for.

This Committee believes that the Congress must limit the Federal liability for this largely unknown, undefined, and open-ended financing mechanism.

This Committee believes that it is its responsibility to present the continuing uncontrolled and open-ended Federal liability for this program until the Congress has been convinced that these funds are being spent prudently and effectively.

In testifying before the Senate Appropriations Committee, Secretary Richardson said, "we have no good way of ascertaining the effectiveness of the expenditures for social services. We are convinced in a vague sort of way, it is a good thing, but we have no clear-cut way of determining whether or not and to what extent we are getting our money's worth."

And, then the Senate Finance Committee in its report on H.R. 1 indicated what it expected from the Department of Health, Education, and Welfare in regulating social services. It stated:

The Secretary, by law, is given specific authority to limit the contracting authority for social services and to limit the extent of services to potential (as opposed to actual) welfare recipients. In both cases, however, he has failed to establish effective limitations. In fact, the regulations he has promulgated and the actions of HEW regional officials have invited the very expansion which has taken place.
The Committee directs the Secretary of HEW to issue regulations prescribing the conditions under which State welfare agencies may purchase services they do not themselves provide, and regulations which clearly state that the State matching requirement cannot be met by funds donated by private sources.

The Committee was told by the Secretary of Health, Education, and Welfare that new regulations will require reporting of how social service funds are used. The Committee expects the Secretary to have available detailed information on how social service funds are being spent and on their effectiveness.

After having expressed the hope that steps would be taken to limit the scope of the social service program it was surprising to hear so many in Congress then condemn the Department when it issued regulations to meet that very objective. What made it even more surprising was the charge leveled by some that the regulations had violated "the intent of Congress." After having read the entire legislative history of the social services program, including Title III of the recently enacted State and Local Fiscal Assistance Act of 1972 (PL 92-512), I am firmly convinced that for the first time regulations were issued which approximated Congressional intent in the operation and scope of the social services program. Secretary Weinberger agreed, observing that in the past "what Congress truly intended was not well enunciated in regulations of our Department nor followed in its administration of the program." The proposed regulations, it would seem, have taken a major step toward meeting the basic objectives of social services; objectives which by and large had been distorted over the years.

There is no question that the social services program had been distorted and among the distortions were the following as spelled out by Secretary Weinberger during an appearance before the Finance Committee:

1. Following enactment of the 1962 and 1967 amendments to the act, new provisions allowed the purchase of services for eligible recipients from State and local agencies other than the welfare department and from private agencies. While use of other agencies for the provision of services is not objectionable in and of itself, this segment of the program became the source of many abuses.

2. Another example of this distortion was the practice of accepting eligibility determination on a group basis. Model Cities areas, for instance, were often "blanketed" in making every individual, regardless of his income, employment status or needs, eligible to receive free social services if he lived within the geographic limits of the Model Cities neighborhood. Group eligibility precluded program accountability by making it impossible to allocate expenditures only to those eligible for them. This lack of accountability subverted the goal of the act—making services available to those who need them most to enable them to get off welfare.
3. The lack of definition of "family services" in the 1967 Social Security Act amendment served as another important incentive to program growth. Almost every service, aid, or program, designed to help anyone, became a "social service," eligible for 75 percent Federal matching. Thus many States began claiming as "social services" everything from parole and probation counseling to meals served in community settings.

4. Finally, the lack of any kind of maintenance-of-effort provision in the law or regulations allowed the States, with Federal matching, to refinance programs which they had traditionally supported entirely out of State funds.

The result, according to the Secretary, was a "social services program which had been allowed to finance a broad range of services without much regard for whether they were focused on public assistance recipients or whether the services were designed to make welfare families independent of welfare payments and persons in the adult welfare categories more self-sufficient."

If our objective is to reduce welfare dependency among welfare recipients, especially among those receiving aid under the AFDC program, then the steps taken by the Department to concentrate funds in the effort to meet that objective were correct.

Yet, some in Congress have challenged the regulations of the Department insisting that they would do serious damage to the efforts to reduce dependency.

Clearly, what we have here is the outline of major debate over the scope of the social services program.

The Administration is convinced, and I think the record supports their position, that the intent of social services has been to reduce the dependency of current welfare recipients or those in danger of becoming dependent through services which relate to their needs.

On the other hand, those who have challenged the Department's position are contending that social services were designed to not only serve current recipients, but former and "potential" recipients as well. In addition, they argue that the scope of services should include services which would "help recipients cope with and overcome day-to-day problems, strengthen their everyday life, and increase their self-confidence in addition to those services designed to insure employment."

By expanding the scope, however, of the social services program to include often vague and undefined services and by extending participation to an enlarged non-welfare related clientele, the conditions are created for abuse and inefficiency.

In my opinion, those who seek to overturn the Department's position have mis-read the history of the social services program. It is my view that Congress established a policy designed to deliver services to those on welfare in an effort to reduce their dependency.

Yet we are asked to adopt without much discussion a legislative proposal which would, in effect, erode that basic commitment and perpetuate the abuses of the past.

The Social Services Amendments of 1973

The Committee amendment, the Social Services Amendments of 1973, if enacted into law, would effectively cripple, if not end, the
efforts by the Administration to restore the social service program to its rightful role; that is, to serve those on welfare, or close to it. In other words, to serve those who are the neediest.

Instead of correcting the abuses of the past, the Committee amendment seeks to legitimize those abuses by statute.

To be specific, the Committee amendment would:

1. Expand the goals of social services to include community and institutional care in addition to self support and family care.
2. Allow States to delegate the determination of eligibility to other agencies who are providing services.
3. Defines eligibility of former recipients as anyone who has received assistance within the past two years.
4. Defines the eligibility of “potential” recipients as individuals who are likely to become applicants for assistance in the next five years.
5. Establishes as an income test for “potential” recipients the minimum living standard budget as determined by the Department of Labor. This test would make available free services to almost all families with incomes under $7,000.
6. In addition, it would make eligible for free day care to every family in this country with incomes of $10,582 and in some areas this service would be provided without cost to families of four with incomes as high as $12,000.
7. Permits the States to provide the following defined services:
   Day care services for children.
   Day care services for children with special needs.
   Services for children in foster care.
   Protective services for children.
   Family planning services.
   Protective services for adults.
   Services for adults in foster care.
   Homemaker services.
   Chore services.
   Home delivered or congregate meals.
   Day care services for adults.
   Health related services.
   Home management and other functional educational services.
   Housing improvement services.
   Legal services (unrestricted as to the type of legal services).
   Transportation services.
   Educational and training services.
   Employment services.
   Informational and referral services.
   Special services for the mentally retarded.
   Special services for the blind.
   Special services for the emotionally disturbed.
   Special services for the physically handicapped.
   Services for alcoholism and drug addiction.

7. Requires the approval by HEW of other services requested by the State except upon finding that such services are inconsistent with the goals of the social service program.
8. Allows Federal Financial Participation for costs of medical and mental health diagnosis and consultation when necessary to carry out service responsibilities.

9. Permit group eligibility to be extended, at the discretion of the State, to migrants and Indians, and, with the approval of the Secretary, to other groups as defined by the States.

10. Permit states to include in the State's match any private contributions including in-kind contributions, donated on an unrestricted basis.

11. Increases from 10 percent to 25 percent the amount of service funds that each state may spend on former and "potential" recipients.

The Committee amendment would clearly permit, under the color of law, the very same abuses which occurred under existing regulations.

It would permit Federal reimbursement for a wide range of activities many of which are unrelated to combating welfare dependency.

It would extend the opportunity for participation to those not on welfare by defining "potential" recipients as anyone likely to become dependent within a five year period. This is the very same definition which resulted in the expansion of services many of which were unrelated to reducing welfare dependency.

It would establish in law a long list of services many of which are vague and undefined.

By extending the determination of eligibility to other agencies the responsibility for accountability and control would be severely diminished.

And finally, it would erode the amount of funds available to meet the needs of current welfare recipients.

In essence, the Committee amendment fails to reform the current abuses of the social services program, and instead continues them. It also fails to re-direct the social services program to better serve its original and basic goal; the rehabilitation of those on welfare.

It fails because the architects of the amendment evidently believe in a different conception of the social services program. In this context, then, we need to consider very carefully the implications of the committee amendment as it relates to our policy toward welfare.

At the heart of the debate over social services is the issue of dependency.

There are those who believe that it is the policy of the Federal government to provide services to those on welfare, or close to it, to assist them in becoming less dependent.

On the other hand, the supporters of the Committee amendment apparently believe it is the policy of the Federal government to not only assist those on welfare but those not on welfare as well on the theory that without services they might become dependent.

But if services are extended to a segment of the population not on welfare, two fundamental questions must be raised:

First, are there any limits as to who may participate?

Second, are there any limits as to the kinds of circumstances in life that would qualify for services in the name of avoiding welfare dependency?

These are difficult questions, but they must be confronted, for they are basic to determining the nature of the social services program.

Apparently, the authors of the amendment have concluded that the limits on participants and services ought to be minimal. If this is cor-
rect how can it be argued that social services reduce dependency when in fact all we are doing is extending that dependency, in a different form, to more and more people.

If we accept the rather novel proposition that to avoid dependency we must extend dependency then we will have surely created the conditions for greater claims on Federal funds to provide increased numbers of services. And under these conditions pressure will mount to lift the current $2.5 billion ceiling on social services expenditures.

The prospect of a broad social services program as envisioned by the Committee amendment is disheartening for such a program reduces our basic commitment to those who need services the most by extending services to some who need them the least.

What the committee amendment proposes has momentous implications for social services in particular and our welfare policies in general. In this respect we have an important opportunity to not only pass judgment on the committee amendment but to determine, perhaps, the future direction of the social services program.

**Social Services: Are They the Answer?**

In debating the issue as to the scope of the social services program we need to also consider whether social services, as a tool, is the answer to reducing welfare dependency.

We are told, with computerlike regularity, that social services can resolve welfare dependency. But the evidence seems to contradict that view.

For example, a recent GAO report noted that:

Social services had only a minor impact on directly helping recipients to develop and use the skills necessary to achieve reduced dependency or self-support. Therefore, one of the basic Congressional goals for the services—that they help people get off welfare—has not been achieved.

It is unrealistic to expect that social services can play a major role in helping recipients achieve reduced dependency or self-support, considering the nature of services, the method for determining who should receive certain services, and present economic constraint.

And, Joseph Hefferan, in an article appearing in a study issued by the Joint Economic Committee, argued:

Recent studies of the efficacy of social services have revealed that even when services are offered under nearly ideal circumstances—by highly educated professionals servicing small caseloads which are especially selected for their suitability for casework intervention—clients are likely to regard the service as vague and pleasant but irrelevant. Further, the services make no significant impact on welfare caseloads. The studies showed no reduction in caseload increases or duration as a result of dollars spent on service delivery. These studies collectively have challenged the basic premise of the service strategy, for they have failed to demonstrate a connection between service intervention and the recipient quitting relief.
Finally, Congresswoman Martha Griffiths, Chairman of the Subcommittee on Fiscal Policy of the Joint Economic Committee, argued that:

For years the Congress was told that more social services would reduce welfare dependency. The statute says that services are to promote "self-support and personal independence" and "to prevent or reduce dependency." There was little evidence for this claim at the time and, despite the massive infusion of Federal funds, there is still no confirming evidence. Theoretically, the increase in service money should have reduced the welfare caseload, but in fact the welfare caseload has burgeoned. It has been difficult to measure effectiveness carefully because to date no one has known on what the money was being spent and who was receiving the services. It is hard to see the connection between the extremely broad group of social services that currently can qualify a State for Federal matching on the one hand and the reduction of dependency on the other. The plight of welfare recipients and the cost of welfare to the taxpayers seem to have been used as a pretext for claiming Federal dollars.

These and other commentaries have raised profound questions as to the validity of the service strategy in eliminating dependency on welfare.

Yet, I would be the first to admit that the jury is still out on social services since the basic concept has yet to be fully developed, implemented, and competently administered.

What is needed therefore is a full scale review of social services as it relates to welfare.

With all we know about social services at this point, Congress should not be too eager to seemingly approve so quickly legislation which would seek to not only continue the same old approach to welfare, but the abuses as well.

Conclusion

In enacting a social services program Congress clearly intended to provide Federal funds, on a matching basis, to the States to enable state welfare agencies to deliver services of a casework nature to welfare recipients. The objective was to provide services which were related to the reduction of welfare dependency.

But because of loose regulations and vague definitions of services and participants, the basic scope of the program was diminished.

Instead of being focused on those on welfare or those in danger of becoming dependent, the social services program became as Secretary Weinberger termed it, "an almost universal services program to be used to combat a wide variety of society's problems."

The result was a program whose fiscal demands became insatiable, finally forcing the Congress to enact a ceiling.

In doing so it expressed through different forms the hope that the social services programs would be controlled and re-directed.

The Department of Health, Education, and Welfare determined then that it must, at long last, organize the social service program in such a way as to meet its basic responsibilities to those on welfare.
The regulations it proposed were intended to reverse the disintegration in this program by re-directing it to its initial goal.
These regulations were intended to direct services to:

... persons receiving benefits through the AFDC program to increase the employment of heads of AFDC families.

... persons receiving public assistance or with incomes which placed them in a position that was likely to lead them to dependence on public assistance.

While the regulations are by no means perfect, they do reform the abuses of the past.
The reaction to these regulations and subsequent modifications has been intense, however.
The alternative, at this point, is the Committee amendment, which I believe does nothing but revert the social services program to the wide open program that has characterized it in the past.
I am not satisfied that the Committee amendment is a reasonable alternative given the intent of Congress in establishing a social service program.
The Committee amendment is a form of reaction to attempts by the Administration to reform social services, but reaction is not enough.
We need to re-examine the basis for social services and how they relate to reducing welfare dependency.
We also need to re-think the relationship of social services to welfare in general.
In short, we need to develop a new conception of social services to meet current needs and to determine, through careful consideration, who should receive the benefits of social services.
It is time to review social services under conditions which will produce a commitment between Congress and the Executive so that whatever objectives are formulated will have a chance for success.
To mandate into law a view of social services that is in direct conflict with the legislative history of this program without broad consideration would be a serious mistake.
It is time for reform and re-direction. Reaction without reform is unacceptable.

Paul J. Fannin.
Clifford P. Hansen.
IN THE SENATE OF THE UNITED STATES

APRIL 3, 1973
Read twice and referred to the Committee on Finance

NOVEMBER 21, 1973
Reported by Mr. Long, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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

1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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

3. after "IV,"

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

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

(B) by adding at the end of section 1101-(a)-(1) the following new sentence: "In the case of Puerto Rico,
the Virgin Islands, and Guam, titles I, X, and XIV, and
title XVI as in effect without regard to the amendment
made by section 301 of the Social Security Amendments
of 1972, shall continue to apply, and the term 'State'
when used in such titles (but not in title XVI as in effect
pursuant to such amendment after December 31, 1973)
includes Puerto Rico, the Virgin Islands, and Guam.

(2) by striking out "I, X, XIV, XVI," in section
1103 and inserting in lieu thereof "XVI";

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

(4)(A) by striking out "I, X, XIV, XVI," in the
matter preceding clause (a) in section 1115, and insert-
ing in lieu thereof "XI, XVI,";

(B) by striking out "section 2, 402, 1002, 1402,
1602, or" in clause (a) of such section and inserting in
lieu thereof "title VI; part A of title IV, or section";
and

(C) by striking out "2, 402, 1002, 1402, 1602," in
clause (b) of such section and inserting in lieu thereof
"402, 602,";

(5)(A) by striking out "I, X, XVI, XIV," in
subsections (a)-(A), (B), and (C) of section 1116, and
inserting in lieu thereof "XVI," and

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

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

(B) by striking out "3(a), 403(a), 1003(a),
1402(a), or 1603(a)" in such section and inserting
in lieu thereof "403(a)".

SEC. 3. (a) Section 1843(b)-(2) of the Social Security
Act is amended by adding at the end thereof the following:

"Effective January 1, 1974, and subject to section 1902(e),
the Secretary at the request of any State shall, notwithstanding
the repeal of titles I, X, and XIV by section 303(a) of
the Social Security Amendments of 1972 and the amend-
ments made to title XVI by section 201 of such amend-
ments, continue in effect the agreement entered into under
this section with such State insofar as it includes individuals
who are eligible to receive benefits under part A of title IV,
or supplementary security income benefits under title XVI
(as in effect after December 31, 1973), or are otherwise
eligible to receive medical assistance under the plan of such
State approved under title XIX. The provisions of subsec-
tion (b)-(2) of this section as in effect before the effective
date of the repeals and amendments referred to in the pre-
ceeding sentence shall continue to apply with respect to in-
dividuals included in any such agreement after such date.".
(b) Section 1848-(c) of such Act is amended by strik-
ing out the semicolon and all that follows and inserting in
lieu thereof a period.
(c) Section 1848-(d)-(3) of such Act is amended to
read as follows:
"(3) his coverage period attributable to the agree-
ment with the State under this section shall end on the
last day of any month in which he is determined by
the State agency to have become ineligible for medical
assistance."
(d) Section 1848-(f) of such Act is amended—
(1) by inserting "or receiving supplemental secu-
rité income benefits under title XVI (as in effect after
December 31, 1973), "after IV,"
(2) by striking out "if the agreement entered into
under this section so provides,";
(3) by striking out "I, XVI, or"; and
(4) by striking out "individuals receiving money
payments under plans of the State approved under titles
I, X, XIV, and XVI, and part A of title IV, and"
Sec. 4. (a) Title XIX of the Social Security Act is
amended—
(1) by striking out “permanently and totally” in clause (1) of the first sentence of section 1901;

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

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

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

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

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

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

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

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

(B) by inserting after "appropriate" in subpara-
graph (B) of such section the following: "or who, after
December 31, 1973, are included under the State plan
approved under title XIX pursuant to paragraph (10) (B);”;

(6) (A) by striking out “who are not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV,” in the portion of section 1902(a)(17) which precedes clause (A) and inserting in lieu thereof “other than those described in paragraph (16) with respect to whom medical assistance must be made available,”; and

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

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

(8) by striking out “referred to in section 3(a) (4)(A) (i) and (ii) or section 1902(a)(4)(A) (i) and (ii)” in section 1902(a)(20)(C) and inserting in lieu thereof “which the State agency administering the plan approved under title XVI determines to make available or, after December 31, 1972, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1972) determines to make available”;

(9) by striking out “money payments” in section 1902(a)(1) and inserting in lieu thereof “aid or assistance”, and by inserting “or supplemental security in-
some benefits under title XVI of such Act (as in effect after December 31, 1973)," in such section after "title IV";

(10) by striking out section 1002(c);

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

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

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

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

"(v) 65 years of age or older and disabled as defined in section 1614(a)(2); or",".

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

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

(b) Section 1902(f) of such Act is amended by inserting "supplemental security income payment under title XVI and... after "such individual's."

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

That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1973".

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1

TITLE I—GENERAL AMENDMENTS

2

PART A—SOCIAL SECURITY CASH BENEFITS

3

INTERIM COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

4

Sec. 101. (a) Section 201 of Public Law 93-66 is amended—

1

(1) in subsection (a)(1), by striking out “the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972” and inserting in lieu thereof “7 per centum”,

7
(2) in subsection (a)(2), by striking out "after May 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1975" and inserting in lieu thereof "with respect to which this section is effective, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur in months with respect to which this section is effective",

(3) in subsection (b), by striking out "based on the increase in the Consumer Price Index described in subsection (a)" and inserting in lieu thereof "7 per centum", and

(4) in subsection (c)(2), by striking out "(except for purposes of section 203(a)(2) of such Act, as in effect after May 1974)" and inserting in lieu thereof "(except for purposes of section 203(a) of such Act, as in effect after December 1973, which section (as so in effect) shall, for purposes of the increase in social security benefits provided by this section, be deemed to be in effect for and after the first month with respect to which such increase is effective)".

(b) Section 201 of Public Law 93–66 is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of subsection (a)(2), this section is effective with respect to the month in which this subsection
1 is enacted and for each month thereafter which begins prior
2 to June 1974.”

3 ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY

4 BENEFITS

5 Sec. 102. (a) Section 215(a) of the Social Security

6 Act is amended by striking out the table and inserting in lieu

7 thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

| "I" | "II" | "III" | "IV" | "V"
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<td>(Primary insurance benefit under 1959 Act, as modified)</td>
<td>(Primary insurance amount effective for September 1972)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefit)</td>
</tr>
<tr>
<td>&quot;If an individual's primary insurance benefit (as determined under subsection (d)) is—&quot;</td>
<td>Or his primary insurance amount (as determined under subsection (d)) is—</td>
<td>Or his average monthly wage (as determined under subsection (d)) is—</td>
<td>The amount referred to in the preceding paragraph of this subsection shall be—</td>
<td>And the maximum amount of benefits payable (as provided in sec. 231(a)) on the basis of his wages and self-employment income shall be—</td>
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</table>

"At least—" | But not more than— | "At least—" | But not more than— |

| $14.21 | $13.84 | $13.50 | $13.35 | $13.20 |
| $14.72 | $14.36 | $14.03 | $13.80 | $13.75 |
| $15.23 | $14.88 | $14.56 | $14.35 | $14.30 |
| $15.75 | $15.42 | $15.12 | $14.92 | $14.87 |
| $16.27 | $16.00 | $15.72 | $15.54 | $15.49 |
| $16.80 | $16.54 | $16.28 | $16.12 | $16.07 |
| $17.33 | $17.08 | $16.84 | $16.69 | $16.65 |
| $17.87 | $17.63 | $17.40 | $17.26 | $17.22 |
| $18.41 | $18.18 | $18.06 | $17.93 | $17.89 |
| $18.96 | $18.74 | $18.62 | $18.50 | $18.46 |
| $19.51 | $19.30 | $19.19 | $19.07 | $19.03 |
| $20.08 | $19.88 | $19.78 | $19.66 | $19.62 |
| $20.65 | $20.46 | $20.37 | $20.26 | $20.22 |
| $21.23 | $21.05 | $20.97 | $20.87 | $20.83 |
| $22.41 | $22.25 | $22.18 | $22.10 | $22.06 |
| $23.01 | $22.86 | $22.80 | $22.73 | $22.69 |
| $23.62 | $23.48 | $23.43 | $23.37 | $23.33 |
| $24.23 | $24.10 | $24.06 | $24.00 | $23.97 |
| $24.85 | $24.74 | $24.70 | $24.64 | $24.61 |
| $25.48 | $25.38 | $25.35 | $25.30 | $25.27 |
| $26.11 | $26.02 | $26.00 | $25.96 | $25.93 |
| $27.41 | $27.35 | $27.33 | $27.29 | $27.26 |
| $28.08 | $28.03 | $28.01 | $27.98 | $27.95 |
| $28.76 | $28.72 | $28.70 | $28.67 | $28.65 |
| $29.46 | $29.43 | $29.41 | $29.38 | $29.36 |
| $30.18 | $30.17 | $30.16 | $30.13 | $30.11 |
| $30.93 | $30.92 | $30.91 | $30.89 | $30.87 |
| $31.69 | $31.69 | $31.68 | $31.66 | $31.64 |
| $32.46 | $32.46 | $32.46 | $32.44 | $32.42 |
| $33.25 | $33.25 | $33.25 | $33.24 | $33.22 |
| $34.06 | $34.06 | $34.06 | $34.05 | $34.03 |
| $34.89 | $34.89 | $34.89 | $34.88 | $34.86 |
| $35.75 | $35.75 | $35.75 | $35.75 | $35.73 |
| $36.63 | $36.63 | $36.63 | $36.63 | $36.62 |
| $37.54 | $37.54 | $37.54 | $37.54 | $37.53 |
| $38.47 | $38.47 | $38.47 | $38.47 | $38.46 |
| $39.43 | $39.43 | $39.43 | $39.43 | $39.42 |
| $40.41 | $40.41 | $40.41 | $40.41 | $40.41 |
| $41.41 | $41.41 | $41.41 | $41.41 | $41.41 |
| $42.43 | $42.43 | $42.43 | $42.43 | $42.43 |

| $43.46 | $43.46 | $43.46 | $43.46 | $43.46 |

| $187.50 | $187.50 | $187.50 | $187.50 | $187.50 |

| $81.50 | $81.50 | $81.50 | $81.50 | $81.50 |

| $54.50 | $54.50 | $54.50 | $54.50 | $54.50 |

| $37.50 | $37.50 | $37.50 | $37.50 | $37.50 |

| $29.50 | $29.50 | $29.50 | $29.50 | $29.50 |

| $22.50 | $22.50 | $22.50 | $22.50 | $22.50 |

| $15.50 | $15.50 | $15.50 | $15.50 | $15.50 |

| $9.50 | $9.50 | $9.50 | $9.50 | $9.50 |

| $3.50 | $3.50 | $3.50 | $3.50 | $3.50 |

<p>| $0.50 | $0.50 | $0.50 | $0.50 | $0.50 |</p>
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<th>&quot;II&quot; (Primary insurance amount effective for September 1972)</th>
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<td>&quot;At least—&quot; But not more than—</td>
<td>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—</td>
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</table>

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"
"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Primary insurance benefit under 1959 Act, as modified)</td>
<td>(Primary insurance amount effective for September 1970)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefit)</td>
</tr>
</tbody>
</table>

**If an individual's primary insurance benefit (as determined under subsection (d)) is—**

<table>
<thead>
<tr>
<th>But not more than—</th>
<th>Or his primary insurance amount (as determined under subsection (d)) is—</th>
<th>At least</th>
<th>Or his average monthly wage (as determined under subsection (d)) is—</th>
<th>The amount to be multiplied by the maximum family amount of benefits (as provided in subsection (c)) on the basis of his wages and self-employment income shall be—</th>
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</tbody>
</table>

**Note:** The amount to be multiplied by the maximum family amount of benefits (as provided in subsection (c)) on the basis of his wages and self-employment income shall be—
"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Primary insurance benefit under 1939 Act, as modified)</td>
<td>(Primary insurance amount effective for September 1972)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
</tr>
</tbody>
</table>

If an individual's primary insurance benefit (as determined under subsection (d)) is—

1. Or his primary insurance amount (as determined under subsection (e)) is—
2. Or his average monthly wage (as determined under subsection (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 section 203(a)) on the basis of his wages and self-employment income shall be—

<table>
<thead>
<tr>
<th>At least—</th>
<th>But not more than—</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,050</td>
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<td>1,190</td>
</tr>
<tr>
<td>1,200</td>
<td>1,200</td>
</tr>
</tbody>
</table>

(b)(1) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out “$58.00” wherever it appears and inserting in lieu thereof “the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i)”, and by striking out “$29.00” wherever it appears and inserting in lieu thereof “the larger of $32.20 or the amount most recently established in lieu thereof under section 215(i)”. 

(2) Section 202(a)(4) of Public Law 92-336 is hereby repealed.

(c) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

(e) Notwithstanding any other provision of law, in determining income for purposes of pension benefits for veterans and their widows and children under chapter 15 of title 38, United States Code, and under section 9(b) of the Veterans' Pension Act of 1959, and in determining income for purposes of dependency and indemnity compensation for parents under chapter 13 of such title 38, any increase in the amount of the monthly insurance benefits payable under title II of the Social Security Act resulting from the enactment of section 201 of Public Law 93-66, the amendments made thereto by section 101 of this Act, or section 102 of this Act shall be disregarded, whether such increase is included in the regular monthly payment of such monthly insurance
benefits or is paid in a lump sum retroactively for a prior period.

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

SEC. 103. (a) Clause (i) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: “(i) the calendar quarter ending on March 31 in each year after 1974, or”.

(b) Clause (ii) of section 215(i)(1)(B) of such Act is amended by striking out “in which a law” and all that follows and inserting in lieu thereof “if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and”.

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out “1974” and inserting in lieu thereof “1975”, and by striking out “and to subparagraph (E) of this paragraph”.

(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out “such base quarter” and inserting in lieu thereof “the base quarter in any year”;

(2) by striking out “January of the next calendar year” and inserting in lieu thereof “June of such year”;
(3) by striking out "(subject to subparagraph (E))"; and

(4) by striking out "(but not including a primary insurance amount determined under subsection (a)(3) of this section)".

(e) Section 215(i)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and, by striking out "(subject to subparagraph (E))".

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).

(i) For purposes of section 203(f)(8) of the Social Security Act, so much of section 215(i)(1)(B) of such Act as follows the semicolon, and section 230(a) of such Act, the increase in benefits provided by section 102 of this Act shall be considered an increase under section 215(i) of the Social Security Act.
(j)(1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June".

(k)(1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall be effective (unless such new exempt amount is prevented from becoming effective by subparagraph (C) of this paragraph) with respect to any individual's taxable year which ends after the calendar year in which such benefit increase is effective (or, in the case of an individual who dies during the calendar year after the cal-
endar year in which the benefit increase is effective, with respect to such individual's taxable year which ends, upon his death, during such year).”

(2) Section 203(f)(8)(B) of such Act is amended by striking out “no later than August 15 of such year” and inserting in lieu thereof “within 30 days after the close of the base quarter (as defined in section 215(i)(1)(A)) in such year”.

(3) Section 203(f)(8)(C) is amended by striking out “or providing a general benefit increase under this title (as defined in section 215(i)(3))”.

(1) Section 215(a)(3) of the Social Security Act is amended by striking out “$8.50” and inserting in lieu thereof “the larger of $9.50 or the amount most recently established in lieu thereof under section 215(i)”.

(2) The amendment made by paragraph (1) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202(i) of such Act in the case of deaths occurring after such month.

INCREASE IN EARNINGS BASE

Sec. 104. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out “$12,600” and inserting in lieu thereof “$13,200”.

(2) Section 211(b)(1)(H) of such Act is amended
by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to spe-
1. Social refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

2. (6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

3. (7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

4. (c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

5. (d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92–336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

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

7. (f) The amendments made by subsection (a)(4) shall apply with respect to calendar years after 1973.
of the Social Security Act, the Internal Revenue Code of 1954, and Public Law 92–336 shall be deemed to be made to such provisions as amended by section 203 of Public Law 93–66.

CHANGES IN TAX SCHEDULES

Sec. 105. (a) (1) Section 3101 (a) of the Internal Revenue Code of 1954 (relating to rate of tax on employees for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages received during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages received after December 31, 2010, the rate shall be 5.95 percent."

(2) Section 3111 (a) of such Code (relating to rate of tax on employers for purposes of old-age, survivors, and disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar
years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

"(6) in the case of any taxable year beginning
after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year."

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent."

(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calen-
year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent.’’.

(c) The amendment made by subsection (b)(1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

Sec. 106. (a) Section 201(b)(1) of the Social Security Act is amended by striking out ‘‘(E)’’ and all that follows down through ‘‘which wages’’ and inserting in lieu thereof the following: ‘‘(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of
the wages (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages.

(b) Section 201(b)(2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, (H) 0.920 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, (I) 0.990 of 1 per centum of the amount of self-employ-
ment income (as so defined) so reported for any taxable year beginning after December 31, 1985, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income”.

INTERNATIONAL AGREEMENTS WITH RESPECT TO SOCIAL SECURITY BENEFITS

Sec. 107. (a) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

“INTERNATIONAL AGREEMENTS

Purpose of Agreement

Sec. 232. (a) The President is authorized to enter into agreements establishing totalization arrangements between the social security system established by this title and the social security system of any foreign country, for the purposes of establishing entitlement to and the amount of old-age, survivors, disability, or derivative benefits based on a combination of an individual’s periods of coverage under the social security system established under this title and the social security system of such foreign country.

Delegation of Authority to Secretary of Health, Education, and Welfare

(b)(1) The President is authorized to delegate any of
his functions under this section to the Secretary of Health, Education, and Welfare.

“(2) Pursuant to any such delegation, the Secretary of Health, Education, and Welfare shall consult with the Secretary of the Treasury and the Secretary of State prior to entering into any such agreement.

“Definitions

“(c) For the purposes of this section—

“(1) The term ‘social security systems’ of a foreign country means a social insurance or pension system which is of general application in the country and under which periodic benefits, or the actuarial equivalent thereof, are paid on account of old age, death, or disability.

“(2) The term ‘period of coverage’ means a period of payment of contributions or a period of earnings based on wages for employment or on self-employment income, or any similar period recognized as equivalent thereto under this title or under the social security system of a country which is a party to an agreement entered into under this section.

“Crediting Periods of Coverage; Tax Exemptions; Conditions of Payment of Benefits

“(d)(1) Any agreement establishing a totalization arrangement pursuant to this section shall provide—
"(A) that, in the case of an individual who has at least 6 quarters of coverage as defined in section 213 of this Act and periods of coverage under the social security system of a foreign country which is a party to such agreement, periods of coverage of such individual under such social security systems of such foreign country may, at the option of such individual or of the survivors of such individual, be combined with periods of coverage under this title and otherwise considered for the purpose of establishing entitlement to and the amount of old-age, survivors, and disability insurance benefits under this title;

"(B)(i) that employment or self-employment, or any service which is recognized as equivalent to employment or self-employment under this title and the social security system of such foreign country which is a party to such agreement, shall, on or after the effective date of such agreement, result in a period of coverage under the system established under this title or under the system established under the laws of such foreign country, but not under both;

"(ii) the methods and conditions for determining under which system such employment, self-employment, or other service shall result in a period of coverage;

"(C) that where an individual's periods of coverage
are combined, the benefit amount payable under this title shall be based on the proportion of such individual's periods of coverage which were completed under this title; and

"(D) that an individual who is entitled to cash benefits under this title pursuant to such agreement shall, notwithstanding the provisions of section 202(t), receive such benefits while he legally resides in the foreign country which is a party to such agreement.

"(2) To the extent that any such agreement provides that any period of coverage under this title shall not be such a period of coverage because it is a period of coverage under the laws of a foreign country which is a party to such agreement, no employment or self-employment taxes shall be imposed with respect to such period of coverage under the laws of the United States.

"(3) Any such agreement may provide that the benefit paid by the United States to an individual who legally resides in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit amount which would be payable to an entitled individual based on the first figure in (or deemed to be in) column IV of the table in section 215(a).

"(4) Section 226 shall not apply in the case of any
individual to whom it would not be applicable but for this section or any agreement or regulation under this section.

"(5) Any such agreement may contain such other provisions, not inconsistent with this section, as the President deems appropriate.

"Regulations

"(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

"Reports to Congress; Effective Date of Agreements

"(f)(1) Any agreement to establish a totalization arrangement entered into pursuant to this section shall be transmitted by the President to the Congress.

"(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1). The continuity of a session is broken (for purposes of this paragraph) only by an adjournment of the Congress sine die. The days on which either House of the Congress is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 90-day period.".
Section 1401 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such self-employment income is subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country."

Sections 3101 and 3111 of such Code are each amended by adding at the end thereof the following new subsection:

"(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country."

Notwithstanding any other provision of law, taxes paid by any individual to any foreign country with respect to any period of employment or self-employment which is
covered under the social security system of such foreign
country in accordance with the terms of an agreement en-
tered into pursuant to section 232 of the Social Security Act,
shall not, under the laws of the United States, be deductible
by, or creditable against the income tax of, any such
individual.

TREATMENT OF CERTAIN FARM INCOME

Sec. 108. (a) Section 211(a) of the Social Security Act
is amended by adding at the end thereof the following new
paragraph:

"An agreement between an owner or tenant of land and
another person under which such other person is to manage
and supervise the production of agricultural or horticultural
commodities on such land shall not be considered to be an ar-
rangement (described in paragraph (1)(A) of the first sen-
tence of this subsection) which provides for material par-
ticipation by the owner or tenant in production or manage-
ment, if under such agreement it is the responsibility and
duty of such other person, as the agent of such owner or
tenant, to manage and supervise such production (including
the selection of the tenants or other personnel whose serv-
ices will be utilized in such production) without personal
participation therein by such owner or tenant, and if, in
fact, there is no personal participation by such owner or
tenant in such production or management."

(b) Section 1402(a) of the Internal Revenue Code of
1954 (relating to definition of net earnings from self-employment) is amended by adding at the end thereof the following new paragraph:

"An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such arrangement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management."

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

STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING BENEFITS UNDER THE SOCIAL SECURITY ACT TO PREVAILING COST OF LIVING IN VARIOUS AREAS

Sec. 109. (a) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Sec-
retary") shall conduct a study of the various programs established by and pursuant to the Social Security Act with a view to determining the feasibility of relating the various dollar amounts set forth therein (whether in the form of benefits, deductibles, conditions of eligibility for benefits, or otherwise) to the prevailing cost of living in the various States (and localities within States) in which such programs are operative.

(b) In carrying out such study, the Secretary shall—

(1) develop a comprehensive cost-of-living index which reflects the average cost of living for each State as a whole (and not just the urban or other areas therein);

(2) include an evaluation of the effects which would be produced among the various States, including the advantages to recipients, if the benefits (and other dollar amount related criteria) in the Social Security Act were adjusted in accordance with differences in the average cost of living in the various States;

(3) give consideration to the feasibility of applying such a cost-of-living adjustment only in those States where the cost of living is significantly higher than the cost of living in the Nation as a whole; and

(4) analyze existing sources, within the Federal Government, from which data relating to the cost of living is available, with a view to determining the need for
improved sources of such data, within the Federal Government, under which such data would be made available on a regular basis and in a more analytical, comprehensive, and suitable form.

(c) The Secretary shall complete such study and shall submit to the Congress a full and complete report thereon, together with the recommendations of the Secretary with respect to the matters included in the study, not later than January 1, 1975.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

TERMINATION OF COVERAGE OF CERTAIN POLICEMEN IN LOUISIANA

SEC. 110. Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Louisiana entered into pursuant to such section may, at the option of such State, be modified, at any time during the calendar year commencing January 1, 1974, so as to exclude services performed within such State by individuals who are in positions of policemen and who are eligible for membership in the Municipal Police Employees Retirement System of Louisiana. Any modification of such agreement pursuant to this section shall be effective with respect to services performed after an effective date specified by the State in such modifi-
TERMINATION OF COVERAGE FOR POLICEMEN OR
FIREMEN IN CALIFORNIA

Sec. 111. (a) Notwithstanding any provision of sec-
tion 218 of the Social Security Act, upon giving at least two
years' advance notice in writing to the Secretary of Health,
Education, and Welfare (hereafter in this section referred
to as the "Secretary"), the State of California may ter-
minate, effective at the end of the calendar quarter specified
in the notice, its agreement (entered into under such section)
with the Secretary with respect to services of—

(1) all employees included under the agreement as
a single coverage group within the meaning of section
218(d)(4) of such Act which is composed entirely of
positions of policemen or firemen or both;

(2) all employees in positions of policemen or fire-
men or both which are included under such agreement as
a part of a coverage group within the meaning of section
218(d)(4) of such Act; or

(3) all employees in positions of policemen or fire-
men or both which were included under such agreement
as part of a coverage group as defined in section 218
(b)(5) of such Act and which were covered by a retire-
ment system after the date coverage was extended to such
group,
but only if such agreement has been in effect with respect to
employees in such positions for not less than five years prior
to the receipt of such notice.
(b) If the agreement entered into (under section 218 of
the Social Security Act) between the State of California and
the Secretary is terminated pursuant to this section with re-
spect to services of employees in positions of policemen or fire-
men as described in subsection (a), the Secretary and such
State may not thereafter modify such agreement so as to
again make such agreement applicable to services performed
by employees in such positions.
(c) Notwithstanding any provision of section 218 of the
Social Security Act, the agreement with the State of Cali-
ifornia under such section may, if the State so desires, be modi-
fied at any time prior to July 1, 1976, so as to again make
the agreement applicable to services performed by employees,
other than employees in policemen's or firemen's positions, in
a coverage group with respect to which the agreement was
terminated by the State prior to the enactment of this Act if
the Governor of the State, or an official designated by him,
certifies that the following conditions have been met:
(1) the majority of such employees have indicated
a desire to have their coverage reinstated, and
(2) the termination of the agreement with respect to the coverage group was for the purpose of terminating coverage for those employees in policemen's or firemen's positions, or both.

Notwithstanding the provisions of section 218(f)(1) of such Act, any such modification shall be effective as of the date coverage was previously terminated for those members of the coverage group who meet the conditions prescribed in section 218(f)(2) of such Act.

**PART B—TAX CREDIT**

**TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES**

**Sec. 112. (a) In General.**

(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section:

"**SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.**"

"(a) In General.—"

"(1) Allowance of credit.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with
respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) APPLICABLE PERCENTAGE.—The percentage under paragraph (1) applicable to the social security taxes is—

"(A) 86 percent for calendar years 1974 through 1977,

"(B) 83 percent for calendar years 1978 through 1980,

"(C) 80 percent for calendar years 1981 through 1985,

"(D) 78 percent for calendar years 1986 through 2010, and

"(E) 68 percent for calendar years beginning after December 31, 2010.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit
allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed $4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b) without regard to the exclusion set forth in paragraph (9) of that section).

"(2) Reduction for additional income.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds $4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71(b) (relating to payments to support minor children),

71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in
installments), or 74(b) (relating to certain prizes and awards),

“(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

“(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his fami-
ily (as determined by the Secretary or his delegate),
other than any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) Application with section 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

"(c) Definitions.—For purposes of this section—

"(1) Eligible individual.—The term 'eligible individual' means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151
(e)(1)(B) (relating to additional exemption for dependents).

"(2) Social Security Taxes.—The term ‘social security taxes’ means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term ‘employment’ (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section."

(2) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Tax credit for low income workers with families.
"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following:

"42 (relating to tax credit for low-income workers with families),"; and
(B) striking out “sections 31 and 39” and inserting
in lieu thereof “sections 31, 39, and 42”.

(4) Section 6201(a)(4) of such Code (relating to
assessment authority) is amended by—

(A) inserting “or 42” after “SECTION 39” in the
caption of such section; and

(B) striking out “oil),” and inserting in lieu thereof
“oil) or section 42 (relating to tax credit for low income
workers with families),”.

(b) ADVANCE REFUND OF CREDIT.—

(1) Subchapter B of chapter 65 of the Internal Revenue
Code of 1954 (relating to rules of special application) is
amended by adding at the end thereof the following new
section:

"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT.

"(a) IN GENERAL.—A taxpayer may receive an ad-
vance refund of the credit allowable to him under section 42
(relating to tax credit for low-income workers with families)
not more frequently than quarterly by filing an election for
such refund with the Secretary or his delegate at such time
and in such form as the Secretary or his delegate may pre-
scribe. If the taxpayer elects to base his claim for refund on
social security taxes imposed on him, his spouse, and their
employers, the election shall be a joint election signed by the
taxpayer and his spouse. An election may not be made under
this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) LIMITATIONS.—

"(1) AMOUNT OF REFUND.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 42 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

"(2) INELIGIBLE FOR CREDIT.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.
"(3) Minimum payment.—No payment may be made under this section in an amount less than $30.

"(c) Collection of excess payments.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess."

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6428. Advance refund of section 42 credit."

(c) Section 6011(d) (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) Returns of taxpayers receiving advance refund of section 42 credit.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such
additional information as the Secretary or his delegate
may require.”.

(d) DEVELOPMENT OF APPLICATION FORMS; COOP-
ERATION OF OTHER GOVERNMENT AGENCIES.—

(1) The Secretary of the Treasury shall develop
simple and expedient application forms and procedures
for use by taxpayers who wish to receive an advance
refund under section 6428 of the Internal Revenue Code
of 1954 (relating to advance refund of section 42
credit), arrange for distributing such forms and making
them easily available to taxpayers, and prescribe such
regulations as may be necessary to carry out the provi-
sions of sections 42 and 6428 of such Code. Each such
application form shall contain a warning that the making
of a false or fraudulent statement thereon is a Federal
crime.

(2) The Secretary of the Treasury is authorized to
obtain from any agency or department of the United
States Government or of any State or political subdivi-
sion thereof such information with respect to any tax-
payer applying for or receiving benefits under section
6428 of the Internal Revenue Code of 1954 (relating to
advance refund of section 42 credit), or his spouse, as
may be necessary for the proper administration of sec-
tion 42 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 42 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(e) AMENDMENT OF SOCIAL SECURITY ACT.—Section 402(a)(7) of the Social Security Act is amended by inserting after “other income” the following: “(including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954)”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1973, but no advance refund payment under section 6428 of the Internal Revenue Code of 1954 shall be made before July 1, 1974.

PART C—AMENDMENTS RELATED TO SUPPLEMENTAL SECURITY INCOME PROGRAM

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

Sec. 121. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out “June 1974” and inserting in lieu thereof “December 1973”.

(2) Section 211(a)(1)(A) of Public Law 93-66 is
(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b)

(1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611(a)(2)(A) and section 1611(b)

(2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211(a)(1)(A) of Public Law 93-66

(as amended by subsection (a)(2) of this section) is amended by striking out "$840" and inserting in lieu thereof "$876".

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 122. (a)(1) Section 3(e) of the Food Stamp Act of 1964 is amended to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof:

"No individual, who receives supplemental security income
benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93–66, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during the 18-month period beginning January 1, 1974, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.”.

(2) Section 3(b) of Public Law 93–86 is hereby repealed.

(b)(1) Section 4(c) of Public Law 93–86 is hereby repealed.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92–603) is hereby repealed.

(3) No individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212 (a) of Public Law 93–66, shall be considered to be a member
of a household for any purpose of the food distribution pro-
gram for families under section 32 of Public Law 74-320,
section 416 of the Agricultural Act of 1949, or any other
law, for any month during the 18-month period beginning
January 1, 1974, if, for such month, such individual resides
in a State which provides State supplementary payments (A)
of the type described in section 1616(a) of the Social Security
Act, and (B) the level of which has been found by the
Secretary of Health, Education, and Welfare to have been
specifically increased so as to include the bonus value of food
stamps.

(c) For purposes of the last sentence of section 3(e)
of the Food Stamp Act of 1964 (as amended by subsection
(a) of this section) and subsections (b)(3) and (f) of this
section, the level of State supplementary payment under
section 1616(a) shall be found by the Secretary to have been
specifically increased so as to include the bonus value of food
stamps (1) only if, prior to October 1, 1973, the State has
entered into an agreement with the Secretary or taken other
positive steps which demonstrate its intention to provide sup-
plementary payments under section 1616(a) at a level which
is at least equal to the maximum level which can be deter-
mined under section 401(b)(1) of the Social Security
Amendments of 1972 and which is such that the limitation
on State fiscal liability under section 401 does result in
a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word “exceed” and inserting in lieu thereof: “a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans.”

(c) Section 401(b)(3) of the Social Security Amendments of 1972 is repealed.

(f) The amendments and repeals made by subsections (d) and (e) shall be effective January 1, 1974, except that such amendments and repeals shall not during the 18-month period beginning January 1, 1974, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps.

INDIVIDUALS DEEMED TO BE DISABLED UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 123. Section 1614(a)(3) of the Social Security Act is amended—

(1) by striking out the last sentence of subparagraph (A); and
(2) by inserting at the end thereof the following new subparagraph:

"(E) Notwithstanding the provisions of subparagraphs (A) through (D), an individual shall also be considered to be disabled for purposes of this title if he is permanently and totally disabled as defined under a State plan approved under title XIV or XVI as in effect for October 1972 and received aid under such plan (on the basis of disability) for December 1973 (and for at least one month prior to July 1973), so long as he is continuously disabled as so defined."

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING IN AID TO FAMILIES WITH DEPENDENT CHILDREN HOUSEHOLD

Sec. 124. (a) Section 212(a)(3)(A) of Public Law 93–66 is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93–66 is amended by adding at the end thereof the following new subparagraph:

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973
income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

“(ii) The amount of the reduction (under clause (i)) of any individual’s December 1973 income shall not be in an amount which would cause the supplementary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family unit referred to in clause (i), and had had no income for such month other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act.”

DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING AMOUNT OF SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 125. Section 1612(b)(2) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—
(1) by inserting "(A)" immediately after "(2)", and

(2) by adding at the end thereof the following new subparagraph:

"(B) monthly (or other periodic) payments received by an individual (or his eligible spouse) under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in excess of 24 years in such State by such individual;".

CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS

SEC. 126. (a) If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary"), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and
(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for
aid or assistance under a State plan approved under
title I, X, XIV, or XVI of the Social Security Act of
the State in which such project is conducted (as such
State plan was in effect for July 1973),
the Secretary may waive such requirements of title XVI of
such Act (as enacted by section 301 of the Social Security
Amendments of 1972) to such extent as he determines to be
necessary to the successful operation of such project.

(c) In the case of any State which has entered into
an agreement with the Secretary under section 1616 of the
Social Security Act (or which is deemed, under section 212
d of Public Law 93–66, to have entered into such an
agreement), then, of the costs of any project of such State
with respect to which there is (solely by reason of the provi-
sions of subsection (a)) Federal financial participation, the
non-Federal share thereof shall—

(1) be paid, from time to time, to such State by
the Secretary, and

(2) shall, for purposes of section 1616(d) of the
Social Security Act and section 401 of the Social Secu-

rity Amendments of 1972, be treated in like manner as if
such non-Federal share were supplementary payments
made by the Secretary on behalf of such State pursuant
to such agreement.
AUTHORITY FOR SURVIVING SPOUSE OF DECEASED SSI BENEFICIARY TO CASH JOINT CHECK

Sec. 127. Section 1631(d)(1) of the Social Security Act is amended by striking out "and (f)" and inserting in lieu thereof "(f), and (n)".

PART D—SOCIAL SERVICES AMENDMENTS

AMENDMENTS TO PROVISION LIMITING FEDERAL FUNDS FOR SOCIAL SERVICES

Sec. 131. (a) Section 1130 of the Social Security Act is amended by redesignating subsection (c) as subsection (f), and by inserting after subsection (b) the following new subsections:

"(c) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, X, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan approved under such title, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services, to the extent that such services are social services (as determined by the State) and the Federal share of their aggregate cost does not exceed the allocation to the State (for the fiscal year involved) under this section (or section
132 of the Social Security Amendments of 1973); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements imposed by section 402(a) with respect to the provision of social services to recipients of aid under such plan.

“(d) For purposes of subsection (c) and for purposes of part A of title IV, VI, X, XIV, and XVI, the services referred to in subsection (c) as ‘social services’—

“(1) shall be such services as each State determines to be appropriate for meeting any of the following specific goals:

“(A) Self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency;

“(B) Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children;

“(C) Community-based care goal: To secure and maintain community-based care which approxi-
mates a home environment, when living at home is not feasible and institutional care is inappropriate; or

"(D) Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible; and

"(2) include the following services:

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

"(B) child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

"(C) services for children in foster care, in-
cluding services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished under the State's title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those terms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

"(D) protective services for children, including
multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

"(E) family planning services (including social, educational, and medical services for any female of child-bearing age and any other appropriate individual needing such services): Provided, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for any other service;

"(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

"(G) services for adults in foster care not avail-
able under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including assessment of need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and services to assist adults in leaving foster care to attain independent living;

"(H) homemaker services for individuals in their own homes, including helping individuals to overcome specific barriers to maintaining, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised homemaker;

"(I) chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialist;

"(J) home delivered or congregate meals and the preparation and delivery of hot meals to an indi-
individual in his home or in a central dining facility, to
assist the individual to remain in his home, and to
assure sound nutrition;

"(K) day care services for adults, including
meal preparation and serving, companionship, edu-
cational and recreational activities, and rehabilitation
activity when provided for less than a twenty-four-
hour period in a group or family setting;

"(L) health-related services, including helping
individuals to identify health (including mental
health) needs and assisting individuals to secure
diagnostic, preventive, remedial, ameliorative, and
other needed health services and helping to expedite
return to community living from institutional care
when discharge is medically recommended;

"(M) home management and other functional
educational services, including formal or informal
instruction and training in management of house-
hold budgets, maintenance and care of the home,
preparation of food, nutrition, consumer education,
child rearing, and health maintenance;

"(N) housing improvement services, including
helping individuals to obtain or retain adequate
housing, and minor repairs necessary for personal
protection;
"(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish paternity and child support and services related to adoption;

"(P) transportation services necessary to travel to and from community facilities or resources for receipt of services;

"(Q) educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the vocational rehabilitation program;

"(R) employment services to enable individuals to secure paid employment or training leading to such employment, including vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment and other services that will assist in the individual's plan for achieving full or partial self-support, where
there are needs not met by the work incentive program;

"(S) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

"(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, personal, or economic habilitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and legal services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar special services for other individuals requiring such services because of developmental disability;

"(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication skills; special aids and appli-
ances; and special counseling for caretakers of blind
children and adults;

"(V) services for alcoholism and drug addiction
for an individual who is becoming dependent on or is
addicted to alcohol or other drugs as determined by
the standards set by the State agency designated by
the State under the Comprehensive Alcohol Abuse
and Treatment Act of 1970 and the Drug Abuse and
Treatment Act of 1972, if such services are needed
as part of a program for prevention or treatment of
addiction or the conditions arising from misuse of
alcohol or other drugs, including but not limited to
social and rehabilitative services for resident patients
receiving services in a supportive environment (such
as a halfway house, hostel, or foster home) and
including medical services (such as psychiatric
services) incidental to the provision of a social
service;

"(W) special services for the emotionally dis-
turbed as defined by the State;

"(X) special services for the physically handi-
capped as defined by the State; and

"(Y) any other services which the State finds
appropriate for meeting the goals of self-support,
family care or self-care, community-based care, or institutional care.

"(e) (1) Effective July 1, 1974, Federal financial assistance which is subject to the limitation imposed by subsections (a) and (b) shall be available for a new purchase of services from a public agency (other than the single State agency) only for services beyond those represented by the expenditures for the previous fiscal year of the provider agency (or its predecessor) for the type of service and type of persons covered by the agreement.

"(2) A purchase of services in any fiscal year shall not be considered a new purchase of services to the extent that an equivalent purchase of services from the same provider agency (or its predecessor) was made in any of the three preceding fiscal years and was included in the expenditures for which Federal financial participation was provided under titles I, VI, X, XIV, or XVI, or Part A of title IV."

(b) Subsection (a) of section 1130 of such Act is amended by striking out the matter therein which begins with "to assure that—" and ends with the period at the end thereof, and inserting in lieu of the matter stricken the following: "to assure that the total amount paid to such State (under all of such sections) for such fiscal year for such services
does not exceed the allotment of such State (as determined under subsection (b))."

SPECIAL FEDERAL SOCIAL SERVICES FUNDING LIMIT FOR FISCAL YEAR 1974

SEC. 132. (a) In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1974, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year is equal to whichever of the following is the lesser: (1) the allotment of such State as determined under subsection (b) of such section, or (2) the allotment of such State as determined under subsections (b) and (d) of this section.

(b)(1) For the fiscal year ending June 30, 1974, the Secretary shall allot to each State—

(A) an amount equal to 400 per centum of the amount payable to such State with respect to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment, as determined under subsection (b) of section 1130 of the Social Security Act, is applicable) for the calendar quarter commencing July 1, 1973, plus

(B) an amount which bears the same ratio to the amount (if any) by which—
(i) $1,850,000,000 exceeds
(ii) the aggregate of the amounts allotted to all

States under clause (A),

as the population of such State bears to the population of
all States.

(2) If the aggregate of the allotments made pursuant to
paragraph (1) is in excess of $1,900,000,000, the Secretary
shall reduce the allotment of each State, on a pro rata basis,
until the aggregate of the allotments for all States does not
exceed $1,900,000,000.

(c)(1) In addition to the amount allotted to any State
under the preceding subsections of this section for the fiscal
year ending June 30, 1974, the Secretary may make an
additional allotment for such year to such State in accordance
with this subsection.

(2) The aggregate of the allotments made pursuant to
this subsection shall not exceed the lesser of (A) $50,000,000
or (B) the amount by which the aggregate of the amounts al-
located under subsection (b) is less than $1,900,000,000.

(3) Allotments under this subsection shall be made, in
the following order of priority, to such States and in such
amounts as the Secretary deems to be appropriate—
(A) first, in order to assure that, for the fiscal year
ending June 30, 1974, no State is paid less from Federal
funds with respect to expenditures incurred by it for
services (of the type, and under the programs to which the allotment of such State, as determined under subsection (b) of section 1130 of the Social Security Act, is applicable) than such State was paid from Federal funds with respect to such expenditures for the fiscal year ending June 30, 1973: Provided, That no payment under this clause shall exceed the amount by which the allotment applicable to such State for the fiscal year ending June 30, 1973 under section 1130(b) of the Social Security Act was increased by reason of the enactment of section 403 of the Social Security Amendments of 1972, (B) second, provide additional Federal financial assistance to any State (I) the allotment of which, as determined under subsection (b), is substantially less than the allotment of such State under section 1130 of the Social Security Act (as determined without regard to this section), and (II) which can demonstrate (to the satisfaction of the Secretary) that it had, prior to November 15, 1973, planned an expansion of its social services programs during the remainder of the fiscal year ending June 30, 1974, which would require such additional Federal financial assistance, except that the amount of the allotment made to any State under this subparagraph shall not exceed an amount which, when added to its allotment as determined under subsections
(b) and (d) of this section, is equal to its allotment determined under section 1130 of the Social Security Act (as determined without regard to this section), and

(C) third, to provide additional Federal financial assistance to States which can demonstrate (to the satisfaction of the Secretary) that if an allotment is made to such State under this subparagraph, the amount of such allotment will be utilized so as to produce a significant cost benefit (as determined pursuant to regulations which shall be promulgated by the Secretary).

(d)(1) If the Secretary determines that the amount of the allotment (as determined under the preceding provisions of this section) of any State is in excess of the amount needed by the State for purposes for which such allotment is made, he shall reallocate the amount of such excess among other States each of which has need (for purposes for which the allotment under the preceding provisions of this section is made) of amounts in excess of the amount of its allotment (as determined under the preceding provisions of this section).

(2) Whenever amounts are reallocated among States by the Secretary pursuant to paragraph (1), the amount reallocated to each such State shall bear the same ratio to the total amount being reallocated as the population of such State bears to the population of all the States to which such reallocation is being made.
(3) Any amount reallocated to a State under this subsection shall be added to and deemed a part of such State's allotment (as determined under the provisions of this section which precede this subsection), and shall be subject to reallocation, under the preceding provisions of this subsection in like manner as such State's allotment (as so determined).

AMENDMENTS TO STATE PLAN REQUIREMENTS REGARDING SOCIAL SERVICES

SEC. 133. (a)(1) Section 3(a)(4) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 2 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of assistance under the plan to help them attain or retain capability for self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in
clauses (i) and (ii) which the State determines
to be appropriate for individuals who have been
or are likely to become (as determined by the
State) applicants for or recipients of assistance
under the plan, if such services are requested by
and provided to such individuals, or”;

(C) by striking out subparagraph (B) and re-
designating subparagraph (C) as subparagraph (B);
and

(D) by striking out all that follows subparagraph
(C).

(2) Section 3(a)(5) of such Act is repealed.
(3) Section 3(c) of such Act is repealed.

(b) Section 403(a)(3) of the Social Security Act is
amended—

(1) by striking out “described in”, in subparagraph
(A)(i), and inserting in lieu thereof “which the State
determines should be provided, including those described
in”;  

(2) by striking out “clauses (14) and (15) of sec-
tion 402(a)”, in subparagraph (A)(ii), and inserting
in lieu thereof “subparagraph (A)(i)”;  

(3) by striking out “, within such period or periods
as the Secretary may prescribe,” in subparagraph (A)
(ii), and inserting in lieu thereof "as determined by the State"; and

(A) by striking out all that follows subparagraph (B).

(c)(1) Section 1003(a)(3) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 1002 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of aid to the blind to help them attain or retain capability for self-support or self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the

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State) applicants for or recipients of aid to
the blind, if such services are requested by
and provided to such individuals, or";
(C) by striking out subparagraph (B) and redesig-
nating subparagraph (C) as subparagraph (B); and
(D) by striking out all that follows subparagraph
(C).
(2) Section 1003(a)(4) of such Act is repealed.
(3) Section 1003(c) of such Act is repealed.
(d)(1) Section 1403(a)(3) of the Social Security Act
is amended—
(A) by striking out "whose State plan approved
under section 1402 meets the requirements of subsection
(c)(1)" in the matter preceding subparagraph (A);
(B) by striking out clauses (i), (ii), and (iii)
of subparagraph (A) and inserting in lieu thereof the
following:
"(i) services which are provided to appli-
cants for or recipients of aid to the permanently
and totally disabled to help them attain or re-
tain capability for self-support or self-care, or
(ii) other services which (as determined
by the State) are likely to prevent or reduce
dependency and which are provided to such ap-
plicants or recipients, or
“(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of aid to the permanently and totally disabled, if such services are requested by and provided to such individuals, or”;

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1403(a)(4) of such Act is repealed.

(3) Section 1403(c) of such Act is repealed.

(e)(1) Section 1603(a)(4) of the Social Security Act is amended—

(A) by striking out “whose State plan approved under section 1602 meets the requirements of subsection (c)(1)” in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

“(i) services which are provided to applicants for or recipients of aid or assistance under
the plan to help them attain or retain capability
for self-support or self-care, or

“(ii) other services which (as determined
by the State) are likely to prevent or reduce
dependency and which are provided to such
applicants or recipients, or

“(iii) any of the services described in
clauses (i) and (ii) which the State determines
to be appropriate for individuals who have been
or more likely to become (as determined by the
State) applicants for or recipients of aid or
assistance under the plan, if such services are
requested by and provided to such individuals,
or”;

(C) by striking out subparagraph (B) and redes-
ignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph
(C).

(2) Section 1603(a)(5) of such Act is repealed.

(3) Section 1603(c) of such Act is repealed.

(f)(1) Section 603(a) of the Social Security Act (as
added by the Social Security Amendments of 1972) is
amended to read as follows:

“(a) From the sums appropriated therefor, the Secretary
shall, subject to section 1130, pay to each State which has
a plan approved under this title, for each quarter, an amount
equal to the sum of the following proportions of the total
amounts expended during such quarter as found necessary
by the Secretary of Health, Education, and Welfare for the
proper and efficient administration of the State plan—

“(1) 75 per centum of so much of such expendi-
tures as are for—

“(A) services which are provided to applicants
for or recipients of supplemental security income
benefits under title XVI to help them attain or re-
tain capability for self-support or self-care, or

“(B) other services which (as determined by
the State) are likely to prevent or reduce dependency
and which are provided to such applicants or recipi-
ents, or

“(C) any of the services described in clause
(A) or (B) which the State determines to be appro-
priate for individuals who have been or are likely to
become (as determined by the State) applicants for
or recipients of supplemental security income bene-
fits under title XVI, if such services are requested by
and provided to such individuals, or

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

“(2) one-half of the remainder of such expenditures.”

(2) Section 603(c) of such Act is repealed.

(g) Section 1130(a) of the Social Security Act is
amended by striking out “section 3(a) (4) and (5), 403
(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or
1603(a) (4) and (5)” and inserting in lieu thereof
“section 3(a)(4), 403(a)(3), 1003(a)(3), 1403(a)(3),
or 1603(a)(4)”.

ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

Sec. 134. Part A of title XI of the Social Security Act
is amended by inserting, immediately after section 1130
thereof, the following new section:

“ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

Sec. 1131. (a) Not later than June 30, 1975, and
June 30 of each year thereafter, the Secretary shall submit
to Congress a report on social services programs under sec-
tions 3, 403, 603, 1003, 1403, and 1603. Such report shall
include information on a State-by-State basis as to the
amounts of funds expended for each type of service (classi-
fied in such categories as the Secretary may determine to be
appropriate), and such other data and information as may
be appropriate.
"(b) The Secretary shall require the States to make such reports concerning their use of Federal social services funds which shall be the basis of the report required by subsection (a)."

USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

Sec. 135. Part A of title XI of the Social Security Act is amended by adding after section 1131 (as added by section 134 of this Act) the following new section:

"USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

"Sec. 1132. For purposes of the services to which the provisions of section 1130 are applicable, donated private funds (including in-kind contributions, as defined in OMB Circular A-102, as in effect on October 1, 1973) for services shall be considered as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable)."

EFFECTIVE DATES

Sec. 136. The amendments made by sections 131, 133, and 135 shall take effect on November 1, 1973.
PART E—CHILD WELFARE SERVICES

NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

SEC. 141. Title IV of the Social Security Act is amended by inserting immediately after section 426 thereof the following new section:

"NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

"SEC. 427. (a) The Secretary of Health, Education, and Welfare is hereby authorized to provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

"(b) There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for succeeding fiscal years, to carry out this section."

CHILD ABUSE, NEGLECT, AND PROTECTIVE SERVICES

SEC. 142. (a) Section 402(a)(16) of the Social Security Act is amended to read as follows:

"(16) provide—

"(A) that the State agency will provide such services as are necessary to aid the prevention, identi-
...fication, and treatment of child abuse and neglect
and, wherever feasible, to make it possible for the
child to remain in the home; and

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

(b) Section 422(a)(1) of such Act is amended—
(1) by striking out "and" at the end of subpara-
graph (B); and
(2) by adding at the end of subparagraph (C) the
following new subparagraph:

"(D) provides for the establishment and imple-
mentation of protective services for children includ-
ing, but not limited to—

"(i) procedures for the discovery and re-
porting of instances of neglect or abuse of chil-
dren, including a systematic method for receiv-
ing reports of suspected or known instances of
child abuse or neglect on a twenty-four-hour a
day basis,
“(ii) use of the full resources of local communi-
cities including public and nonprofit agen-
cies and organizations which provide services
and activities that would be beneficial to a child
and his parents or guardians,

“(iii) provisions of services, where feasible,
to make it possible for the child to remain in the
home,

“(iv) cooperation with the appropriate
courts and law enforcement officials in instances
of child neglect and abuse, and

“(v) a central collection point for all data
and information on child abuse and neglect,
and”.

(c) The amendments made by subsections (a) and (b)
shall be effective July 1, 1975: Provided, however, That the
Secretary may at any time after the date of enactment of this
Act approve changes in State plans under sections 402 and
422 of the Social Security Act which have the effect of
bringing such State plans into conformity with such amend-
ments.

PART F—CHILD SUPPORT PROGRAMS

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

In General

Sec. 151. (a) Title IV of the Social Security Act is
amended by adding after part C the following new part:
"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

"Sec. 451. For the purpose of enforcing the support obligations owned by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF THE SECRETARY

"Sec. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of the Assistant Secretary for Child Support, who shall report directly to the Secretary and who shall—

"(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

"(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

"(3) review and approve State plans for such programs;

"(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits
of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;

“(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

“(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

“(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;

“(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and
(B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

"(9) operate the Parent Locator Service established by section 453;

"(10) establish or designate regional laboratories as authorized by section 461 to provide services in analyzing and classifying blood for the purpose of establishing paternity; and

"(11) not later than June 30 of each year beginning after December 31, 1974, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

"(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treas-
ury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

"(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

"(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"PARENT LOCATOR SERVICE

"SEC. 453. (a) The Secretary shall establish and conduct a Parent Locator Service under the direction of the
Assistant Secretary for Child Support which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

"(2) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, or the United States or of any State.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1).
"(c) As used in subsection (a), the term ‘authorized person’ means—

“(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

“(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

“(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

“(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

“(e)(1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the informa-
tion requested from the files and records maintained by any
of the departments, agencies, or instrumentalities of the United
States or of any State.

“(2) Notwithstanding any other provision of law, when-
ever the individual who is the head of any department,
agency, or instrumentality of the United States receives a
request from the Secretary for information authorized to
be provided by the Secretary under this section, such individ-
ual shall promptly cause a search to be made of the files and
records maintained by such department, agency, or instru-
mentality with a view to determining whether the informa-
tion requested is contained in any such files or records. If
such search discloses the information requested, such individ-
ual shall immediately transmit such information to the Secre-
tary, except that if any information is obtained the disclosure
of which would contravene national policy or security in-
terests of the United States or the confidentiality of census
data, such information shall not be transmitted and such in-
dividual shall immediately notify the Secretary. If such search
fails to disclose the information requested, such individual
shall immediately so notify the Secretary. The costs incurred
by any such department, agency, or instrumentality of the
United States or of any State in providing such information
to the Secretary shall be reimbursed by him. Whenever such
services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services.

"(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c)(3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

"STATE PLAN FOR CHILD SUPPORT

"Sec. 454. A State plan for child support must—

"(1) provide that it shall be in effect in all political subdivisions of the State;

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

"(3) provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Sec-
retary may by regulation prescribe, within the State to administer the plan;

"(4) provide that such State will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(a)(26) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;

"(5) provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402(a)(26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457(c)) for any month in which the amount
collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;

"(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

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

"(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records, and
"(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

"(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

"(D) in carrying out other functions required under a plan approved under this part;

"(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

"(11) provide that amounts collected as child support shall be distributed as provided in section 457;
“(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

“(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

“PAYMENTS TO STATES

“Sec. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1975.

“SUPPORT OBLIGATIONS

“Sec. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed
to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

"(1) The amount of such obligation shall be—

"(A) the amount specified in a court order which covers the assigned support rights, or

"(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

"(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1) (A) and (B).

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.

"DISTRIBUTION OF PROCEEDS

"Sec. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the fiscal year beginning July 1, 1974, shall be distributed as follows:

"(1) 40 per centum of the first $50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any
decrease in the amount paid as assistance to such family
during such month;

"(2) such amounts as are collected periodically
which are in excess of any amount paid to the family
under paragraph (1) which represent monthly support
payments shall be retained by the State to reimburse it
for assistance payments to the family during such pe-
riod (with appropriate reimbursement of the Federal
Government to the extent of its participation in the
financing);

"(3) such amounts as are in excess of amounts re-
tained by the State under paragraph (2) and are not in
excess of the amount required to be paid during such
period to the family by a court order shall be paid to the
family; and

"(4) such amounts as are in excess of amounts re-
quired to be distributed under paragraphs (1), (2),
and (3) shall be (A) retained by the State (with appro-
priate reimbursement of the Federal Government to the
extent of its participation in the financing) as reimburse-
ment for any past assistance payments made to the
family for which the State has not been reimbursed or
(B) if no assistance payments have been made by the
State which have not been repaid, such amounts shall be
paid to the family.
"(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after June 30, 1975, shall be distributed as follows:

"(1) such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family."
“(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

“(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

“(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

“INCENTIVE PAYMENT TO LOCALITIES

“Sec. 458. (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights assigned under section 402(a)(26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—
“(1) an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for 12 months; and

“(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first twelve months for which such collections are made.

“(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

“CONSENT BY THE UNITED STATES TO GARNISHMENT AND SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD SUPPORT AND ALIMONY OBLIGATIONS

“Sec. 459. Notwithstanding any other provision of law, effective January 1, 1974, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof and any wholly owned Federal corporation) to any individual, including members of the armed
services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual, of his legal obligations to provide child support or make alimony payments.

"CIVIL ACTIONS TO ENFORCE CHILD SUPPORT OBLIGATIONS"

"Sec. 460. The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 452(a)(8) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides.

"REGIONAL LABORATORIES TO ESTABLISH PATERNITY THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD"

"Sec. 461. (a) The Secretary shall, after appropriate consultation and study of the use of blood typing as evidence in judicial proceedings to establish paternity, establish, or arrange for the establishment or designation of, in each region of the United States, a laboratory which he determines to be qualified to provide services in analyzing and classifying blood for the purpose of determining paternity, and which is prepared to provide such services to courts and public agencies in the region to be served by it."
“(b) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including agencies administering any public welfare program within such region) that such laboratory has been so established or designated to provide services, in analyzing and classifying blood for the purpose of determining paternity, for courts and public agencies in such region.

“(c) The facilities of any such laboratory shall be made available without cost to courts and public agencies in the region to be served by it.

“(d) There is hereby authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.”.

Collection of Child Support Obligations

(b) (1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

“SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

“(a) In General.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and col-
lect the amount certified by the Secretary of Health, Educa-
tion, and Welfare, in the same manner, with the same powers,
and (except as provided in this section) subject to the same
limitations as if such amount were a tax imposed by sub-
title C the collection of which would be jeopardized by delay,
except that—

"(1) no interest or penalties shall be assessed or
collected,

"(2) for such purposes, paragraphs (4), (6), and
(8) of section 6334(a) (relating to property exempt
from levy) shall not apply, and

"(3) there shall be exempt from levy so much of the
salary, wages, or other income of an individual as is
being withheld therefrom in garnishment pursuant to a
judgment entered by a court of competent jurisdiction for
the support of his minor children.

"(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.—
No court of the United States, whether established under
article I or article III of the Constitution, shall have juris-
diction of any action, whether legal or equitable, brought to
restrain or review the assessment and collection of amounts
by the Secretary or his delegate under subsection (a), nor
shall any such assessment and collection be subject to review
by the Secretary or his delegate in any proceeding. This sub-
section does not preclude any legal, equitable, or administra-
tive action by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.”.

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

“Sec. 6305. Collection of certain liability.”.

Amendments to Part A of Title IV

(c)(1) Notwithstanding the provisions of section 402(a) of the Social Security Act, in addition to the amounts required to be disregarded under clause (8)(A) of such section, there is imposed the requirement (and the State plan shall be deemed to include the requirement) that for the fiscal year beginning July 1, 1974, in making the determination under clause (7), the State agency shall with respect to any month in such year and in addition to the amounts required to be disregarded under clause (8)(A), disregard amounts payable under section 457(a)(1).

(2) Section 402(a)(9) is amended to read as follows:

“(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with
the administration of aid to families with dependent
children;”.

(3) Section 402(a)(10) is amended by inserting im-
mediately before “be furnished” the following: “, subject to
paragraphs (25) and (26),”.

(4) Section 402(a)(11) is amended to read as follows:
“(11) provide for prompt notice (including the
transmittal of all relevant information) to the State child
support collection agency (established pursuant to part
D of this title) of the furnishing of aid to families with
dependent children with respect to a child who has been
deserted or abandoned by a parent (including a child
born out of wedlock without regard to whether the
paternity of such child has been established);”.

(5) Section 402(a) is further amended—
(A) by striking out “and” at the end of paragraph
(23);

(B) by inserting immediately before the first word
in paragraph (24) the following: “provide that”; and

(C) by striking out the period at the end of para-
graph (24) and inserting in lieu thereof a semicolon and
the following:
“(25) provide (A) that, as a condition of eligibility
under the plan, each applicant for or recipient of aid
shall furnish to the State agency his social security ac-
count number (or numbers, if he has more than one such
number), and (B) that such State agency shall utilize
such account numbers, in addition to any other means of
identification it may determine to employ in the admin-
istration of such plan;

"(26) provide that, as a condition of eligibility for
aid, each applicant or recipient will be required—

"(A) to assign the State any rights to support
from any other person such applicant may have (i)
in his own behalf or in behalf of any other family
member for whom the applicant is applying for or
receiving aid, and (ii) which have accrued at the
time such assignment is executed,

"(B) to cooperate with the State (i) in estab-
lishing the paternity of a child born out of wed-
lock with respect to whom aid is claimed, and (ii) in
obtaining support payments for such applicant and
for a child with respect to whom such aid is claimed,
or in obtaining any other payments or property due
such applicant or such child and that, if the relative
with whom a child is living is found to be ineligible
because of failure to comply with the requirements of
this paragraph, any aid for which such child is eli-
gible will be provided in the form of protective pay-
ments as described in section 406(b)(2) (without
regard to subparagraphs (A) through (E) of such section; and

"(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan."

(6)(A) Section 403 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1975, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after June 30, 1975 (but, in the case of the fiscal year beginning July 1, 1975, only considering the third and fourth quarters thereof)."

(B) Section 404 of such Act is amended by adding at the end thereof the following new subsections:

"(c) No State shall be found, prior to January 1, 1976, to have failed substantially to comply with the requirements of section 402(a)(27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section."
“(d) After December 31, 1975, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a)(27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section.”

(7) Section 406 of the Social Security Act is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding the provisions of subsection (b), the term ‘aid to families with dependent children’ does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate.”.

(8) Section 402(a) (17), (18), (21), and (22), and section 410 of such Act are repealed.

Conforming Amendments to Title XI

(d) Section 1106 of such Act is amended—
(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act;"

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

Appointment of Assistant Secretary for Child Support

(e)(1) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary of Health, Education, and Welfare for Child Support who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"(98) Assistant Secretary for Child Support, Department of Health, Education, and Welfare."

Authorization of Appropriations

(f) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may
be necessary to plan and prepare for the implementation of

the program established by this section.

Effective Date

(g) The amendments made by this section shall become
effective on July 1, 1974, except that section 459 of the Social
Security Act, as added by subsection (a) of this section shall
become effective on January 1, 1974, and subsections (e) and
(f) of this section shall become effective upon the date of
enactment of this Act.

PART G—AID TO FAMILIES WITH DEPENDENT

CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO

RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT

CHILDREN

Sec. 161. (a) Section 402(a)(8)(B) of the Social
Security Act is amended by inserting "and shall, before
disregarding the amounts referred to in subparagraph (A)
and clauses (i) and (ii) of this subparagraph, disregard
an amount equal to 5 per centum of any income received
in the form of monthly insurance benefits paid under title
II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title

IV of the Social Security Act shall be deemed to contain
a provision (relating to the disregarding of income) which
complies with the requirement imposed with respect to any
such plan under the amendment made by subsection (a).
(c) The amendments made by this section shall be effective in the case of monthly insurance benefits under title II of the Social Security Act for months on and after the first month for which the regular payment of such benefits includes the increase in social security benefits made by reason of the enactment of Public Law 93–66 and the amendments made thereto by section 101 of this Act.

DISREGARD OF INCOME UNDER AFDC

Sec. 162. (a) Section 402(a)(8)(A)(ii) of the Social Security Act is amended by striking out everything that follows "determination," and inserting in lieu thereof the following: "(I) the first $60 of earned income for individuals who are employed at least 40 hours per week, or at least 35 hours per week and are earning at least $64 per week, and (II) the first $30 of earned income for other individuals, plus in each case, one-third of up to $300 of additional earnings, and one-fifth of such additional earnings in excess of $300, except that in each case an amount equal to the reasonable child care expenses incurred (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income (except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b)(2) and (3)); and".
(b) Section 402(a)(7) of such Act, as amended by section 111(e) of this Act, is further amended by striking out everything that follows “as well as any” and inserting in lieu thereof the following: “child care expenses reasonably attributable to the earning of any such income;”.

COMMUNITY WORK AND TRAINING PROGRAMS

SEC. 163. Section 204(c)(2) of the Social Security Amendments of 1967 is repealed, effective January 1, 1974.

STATE DEMONSTRATION PROJECTS

SEC. 164. Section 1115 of the Social Security Act is amended—

(1) by inserting “(a)” after “Sec. 1115.”;

(2) by redesignating subsections (a) and (b) as paragraphs (1) and (2), respectively; and

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

“(b)(1) In order to permit the States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of individuals who are recipients of public assistance, any State having an approved plan under part A of title IV may, subject to the provisions of this subsection, establish and conduct not more than three demonstration projects. In establishing and conducting any such project the State shall—
"(A) provide that not more than one such project be conducted on a statewide basis;

"(B) provide that in making arrangements for public service employment—

"(i) appropriate standards for the health, safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(ii) such project will not result in the displacement of employed workers,

"(iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

"(iv) appropriate workmen's compensation protection is provided to all participants;

"(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.

"(2) Any State which establishes and conducts demonstration projects under this subsection, may, with respect to any such project—

"(A) waive, subject to paragraph (3), any or all of the requirements of sections 402(a)(1) (relating to
Statewide operation), 402(a)(3) (relating to administration by a single State agency), 402(a)(8) (relating to disregard of earned income), except that no such waiver of 402(a)(8) shall operate to waive any amount in excess of one-half of the earned income of any individual, and 402(a)(19) (relating to the work incentive program);

"(B) subject to paragraph (4) use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individuals participating in such projects under part A of title IV for any fiscal year in which such demonstration projects are conducted; and

"(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972 (86 Stat. 919) for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subparagraph (B).

"(3) Notwithstanding the provisions of paragraph (2)(A), the Secretary may review any waiver made by a
State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall be terminated not later than the last day of the month following the month in which such waiver was disapproved.

"(4) Any amount payable to a State under section 403(a) on behalf of an individual participating in a project under this section shall not be increased by reason of the participation of such individual in any demonstration project conducted under this subsection over the amount which would be payable if such individual were receiving aid to families with dependent children and not participating in such project.

"(5) Participation in a project established under this section shall not be considered to constitute employment for purposes of any finding with respect to 'unemployment' as that term is used in section 407.

"(6) Any demonstration project established and conducted pursuant to the provisions of this subsection shall be conducted for not longer than two years. All demonstration projects established and conducted pursuant to the provisions of this subsection shall be terminated not later than June 30, 1976."
PART II—AMENDMENTS TO MEDICAID AND MEDICARE

PROGRAMS

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

Beneficiaries

SEC. 171. (a)(1) Section 1901 of the Social Security Act (as amended by Public Law 92–603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out the comma after "administer the plan" and inserting a semicolon in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to participate in the State plan program established under title XVI, or by the agency or agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI" in lieu thereof.

(3) Section 1902(a)(10) of such Act is amended to read as follows:

"(10) provide—

"(A) for making medical assistance available
to all individuals receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI;

"(B) that the medical assistance made available to any individual described in clause (A)—

"(i) shall not be less in amount, duration, or scope than the medical assistance made available to any other such individual, and

"(ii) shall not be less in amount, duration, or scope than the medical assistance made available to individuals not described in clause (A); and

"(C) if medical assistance is included for any group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have
paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

“(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services, or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for
individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the same amount, duration, and scope, to any other individuals not described in clause (A);”.

(4) Section 1902(a)(13)(B) of such Act is amended by striking out “the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV” and inserting “any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI” in lieu thereof.

(5) Section 1902(a)(14)(A) of such Act is amended
by striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10)(A)" in lieu thereof.

(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting "(other than individuals with respect to whom there is being paid, or who are eligible or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph
(10)(A)) immediately after "with respect to individuals";

(B) inserting "and with respect to whom supplemental security income benefits are not being paid under title XVI" immediately after "any such State plan";

(C) striking out "the one of such State plans which is appropriate" and inserting "the appropriate State plan, or the supplemental security income program under title XVI, as the case may be," in lieu thereof; and

(D) striking out "or who, after December 31, 1973, are included under the State plan for medical assistance pursuant to section 1902(a)(10)(B) approved under title XIX".

(7) Section 1902(a)(17) of such Act is amended by—

(A) striking out "the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and
inserting “any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI” in lieu thereof; and

(D) striking out “and amount of such aid or assistance under such plan” and inserting “such aid, assistance, or benefits” in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out “is blind or permanently and totally disabled” and inserting “(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States which are not eligible to participate in such program)” in lieu thereof.

(9) Section 1902(a)(20)(C) of such Act is amended by inserting “, section 603(a)(1)(A) (i) and (ii),” immediately after “section 3(a)(4)(A) (i) and (ii)”.

(10) Section 1902(f) of such Act is amended by—

(A) inserting “not eligible to participate in the State plan program established under title XVI” immediately after “State” the first time it appears therein;

(B) striking out “such individual’s payment under title XVI” and inserting “any supplemental security income payment and State supplementary pay-
...ment made with respect to such individual" in lieu thereof;

(C) striking out "as defined in section 213 of the Internal Revenue Code of 1954" and inserting "as recognized under State law" in lieu thereof; and

(D) inserting at the end thereof the following new sentences: "In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to indi-
individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection."

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof.

(12) Section 1903(f)(4) of such Act is amended to read as follows:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with
respect to any amount expended by a State as medical assistance for any individual—

"(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

"(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or

"(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1),
at the time of the provision of the medical assistance giving
rise to such expenditure.”

(13) The matter before clause (i) in section 1905(a)
of such Act is amended by striking out “individuals not
receiving aid or assistance under the State’s plan approved
under title I, X, XIV, or XVI, or part A of title IV” and
inserting “individuals (other than individuals with respect
to whom there is being paid, or who are eligible, or would
be eligible if they were not in a medical institution, to have
paid with respect to them a State supplementary payment
and are eligible for medical assistance equal in amount,
duration, and scope to the medical assistance made available
to individuals described in section 1902(a)(10)(A)) not
receiving aid or assistance under any plan of the State ap-
proved under title I, X, XIV, or XVI, or part A of title
IV, and with respect to whom supplemental security income
benefits are not being paid under title XVI” in lieu thereof.

(14) Section 1905(a)(iv) of such Act is amended by
inserting “with respect to States eligible to participate in the
State plan program established under title XVI,” at the end
thereof.

(15) Section 1905(a)(v) of such Act is amended by
striking out “or” and inserting “with respect to States eligi-
ble to participate in the State plan program established under
title XVI,” in lieu thereof.
Section 1905(a)(vi) of such Act is amended by inserting "or" at the end thereof.

Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

"(vii) blind or disabled as defined in section 1614, with respect to States not eligible to participate in the State plan program established under title XVI,"

Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

"(j) The term 'State supplementary payment' means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits (as determined by the Secretary), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93-66 shall not be considered supplemental security income benefits payable under title XVI."
Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93-66

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93-66 is amended by—

(i) inserting “received or” immediately before “would”, and

(ii) striking out “or” at the end thereof and inserting “and” in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out “was”, and

(ii) striking out “need for care in such institution; considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for purposes of determining his eligibility” and inserting “status as described in subparagraph (A), was included as an individual eligible” in lieu thereof.

(2) The first sentence of section 232 of Public Law 93-66 is amended by—

(A) striking out “(under the provisions of subparagraph (B) of such section)”,

(B) striking out “to be a person described as being a person who ‘would, if needy, be eligible for aid or assistance under any such State plan’ in subparagraph (B)(i) of such section” and inserting “for purposes of
title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act” in lieu thereof, and

(C) inserting “, and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)” before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual—

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93–66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were established without regard to paragraph (3)(A) (ii) of such section 212(a), and
in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

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

Effective Dates

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 31, 1973.

STANDARDS FOR PAYMENTS UNDER MEDICAID TO HEALTH MAINTENANCE ORGANIZATIONS

Sec. 172. Section 1903 of such Act is amended by inserting at the end thereof the following new subsection:

“(1) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974 by a State as payment on a per capita or similar basis for the provision of medical assistance only if—

“(1) the entity to which such payment is made
meets the definition of a health maintenance organization contained in section 1876(b), other than the provisions of clauses (2), (3), and (7),

"(2) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such entity, or (B) under formal contractual arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;

"(3) provides either directly or through formal contractual arrangements with others all the services covered under the State plan, except to the extent that the State shall have secured from the Secretary a waiver with respect to any particular service, which waiver shall not be approved by the Secretary unless the State provides assurances satisfactory to the Secretary that an alternative arrangement will be provided for the provision of such service to individuals receiving medical assistance through such entity;

"(4) of the enrolled members of such entity not less than (A) 50 per centum of such members (in case such
entity is not an entity described in clause (B)) are individuals who are neither entitled to benefits under title XVIII nor eligible for medical assistance under the State plan approved under this title, or (B) in case such entity serves a geographic area in which individuals (referred to in clause (A)) constitute less than 50 per centum of the total population, a per centum equal to whichever of the following is the larger: (i) a per centum of such members equal to the per centum of such total population which consists of such individuals, or (ii) 25 per centum of such members; and

“(5) such payment is made under a contract or other arrangement which has been approved in advance by the Secretary and which meets requirements imposed by regulations which the Secretary shall prescribe for the purpose of assuring that payments by a State on a per capita or similar basis for the provision of medical assistance are subject to substantially the same requirements as those imposed by subsections (a) and (i) of section 1876 with respect to title XVIII, except that, notwithstanding the provisions of section 1876(i)(2)(A), such regulations may authorize a risk sharing contract or arrangement with an otherwise qualified entity which has a current enrollment of at least 5,000 members on a prepaid capitation or similar basis.”.
PAYMENTS TO SUBSTANDARD FACILITIES UNDER MEDICAID

SEC. 173. Section 1616 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e) Payments made under this title with respect to an individual shall be reduced by an amount equal to the amount of any supplementary payment (as described in subsection (a)) or other payment made by a State (or political subdivision thereof) which is made for or on account of any medical or any other type of remedial care provided by an institution to such individual as an inpatient of such institution in the case of any State which has a plan approved under title XIX of this Act if such care is (or could be) provided under a State plan approved under title XIX of this Act by an institution certified under such title XIX."

MEDICAID MATCHING FOR EXPENDITURES WITH RESPECT TO CERTAIN INDIANS

SEC. 174. (a) Section 1903 of the Social Security Act is amended by inserting immediately after subsection (d) thereof the following new subsection:

"(e) With respect to amounts expended during any quarter (commencing with the calendar quarter which begins on January 1, 1974) as medical assistance under the State plan (including amounts for premiums as described in sub-
section (a)(1)) in providing services to any individual who, at any time during the twelve-month period ending with the month preceding the month in which he received such services resided on or adjacent to a Federal Indian reservation, and was eligible for comprehensive health services under the Indian Health Service program conducted within the Public Health Service, the Federal medical assistance percentage shall be increased to 100 per centum.”.

(b) Section 1903 (a)(1) of such Act is amended by striking out “subsections (g) and (h)” and inserting in lieu thereof “subsections (g), (e), and (h)”.

CERTAIN STATES DEEMED TO HAVE PLANS APPROVED UNDER TITLE XIX

Sec. 175. (a) In the case of any State (as that term is used in title XIX of the Social Security Act) which on October 1, 1973, did not have in effect a State plan approved under such title, such State shall, for any calendar quarter which commences on or after January 1, 1974, be entitled (subject to subsection (b)) to payments under section 1903(a)(1) of such Act with respect to expenditures (made during such quarter) for premiums under part B of title XVIII of such Act (as described in such section) in like manner as if such State had, for such quarter, had in effect such a State plan and as if such expenditures were made under such State plan.
(b) Payments to any State under subsection (a) shall be conditioned upon such State's keeping (and making available to the Secretary of Health, Education, and Welfare) such records and accounts with respect to the expenditures on account of which such payments are made as the Secretary shall require in order to assure that such payments are made subject to substantially the same terms and conditions as those applicable to payments, with respect to such expenditures, which are payable under title XIX of the Social Security Act to States which have State plans approved thereunder.

PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

Sec. 176. (a)(1) Notwithstanding any other provision of law, the provisions of section 1861(b) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows:

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individ-
(2) Notwithstanding any other provision of law, the provisions of section 1832(a)(2)(B)(i) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if subclause II of such section read as follows:

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) of section 1861(b) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and"

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c)(1) The Secretary of Health, Education, and Welfare shall submit to the Congress a report of his findings and recommendations, based on a study to be conducted as provided in paragraph (2), concerning appropriate and equitable methods of reimbursement for physicians' services under titles XVIII and XIX of the Social Security Act in
hospitals which have a teaching program approved as specified in section 1861(b)(6) of such Act not later than July 1, 1974, except that the Secretary may, in accordance with subsection (d), submit such report not later than December 31, 1974, if he finds that additional time is required to prepare such report.

(2) The Social Security Administration shall conduct the study required by paragraph (1). Such study shall be of a representative sample of hospitals to determine the extent to which individuals who are covered under titles XVIII or XIX of the Social Security Act, other Government programs, and private programs incur expenses for physicians' professional services with respect to which payment is made on the basis of charges, the patient care practices of such hospitals (including the extent of physicians' professional services involved in such care), and the extent to which payment is appropriate under titles XVIII and XIX of the Social Security Act with respect to physicians' professional services provided in such institutions.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to June 30, 1974, except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may, by regulation, extend the applicability
of the provisions of subsection (a) to cost accounting periods beginning prior to January 1, 1975.

USE OF SOCIAL SECURITY ADMINISTRATION IN THE ADMINISTRATION OF MEDICARE

SEC. 181. (a) The first sentence of section 1874(a) of the Social Security Act is amended by striking out “shall be administered by the Secretary” and inserting in lieu thereof “and section 226 shall be administered by the Secretary; and the Secretary, in administering such programs, shall assign primary policy, operating, and general administrative responsibility to the Commissioner of Social Security” immediately after “Secretary”.

(b) No provision of law (including any such law relating to reorganization of the departments and agencies of the Government) enacted prior to the date of enactment of this Act shall be construed as authorizing any change in the effect of the amendment made by subsection (a).

REIMBURSEMENT UNDER MEDICARE FOR SERVICES WITH RESPECT TO COVERAGE BASED ON CHRONIC KIDNEY FAILURE

SEC. 182. (a) Section 226(g) of the Social Security Act is amended—

(1) by inserting “(1)” immediately after “(g)”,

(2) by striking out “the Secretary is authorized to” and inserting in lieu thereof “the Secretary shall”,

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(5) by striking out "as he may" and inserting in lieu thereof "as he shall",
(4) by striking out "a medical" and inserting in lieu thereof "an independent medical", and
(5) by adding at the end thereof the following new paragraph:
"(2) Notwithstanding the provisions of section 1842(a), the Secretary is authorized to designate the organizations to be used in making payments with respect to kidney dialysis services and to provide for payments for such services by applying such tests of reasonableness as he may find appropriate, including a test of relationship of charges to costs of providing such services. Notwithstanding the provisions of section 1842(b)(3), the Secretary is further authorized to provide for payments for such services on the basis of specific individual services and on services expected to be rendered over a period of time, and may apply such conditions to payment as he may find necessary to limit charges to patients in excess of those which he may find reasonable. With respect to services expected to be provided over a period of time, the Secretary may provide for payments on a retainer basis or such other basis as he may by regulation prescribe."

CAPITAL EXPENDITURES PLANNING

Sec. 183. (a) Section 1122(c) of the Social Security Act is amended by striking out "for the reasonable cost of
performing the functions specified in subsection (b)" and inserting in lieu thereof the following: "for the reasonable cost of submitting to the Secretary reports of disapproved capital expenditures together with the reasonable cost of processing and adjudicating appeals from the recommendation made by the designated agency concerning such expenditures".

(b) Section 201(g)(1) of such Act is amended by inserting immediately before the period at the end of the first sentence the following: "except that funds made available under this subsection for fiscal years beginning after June 30, 1974, shall not be used to pay the costs of any activity undertaken pursuant to section 1122 except as provided by such section".

OCCUPATIONAL THERAPY UNDER MEDICARE

Sec. 184. (a) Section 1814(a)(2)(D) of the Social Security Act is amended by inserting "occupational," immediately after "physical".

(b) Section 1835(a)(2)(A)(i) of such Act is amended by inserting "occupational," immediately after "physical".

(c) Section 1835(a)(2) of such Act is amended—

(1) by striking out the period at the end of clause (D) and inserting in lieu thereof "; and", and

(2) by adding after clause (D) the following new clause:

"(E) in the case of outpatient occupational therapy services, (i) such services are or were required because
the individual needed occupational therapy services, (ii)
a plan for furnishing such services has been established
and is periodically reviewed by a physician, and (iii)
such services are or were furnished while the individual
is or was under the care of a physician.”.

(d) The last sentence of section 1861(p) of such Act is
amended by inserting “and occupational therapy services”
after “speech pathology services”.

(e) The amendment made by the preceding provisions
of this section shall be applicable in the case of services fur-
nished on and after the first day of the first month which
begins not less than thirty days after the date of enactment of
this Act.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED
BY AGENCIES AND PROVIDERS

Sec. 185. In the administration of titles V, XVIII,
and XIX of the Social Security Act, the amount payable
under such title to any hospital, skilled nursing facility, or
home health agency on account of services provided by such
hospital, skilled nursing facility, or home health agency shall
be determined (for any period with respect to which the
amendments made by section 233 of Public Law 92–603
would, except for the provisions of this section, be applicable)
in like manner as if the date contained in the first and second
sentences of subsection (f) of such section 233 were Decem-
OUTPATIENT SPEECH PATHOLOGY

SEC. 186. (a) Section 1861(p) of the Social Security Act is amended by inserting immediately before the period at the end thereof the following: "except that the requirements of paragraph (2) insofar as they require a physician to establish a plan prescribing the type, amount, and duration of speech pathology services to be furnished shall not apply if such a plan is established by the speech pathologist providing such services".

(b) The provisions of this section shall apply with respect to services rendered after the month in which this Act is enacted.

STATEWIDE PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

SEC. 187. Section 1152 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) In carrying out the provisions of this section, the Secretary may designate, as an appropriate area with respect to which a Professional Standards Review Organization may be designated, an area encompassing a whole State; and the Secretary shall not refuse to designate any qualified organization as the Professional Standards Review Organization with respect to such area solely because of the number of physicians in such State.".

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SEC. 188. Section 1152(c) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

“(3) The Secretary shall give priority to designation of local areas and priority in designation as the Professional Standards Review Organization for any area to an otherwise qualified organization proposed to be established and operated at a local level.”.

STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS

SEC. 189. Section 1162 of the Social Security Act is amended—

(1) by striking out in subsection (a) “three” and inserting in lieu thereof “one”;

(2) by inserting in subsection (b) immediately after “for any State” the following: “in which there are located three or more Professional Standards Review Organizations”;

(3) by redesignating paragraphs (1) through (3) of subsection (b) as subparagraphs (A) through (C) respectively, and by inserting “(1)” immediately after “(b)” in subsection (b); and
(4) by adding after subsection (b)(1), as redesignated, the following new paragraphs:

"(2) The membership of any such Council for any State in which there are located two Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

"(A) two representatives from and designated by each Professional Standards Review Organization in the State;

"(B) four physicians, two of whom may be designated by the State medical society and two of whom may be designated by the State hospital association of such State to serve as members on such Council; and

"(C) four persons knowledgeable in health care from such State whom the Secretary shall have selected as representatives of the public in such State (at least two of whom shall have been recommended for membership on the Council by the Governor of such State).

"(3) The membership of any such Council for any State in which there is located one Professional Standards Review Organization shall be appointed by the Secretary and shall consist of—

"(A) four physicians who shall be nominated by
and elected from among the general membership of the
Professional Standards Review Organization annually;

"(B) two physicians who may be designated by the
State hospital association of such State to serve as mem-
bers 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 mem-
ship on the Council by the Governor of such State)."

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN RE-
QUIREMENTS IMPOSED WITH RESPECT TO PAYMENT
FOR PHYSICAL THERAPY SERVICES

SEC. 190. (a) In the administration of title XVIII of
the Social Security Act, the amount payable thereunder with
respect to physical therapy and other services referred to in
section 1861(v)(5)(A) of such Act (as added by section
151(c) of the Social Security Amendments of 1972) shall
be determined (for the period with respect to which the
amendment made by such section 151(c) would, except for
the provisions of this section, be applicable) in like manner as
if the "December 31, 1972", which appears in such sub-
section (d)(3) of such section 151, read "the month in which
there are promulgated, by the Secretary of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act”.

PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Sec. 191. Section 1862(c) of the Social Security Act (as added by section 210 of the Social Security Amendments of 1972) is amended by striking out “January 1, 1975” and inserting in lieu thereof “January 1, 1976”.

STUDY REGARDING COVERAGE UNDER PART B OF MEDICARE FOR CERTAIN SERVICES PROVIDED BY OPTOMETRISTS

Sec. 192. The Secretary of Health, Education, and Welfare shall conduct a study of, and submit to the Congress not later than six months after the date of enactment of this section a report containing his findings and recommendations with respect to the appropriateness of reimbursement under the insurance program established by part B of title XVIII of the Social Security Act, of services (but only to the extent any such services are presently not recognized for purposes of reimbursement) performed by doctors of optometry with respect to the provision of prosthetic lenses for patients with aphakia.
TITLE II—CLERICAL AND CONFORMING
AMENDMENTS TO SOCIAL SECURITY ACT

IN GENERAL

Inclusion of All Wage Level Increases in Automatic Adjustment of Earnings Test

SEC. 201. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by—

(1) striking out "contribution and benefit base" and inserting "exempt amount" in lieu thereof; and

(2) striking out "section 230(a)" and inserting "subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of Delayed Retirement

(b) Section 202(w) of such Act is amended by inserting at the end thereof the following new paragraph:

"(5) If an individual's primary insurance amount is determined under paragraph (3) of section 215(a) and, as a result of this subsection, he would be entitled to a higher old-age insurance benefit if his primary insurance amount were determined under section 215(a) without regard to such paragraph, such individual's old-age insurance benefit based upon his primary insurance amount determined under such paragraph shall be increased by an amount equal to the difference between such benefit and the benefit to which he would be entitled if his primary insurance amount were de-
Elimination of Benefits at Age 72 for Uninsured Individuals Receiving Supplemental Security Income Benefits

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973
under a plan of a State approved under title I, X, XIV, or XVI,

"(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973."

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of,
benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

"(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

"(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,

"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by—

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(A) redesignating subsection (a)(1) as subsection (a); (B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and (C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 2991 of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5)," in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "shall" and inserting "and the phrase 'before he attained age 60' in the matter following subparagraph (G) of section 202(f)(1) shall each" in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of
such Act, as redesignated by this subsection, are each amended
by striking out "(a)(2)" and inserting "(b)" in lieu thereof.

Initial Payments to Presumptively Disabled Individuals
Unrecoverable Only if Individual Is Ineligible Because
Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by
inserting "solely because such individual is determined not to
be disabled" immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability
of States for Optional Supplementation

(h)(1) Section 401(a)(1) of the Social Security
Amendments of 1972 is amended by—

(A) inserting ", other than fiscal year 1974," imme-
diately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal
year 1974 pursuant to such agreement or agreements
shall not exceed one-half of the non-Federal share of such
expenditures" immediately before the period of the end
thereof.

(2) Section 401(c)(1) of such Act is amended by in-
serting "excluding" immediately before "expenditures au-
thorized under section 1119".

Modification of Transitional Administrative Provisions

(i) Section 402 of the Social Security Amendments of
1972 is amended by—
(1) striking out "XVI" the first time that it appears therein and inserting "VI" in lieu thereof;

(2) inserting "the third and fourth quarters in the fiscal year ending June 30, 1974, and" immediately after "with respect to expenditures for"; and

(3) inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and any quarter of" immediately after "during such portion of".

Inclusion of Title VI in Limitation on Grants to States for Social Services

(j) Section 1130 (a) of such Act is amended by inserting "603(a)(1)," immediately after "403(a)(3),".

Clarification of Coverage of Hospitalization for Dental Services

(k)(1) Section 1814(a)(2)(E) of such Act (as amended by Public Law 92-603) is amended to read as follows:

"(E) in the case of inpatient hospital services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting teeth, the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such dental services;".

(2) The last sentence of section 1814(a) is amended by striking out "or (D)" and inserting "(D), or (E)" in lieu thereof.
(3) Section 1862(a)(12) of such Act is amended by striking out "a dental procedure" and all that follows thereafter, and inserting "the provision of such dental services if the individual, because of his underlying medical condition and clinical status, requires hospitalization in connection with the provision of such services; or" in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

(l)(1) Section 1843(b) of such Act is amended by adding at the end thereof the following: "Effective January 1, 1974, and subject to section 1902(e), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI."

Technical Improvement of Provisions Governing Disposition of HMO Savings

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out "with the apportionment of savings being proportional to the losses absorbed and not yet offset".
Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by—

(1) inserting “of its premium rate or other charges” immediately after “portion”;

(2) striking out “may” and inserting “shall”;

(3) striking out “(i)”;

(4) striking out “less (ii) the actuarial value of other charges made in lieu of such deductible and co-

insurance”.

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92–603) is amended by inserting “(or application was made on his behalf in the case of a deceased individual)” immediately after “he made application”.

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(35)(A) of such Act is amended by inserting “or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or
any of the property or assets of such intermediate care
facility" immediately after "intermediate care facility".

Technical Modification of Extended Medicaid Eligibility
for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as
follows:

"(e) Notwithstanding any other provision of this title,
effective January 1, 1974, each State plan approved under
this title must provide that each family which was receiving
aid pursuant to a plan of the State approved under part A
of title IV in at least 3 of the 6 months immediately preceding
the month in which such family became ineligible for such
aid because of increased hours of, or increased income from,
employment, shall, while a member of such family is employed,
remain eligible for assistance under the plan approved under
this title (as though the family was receiving aid under the
plan approved under part A of title IV) for 4 calendar
months beginning with the month in which such family be-
came ineligible for aid under the plan approved under part
A of title IV because of income and resources or hours of
work limitations contained in such plan."

Limitation on Payments to States for Expenditures in Rela-
tion to Disabled Individuals Eligible for Medicare

(r)(1) Section 1903(a)(1) of such Act is amended
by inserting "and disabled individuals entitled to hospital
insurance benefits under title XVIII’ immediately after ‘‘individually sixty-five years of age or older’’.

(2) Section 1903(b)(2) of such Act is amended by inserting ‘‘and disabled individuals entitled to hospital insurance benefits under title XVIII’ immediately after ‘‘individuals aged 65 or over’’.

Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

(s) Section 1903(a)(4) of such Act is amended by striking out ‘‘sums expended’’ and inserting ‘‘sums expended with respect to costs incurred’’ in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out ‘‘(as found necessary by the Secretary for the proper and efficient administration of the plan)’’.

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting ‘‘, other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)’’ immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

(v) Section 1903(g)(1)(C) of such Act is amended by striking out ‘‘and who are not employed by’’ and by
inserting “or, except in the case of hospitals, employed by
the institution” immediately after “any such institution”.

Authority To Prescribe Standards Under Title XIX for
Active Treatment of Mental Illness

(w) Section 1905(h)(1)(B) of such Act is amended
by—

(1) striking out “, involves active treatment (i)”
and inserting “(i) involve active treatment” in lieu
thereof,

(2) striking out “pursuant to title XVIII”, and

(3) striking out “(ii) which” and inserting “(ii)”
in lieu thereof.

Correction of Erroneous Designations and Cross References

(x)(1) Section 1902(a)(13)(C) of such Act is
amended by striking out “(14)” and inserting “(16)” in lieu
thereof.

(2) Section 1902(a)(33)(A) of such Act is amended
by striking out “last sentence” and inserting “penultimate
sentence” in lieu thereof.

(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph
(35) and inserting “; and” in lieu thereof; and

(B) redesignating paragraph (37) as paragraph
(36).

(4) Sections 1902(a) (21), (24), and (26)(B),
and the last sentence of section 1902(a), of such Act are
each amended by striking out "nursing home" and "nursing
homes" each time that they appear therein and inserting
"nursing facility" and "nursing facilities", respectively, in
lieu thereof.
(5) Section 1903(a) of such Act is amended by striking
out "and section 1117" in the first parenthetical phrase.
(6) Section 1903(b) of such Act is amended by re-
designating paragraphs (2) and (3) as paragraphs (1) and
(2), respectively.
(7) Section 1905(a)(16) of such Act is amended
by striking out "under 21, as defined in subsection (e);"
and inserting "under age 21, as defined in subsection (h);
and" in lieu thereof.
(8) Section 1905(c) of such Act is amended by striking
out "skilled nursing home" each time that it appears therein
and inserting "skilled nursing facility" in lieu thereof.
(9) Section 1905 of such Act is amended by redesign-
ating subsection (h) (which was enacted by section 299L
(b) of the Social Security Amendments of 1972) as sub-
section (i).
(10) Section 1905(h)(2) is amended by striking out
"(e)(1)" and inserting "(1)" in lieu thereof.
Deletion of Obsolete Provisions
(y)(1) Section 1903 of such Act is amended by—
(A) striking out subsection (c);

(B) striking out "(a), (b), and (c)" in subsection

(d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking

out everything after "section 1110(a)(8)" and inserting

a period in lieu thereof.

(3) Section 1908 of such Act is amended by striking

out the last sentence of subsection (d) and subsections (c)

and (f), and redesignating subsection (g) as subsection (e).

Determination of Amount of Exclusion for Disapproved
Capital Expenditures by Institutions Reimbursed on
Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such

Act is amended by inserting "or a fixed fee or negotiated
rate" immediately after "per capita" each time that it ap-

pears therein.

Technical Improvement of Authority To Include Expenses
Related to Capital Expenditures in Certain Cases

(z-1) Section 1122(d)(2) of such Act is amended by

striking out "include" the last time that it appears therein

and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social
Security Act

(z-2)(1) Title XI of the Social Security Act is

amended—
(A) in section 1101(a)(1), by—

(i) striking out "I," "X," "XIV," and "XVI," and

(ii) by adding at the end of such section 1101 (a) the following new sentence: "In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term 'State' when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam."

(B) in section 1115, by—

(i) inserting (in the matter preceding subsection (a)) "VI," immediately after "title I;",

(ii) inserting (in subsection (a)) "602," immediately after "402;", and

(iii) inserting (in subsection (b)) "603," immediately after "403;", and

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) "VI," immediately after "title I;",

(ii) inserting (in subsection (a)(3)) "604," immediately after "404;"
(iii) inserting (in subsection (b)) "VI," immediately after "title I," and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,"

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

Sec. 202. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"AMENDMENT TO ACT OF APRIL 19, 1950

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:
"Sec. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such section."

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972 (as amended by subsection (a) of this section), the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such
Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

**TITLE III—REPEAL OF DEDUCTION FOR GASOLINE TAXES**

Sec. 301. (a) Section 164(a) (relating to deduction of taxes not related to a trade or business) is amended by striking out paragraph (5) (relating to taxes on gasoline and other motor fuels).

(b) Section 164(b)(5) (relating to separately stated taxes) is amended by striking out “or of any tax on the sale of gasoline, diesel fuel, or other motor fuel”.

(c) “The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1973.

Amend the title so as to read “An Act to amend the Social Security Act, and for other purposes.”


Attest: W. PAT JENNINGS, Clerk.
AN ACT

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

April 3, 1973

Read twice and referred to the Committee on Finance

November 21, 1973

Reported with an amendment
The Senate proceeded to consider the bill which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

That this Act, with the following table of contents, may be cited as the "Social Security Amendments of 1973."

SOCIAL SECURITY AMENDMENTS OF 1973

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate H.R. 3153 which the Clerk will read as follows:

Calendar No. 529. H.R. 3153, a bill to amend the Social Security Act to make certain technical and conforming changes.


(c) Medicaid eligibility for individuals receiving mandatory State supplementary payments.

(d) Effective dates.

Sec. 172. Standards for payments under medicare to health maintenance organizations.

Sec. 173. Payment for services of physicians rendered in a teaching hospital.

Sec. 174. Medicaid matching for expenditures with respect to certain Indians.

Sec. 175. Use of Social Security Administration in the administration of medicare.

Sec. 176. Reimbursement under medicare for services with respect to coverage based on chronic kidney failure.

Sec. 177. Capital expenditures planning.

Sec. 178. Certain States deemed to have plans for aid to the blind.

Sec. 179. Payments to substandard facilities under medicare.

Sec. 180. Inclusion of services provided by optometrists.

Sec. 181. Use of Social Security Administration to administer federal employee health benefits program.

Sec. 182. Reimbursement under medicare for services of providers.

Sec. 183. Capital expenditures planning.

Sec. 184. Outpatient speech pathology.

Sec. 185. Priority in designation of professional standards review organizations.

Sec. 186. Statewide professional standards review councils.

Sec. 187. Statewide professional standards review organizations.

Sec. 188. Priority in designation of professional standards review organizations.

Sec. 189. Reimbursement under medicare for services provided by optometrists.

Sec. 190. Postponement of effective date of certain requirements imposed with respect to payment for physical therapy services.

Sec. 191. Payment to substandard facilities under medicare.

Sec. 192. Study regarding medicare to individuals receiving mandatory State supplementary payments.

Sec. 193. Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.

Sec. 194. Technical correction of limitations on fiscal liability of States for optional supplementation.

Sec. 195. Medicaid matching for expenditures with respect to certain Indians.

Sec. 196. Establishment of State plans for aid to the blind.

Sec. 197. Medicaid matching for expenditures related to capital expenditures in certain cases.

Sec. 198. Technical correction of limitations on fiscal liability of States for optional supplementation.

Sec. 199. Establishment of State plans for aid to the blind.

Sec. 200. Modification of provisions establishing supplemental security income program.

"Sec. 303. Amendment to Act of April 19, 1500".

TITLE III—REPEAL OF DEDUCTION FOR GASOLINE TAXES

Sec. 301. TITLE I—GENERAL AMENDMENTS

Part A—Social Security Cash Benefits

Sec. 101. (a) Section 201 of Public Law 85-65 is amended—

(1) In subsection (a) (1), by striking out "the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1972 exceeds such index for the month of June 1973" and inserting in lieu thereof "7 per centum".

(2) In subsection (a) (2), by striking out "after May 1974 and prior to January 1978, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1976" and inserting in lieu thereof "with respect to which this section is effective, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur in months with respect to which this section is effective".

(3) In subsection (b), by striking out "based on the increase in the Consumer Price Index described in subsection (a)" and inserting in lieu thereof "7 per centum".

(4) In subsection (c) (2), by striking out "(except for purposes of section 203(a) (2) of such Act, as in effect after May 1974)" and inserting in lieu thereof "(except for purposes of section 203(a) (2) of such Act, as in effect after December 1973, which section (as so in effect) shall, for purposes of the increase in social security benefits provided by this section, be deemed to be in effect for and after the first month with respect to which such increase is effective)".

(b) Section 201 of Public Law 85-66 is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of subsection (a) (2), this section is effective with respect to the month in which this subsection is enacted and for each month thereafter which begins prior to June 1974.".

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY BENEFITS

Sec. 102. (a) Section 218 (a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

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<table>
<thead>
<tr>
<th>(Primary insurance benefits under 1939 act, as modified)</th>
<th>(Primary insurance amount effective for September 1972)</th>
<th>(Average monthly wage)</th>
<th>(Maximum family income)</th>
<th>And the maximum amount of benefits payable (as provided in sec. 252(i) on the basis of this determination and self-employment income, if any) shall be</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;If an individual's primary insurance benefit (as determined under subsection (c)) is —&quot;</td>
<td>&quot;At least—&quot;</td>
<td>But not more than—</td>
<td>&quot;At least—&quot;</td>
<td>But not more than—</td>
</tr>
<tr>
<td>&quot;At most—&quot;</td>
<td>(c) is —</td>
<td>(c) is —</td>
<td>( (d) is —</td>
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<td>$.00</td>
<td>$20.00</td>
</tr>
</tbody>
</table>

"If an individual's primary insurance benefit (as determined under subsection (c)) is —" | "At least—" | But not more than— | "At least—" | But not more than— |
| "At most—" | (d) is — | (d) is — | (e) is — | (e) is — |
| $286.90 | $260.80 | $236.90 | $210.90 | $188.00 | $164.90 | $143.00 | $124.00 |
| $262.90 | $236.80 | $212.90 | $188.00 | $164.90 | $143.00 | $124.00 | $108.00 |
| $238.90 | $212.80 | $188.90 | $164.90 | $143.00 | $124.00 | $108.00 | $92.00 |
| $214.90 | $188.90 | $164.90 | $143.00 | $124.00 | $108.00 | $92.00 | $76.00 |
| $190.90 | $164.90 | $143.00 | $124.00 | $108.00 | $92.00 | $76.00 | $60.00 |
| $166.90 | $143.00 | $124.00 | $108.00 | $92.00 | $76.00 | $60.00 | $44.00 |
| $142.90 | $124.00 | $108.00 | $92.00 | $76.00 | $60.00 | $44.00 | $28.00 |
| $118.90 | $108.00 | $92.00 | $76.00 | $60.00 | $44.00 | $28.00 | $12.00 |
| $94.90 | $92.00 | $76.00 | $60.00 | $44.00 | $28.00 | $12.00 | $.00 |

Note: This table is intended to illustrate the methodology for determining primary insurance benefits under the Social Security Act and is not a substitute for the official regulations. The table is based on the concept of an "average monthly wage" and applies to individuals who become entitled to benefits under the act as of September 27, 1972. The amounts shown are illustrative and do not reflect actual benefit determinations.
(b) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out "June 30" wherever it appears and inserting in lieu thereof "the larger of $64.40 or the amount most recently established in lieu thereof under section 215(b)".

(2) Section 202(a)(4) of Public Law 92–336 is hereby repealed.

(c) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 203(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92–336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

(e) Notwithstanding any other provision of law, in determining Income for purposes of pension benefits for veterans and their widows and children under chapter 15 of title 38, United States Code, and under section 8(b) of the Veterans' Pension Act of 1958, and in determining income for purposes of dependency and indemnity compensation for parents under chapter 13 of such title 38, any increase in the amount of the monthly insurance benefits payable under title II of the Social Security Act resulting from the enactment of section 201 of Public Law 93–66, the amendments made thereto by section 101 of this Act, or section 102 of this Act shall be considered an increase in the amount of the pension benefits for veterans and the insurance benefits for widows and children under chapter 15 of title 38, United States Code, as modified.

(2) By striking out "(but not including a primary insurance amount determined under subsection (a) of this section)".

(e) Section 215(j)(2)(B) of such Act is amended by striking out "December" each place it appears and inserting in lieu thereof "May", and by striking out "(subject to subparagraph (E))".

(f) Section 215(j)(2)(D) of such Act is amended by striking out "on or before August 15 of such calendar year" and inserting in lieu thereof "within 30 days after the close of such quarter".

(g) Section 215(i)(2)(D) of such Act is amended by striking out "on or before November 1 of such calendar year" and inserting in lieu thereof "within 45 days after the close of such quarter".

(h) Section 215(i)(2)(E) of such Act is amended by striking out "(subject to subparagraph (E))" each place it appears and inserting in lieu thereof "June of such year".

(i) For purposes of section 303(f)(8) of the Social Security Act, so much of section 215(i)(2)(B) of such Act as follows: and section 230(a) of such Act, the increase in benefits provided by section 102 of this Act shall be considered an increase under section 215(f) of the Social Security Act.

(j) (1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the calendar year"; and

(B) by striking out "(along with the publication of such benefit increase)" each place it appears and inserting in lieu thereof "(subject to subparagraph (E))".

(2) By striking out "(unless such increase in benefits is pro-
November 28, 1973

CONGRESSIONAL RECORD

vented from becoming effective by section
215(1) (2) (E) ) ".

(2) SectIon 230(c) of such Act is amended by striking out 'the first month" and inserting In lieu thereof "the June".
(k)(1) Section 203(f)(8)(A) of such Act

is amended to read as follows:
"(A) Whenever the Secretary pursuant to
section 215(1) increases benefits effective
with the month .of June foflowing a cost-ofliving computation quarter, he shall also determine and publish in the Federal Register
on or before November 1 of the calendar year
in which such quarter occurs a new exempt
amount which shall be effective (unless such
new exempt amoi,int is prevented from becoming effective by subparagraph (C) of this

paragraph) with respect to any iddividual's
taxable year which ends after the calendar
year in which such benefit increase is effec-

tive (or, in the case of an individual who

dies during the calendar year after the calendar year in which the benefit increase isef-.
fective, with respect to such individual's taxable year which ends, upon his death, during such year)

(2) Section 203(f)(8)(B) of such Act is

amended by striking out "no later than August 15 of such year" and inserting in lieu
thereof "within 30 days after the close of the
base quarter (as defined in section 215(1) (1)
(A)) in such year".

(3) Section 203(f)(8)(C) Is amended by
striking out "or providing a general benefit
increase under this title (as defined in sec-

(relating to refunds of employment taxes in ginning after December 31, 1985, the tax
the case of Federal employees) Is amended Chali be equal to 1.50 percent of the selfby striking out "12,600" and inserting In employment income for such taxable year."
lieu thereof "$13,200".
(2) Section 3101(b) of euh Code (relat(7) Effective with respect to taxable years ing to rate of tax on employees for puoxes
beginning after 1978, section 6654(d) (2) (]3) of hospital insurance) Is amended by attele(ii) of such Code (relating to failure by In- log out paragraphs (2) through (11) and
dividuals to pay estimated income tax) Is inserting in lieu thereof the following:
amended by striking out the dollar amount
(2) with respect to wages received durand inserting in lieu thereof "$13,200".
ing the calendar year 1973, th rate shall he
(c) Section 230(c) of the Social Security 1.0 percent;
Act is amended by striking out "$12,600" and
"(3) wIth respect to wages received durinserting in lieu thereof' "$13,200".
ing the calendar years 1970 through 1977,
(d) Paragraphs (2)(C), (3)(C), (4)(C), the rate shall be 0.90 percent;
and (7) (C) of section 203(b) of Public Law
(4) with respect to wages received dur92—336 are each amended by striking out
ing the calendar years 1978 through 1980,
"$12,600" and inserting in lieu thereof "$13- the rate shall be 1.10 percent;
200".
"(5) with respect to wages received dur(e) The amendments made by this section, ing the calendar years 1981 through 1988, the
except subsection (a) (4), shall apply only rate shall be 1.35 percent; and
with respect to remuneration paid after, and
"(6) with respect to wages received at tar
taxable years beginning after, 1973. The December 31, 1985, the rate shell be 1.80
amendments made by subsection (a) (4) shall percent.".
apply with respect to calendar years after
(3) Section 3111(b) of such Code (relating
to rate of tax on employers for purposes of
(f) The amendments made by this section hospital insurance) is amended by strikIng
to provisions of the Social Security Act, the out paragraphs (2) through (5) and insertInternal Revenue Code of 1954, and Public ing in lieu thereof the following:
Law 92—336 shall be deemed to be made to
"(2) with respect to wages paid during
such provisions as amended by section 2013 the calendar year 1973, the rate shell be 1.0
of Public Law 93—66.
percent;
CHANGES IN TAx SCHEDULES

SEC. 105. (a) (1) Section 3101 (a) of the In-

(3) with respect to wages paid during
the calendar years 1974 through 1977, the

rate shall be 0.90 percent;

and inserting in lieu thereof "the larger of

ternal Revenue Code of 1954 (relating to
rate of tax on employees for purposes of oldage, survivors, and disability insurance) is
amended by striking out paragraphs (4)
through (6) and inserting in lieu thereof

rate shall be 1.35 percent; and

(2) The amendment made by paragraph

(4) with respect to wages received during the calendar year 1973, the rate shall be

tion 215(1) (3))".

(1) (1) Section 215(a) (3) of the Social Security

Act is amended by striking out "$8.50"

$9.50 or the amount most recently established in lieu thereof under section 215(i)".
(1) shall apply with respect to monthly bene-

fits under title II of the Social Security Act
for months after May 1974, and with respect
to lump-sum death paymerfts under section
202(i) of such Act in the case of deaths occurring after such month.
INCREASE ZN EARNINGS BA5E
SEC. 104. (a)(1)

Social Security

Section 209(a) (8) of the

Act is amended by striking
out "$12,600" and inserting in lieu thereof
"$13,200".
(2) SectIon 211(b) (1) (H) of such Act is
amended by striking out "$12,600" and inserting in lieu thereof "$13,200".
(3) Sections 213(a) (2) (ii) and 213(a) (2)

(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

"(4) with respect to wages paid during
the calendar years 1978 through 1980, the
rate shall be 1.10 percent;

the following:

"(5) with respect to wages paid during
the calendar years 1981 through 1985, the

4.85 percent;

"(6) wIth respect to wages paid after December 81, 1985, the rate shall be 1.50 per-

"(5) with respect to wages received during

the calendar years 1974 through 2010, the

rate shall be 4.95 percent; and

"(6) with respect to wages received after
December 31, 2010, the rate shall be 5.95
percent."
(2) Section 3111(a) of such Code (relating

to rate of tax on employers for purposes of
old-age, survivors, and disability insurance)
is amended by striking out paragraphs (4)
through (6) and inserting in lieu thereof the
following:

"(4) with respect to wages paid during
the rate shall be
"(5) with respect to wages paid during
the calendar years 1974 through 2010, the
the calendar year 1973,
4.85 percent;

rate shall be 4.95

percent;

and

Section 215(e)(i) of such Act is
"(6) with respect to wages paid after Deamended by striking out "$12,600" and in- cember 31, 2010, the rate shall be 5.95 percent.".
serting in lieu thereof "$13,200".
(b)(1) Section 1402(b) (1) (H) of the In(b) (1) Section 1401(b) of such Code (re(4)

•

SENATE

cent.".

(c) The amendment made by subsectIon
(b) (1) shall apply only with respect to tax-

able years beginning after December 31, 1973.

The remaining mendments made by this
section shall apply only with respect to

ALLOCATION TO DISASxLrry XIqSURANCC 'rsusv
NtJNO

Sxc.

106.

(a)

Section 201(b)(1)

of th

Security Act is amended by striking
out "(E)" and all that follows down through
"which wages" and Inserting In lieu thereof
the following: "(E) 1.1 per csntum of the
wages (as so defined) paid after December
31, 1972, and before January 1, 1970, and so
reported, (F) 1.15 per centum of wages (as
so defined) paid after. December 31, 1973,
and before January 1, 1978, and so reported,
(G) 1.2 per centum of the wages (as so defined) paid after December 31, 1977, and
Social

before January 1, 1981, and so reported, (118)

terns.l Revenue Code of 1954 (relating to defi- lating to rate of tax on self-employment innition of self-employment income) is come for purposes of hospital insurance) is
amended by striking out "$12,600" and in- amended by striking out paragraphs (2)
serting in lieu thereof "$13,200".
through (5) and inserting in lieu thereof the
(2) Effective with respect to remuneration following:
paid after 1973, section 3121(a)(l) of such
'(2) in the case of any taxable year beCode is amended by striking out the dollar ginning after December 31, 1972, and before
amount each place it appears therein and In- January 1, 1974, the tax shall be equal to 1.0
serting in lieu thereof "$13,200".
percent of the amount of the self-employ(3) Effective with respect to remuneration ment income for such taxable year;
paid after 1973, the second sentence of sec"(3) in the case of any taxable year begintion 3122 of such Code is amended by strilr- ning after December 31, 1973, and before

1.3 per centum of the wages (as so defined)
paid after December 31, 1980, and before
January 1, 1986, and so reported, (11) 1.0
per centum of the wages (as so defined) paid
after December 31, 1985, and before January

lieu thereof "$13,200".

the following: "(31) 0.795 of 1 per centuni of

ing out the dollar amount and inserting in January 1, 1978, the tax shall be equal to 0.90
percent of the amount of the self-employ(4) Effective with respect to reniunera- ment income for such taxable year;
tion paid after 1973, section 3125 of such
"(4) in .the case of any taxable year beCode is amended by striking out the dollar ginning after December 31, 1977, and before
amount each place it appears in subsections January 1, 1981, the tax shall be equal to
(a), (b), and (C) and inserting in lieu there.- 1.10 percent of the amount of the self-emof "$13,200".
ployment income for such taxable year;
(5) Section 6413(c) (1) of such Code (re"(5) in the case of any taxable year belating to specia.l refunds of employment ginning after December 31, 1980, and before
taxes) is amended by striking out "$12,600" January 1, 1986, the tax shall be equal to
each place it appears and inserting in lieu 1.35 percent of the amount of the self-emthereof "$13,200".
ployment income for such taxable year; and
(6) Section 6413(c) (2) (A) of such Code
"(6) in the case of any taxable year be-

2011, and so reported, and (J) 1.7 per
centum of the wages (as so defined) paid
after December 31, 2010, and so reported,
1,

which wages",
(b) Section -20l('b)(2)

of such Act

is

amended by striking out "(31)" and all that
follows down through "which self-employment income" and inserting in lieu thereof
the amount of self-employment income (as
so defined) so reported for any taxable year
beginning after December 31, 1972, and before

January 1, 1974, (F) 0.815 of 1 per centum
of the amount of self-employment Income
(as so defined) so reported for any taxable
year beginning after December 31, 1973, and
before January 1, 1978, (C) 0.850 of 1 per
centum of the amount of self-employment
income (as so defined) so reported for any
taxable year beginning after December 31,
1977, and before January 1, 1981,

(118)

0.920


of 1 per cent of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 2011, and (J) 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2010, which self-employment income is "

INTERNATIONAL AGREEMENTS WITH RESPECT TO SOCIAL SECURITY BENEFITS

Sec. 107. [Title H of the Social Security Act is amended by adding at the end thereof the following new section:]

"INTERNATIONAL AGREEMENTS"

Purpose of Agreement

Sec. 232. (a) The President is authorized to enter into agreements establishing uniform arrangements between the social security systems established by this title and the social security system of any foreign country, or any part thereof, for the purpose of establishing uniform entitlement to and the amount of old age, survivors, disability, or derivative benefits based on a combination of an individual's periods of covered employment or self-employment which is covered under the social security system of a country which is a party to such agreement and the social security system of the United States.

(b) (1) The President shall enter into such agreements and establish procedures which are reasonable and necessary to implement the purposes of this section, as the President deems appropriate.

Definitions

(c) (1) The term 'social security systems of any foreign country' means a social security system of a country which is a party to an agreement entered into pursuant to this section.

Sec. 108. (a) Section 211(b)(5) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country,".

(d) (1) Any agreement to establish a totalization arrangement pursuant to this section shall be transmitted by the President to the Congress.

(2) Such an agreement shall become effective upon a determination by the President that such agreement is in the best interest of the United States, or upon a determination by the President that such agreement is in the best interest of the United States and the foreign country with which such agreement is to be entered into.

Regulations

(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement the purposes of this section, as the President deems appropriate.

(1) Any agreement to establish a totalization arrangement pursuant to this section shall be transmitted by the President to the Congress.

(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1) of the first sentence of this subsection.

Reports to Congress; Effective Date of Agreements

(d) (2) Any agreement to establish a totalization arrangement pursuant to this section shall be transmitted by the President to the Congress.

(e) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1) of the first sentence of this subsection.

(1) Any agreement to establish a totalization arrangement pursuant to this section shall be transmitted by the President to the Congress.

(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1) of the first sentence of this subsection.

(3) Any agreement may provide that the benefit paid by the United States to any individual residing in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit which would be payable to an individual who is employed in the United States.

(f) (1) Any agreement to establish a totalization arrangement pursuant to this section shall be transmitted by the President to the Congress.

(f) (2) Such an agreement shall become effective upon a determination by the President that such agreement is in the best interest of the United States, or upon a determination by the President that such agreement is in the best interest of the United States and the foreign country with which such agreement is to be entered into.

Sec. 110. (a) The President is authorized to conduct a study of the various programs established by and pursuant to the Social Security Act with a view to determining the feasibility of relating such programs to the programs established by and pursuant to the Tax Reform Act of 1976, and if, in fact, there is no personal participation by such owner or tenant in such production or management, it shall be considered to be an arrangement (described in paragraph (1) (A) of the first sentence of paragraph (c)) in which such owner or tenant is not considered to be an owner or tenant, as the case may be, for purposes of section 127 of the Internal Revenue Code of 1969 relating to the definition of "qualified agricultural income" as described in section 127 of the Internal Revenue Code of 1969.

(b) (1) Any agreement to establish a totalization arrangement pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an Individual shall be exempt from the taxes imposed by this title to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.

(2) Sections 3101 and 3111 of such Code are amended by adding at the end thereof the following new subsection:

"(e) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an Individual shall be exempt from the taxes imposed by this title to the extent that such wages are subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country."
(and localities within States) in which such programs are operative.

(b) In determining such costs, the Secretary shall—

(1) develop a comprehensive cost-of-living index which reflects the average cost of living for each such area; and

(2) include in such index costs of living not just in urban or other areas therein;

(3) include an evaluation of the effects which would be produced among the various States, by the inclusion of such costs of living, if the benefits (and other dollar amount related criteria) in the Social Security Act were adjusted in accordance with differentials in the average cost of living in the various States;

(4) give consideration to the feasibility of applying such a cost-of-living adjustment only in those areas where the cost of living is significantly higher than the cost of living in the Nation as a whole; and

(5) analyze existing sources, within the Federal Government, from which data relating to the cost of living is available, with a view to determining the need for improved sources of such data, within the Federal Government, which data could be made available on a regular basis and in a more analytical, comprehensive, and suitable form.

(c) The Secretary shall complete such study and shall submit to the Congress a full and complete report thereon, together with the recommendations of the Secretary with respect to the provisions of this title contained in the study, not later than January 1, 1978.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

**TERMINATION OF COVERAGE FOR CERTAIN POLICE-FIREMEN IN LOUISIANA**

Sec. 110. Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Louisiana entered into pursuant to such section may, at the option of such State, be modified, at any time during the calendar year commencing January 1, 1976, so as to exclude services performed within such State by individuals who are in positions of policemen and who are eligible for membership in the Municipal Police Employees Retirement System of Louisiana. Any modification of such agreement shall be effective as of the date specified by the State in such modification, except that such date shall not be later than January 1, 1976.

**TERMINATION OF COVERAGE FOR POLICEMEN OR FIREMEN IN CALIFORNIA**

Sec. 111. (a) Notwithstanding any provision of section 218 of the Social Security Act, upon giving at least two years' advance notice to the Secretary of Health, Education, and Welfare (hereafter in this section referred to as the 'Secretary'), the State of California may terminate, effective at the end of the calendar year specified in the notice, its agreement (entered into under section referred to as the 'Secretary'), the Secretary and such State may not thereafter modify such agreement so as to again make such agreement applicable to services performed by employees in such positions.

(b) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California under such agreement as of the taxable year in which such modification is made shall be effective as of the date specified by the State in such modification, except that such date shall not be later than January 1, 1976.

**PART V—TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES**

Sec. 112. (a) In General.—

(1) Subpart A of part III of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 65 as 63, and by inserting after section 41 the following new section:

"Sec. 42. Tax credit for low-income workers with families.

"(a) In general.—

"(1) Allowance of credit.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter, an amount equal to the applicable percentage (as determined under paragraph (2)) of the total social security taxes imposed on him and his employer with respect to wages received by the taxpayer during the year. In the case of a taxpayer who is married (as determined under section 150), the base shall be modified to take into account the earned income of his spouse, and in the case of a joint return of tax with respect to the spousal income, the base shall be modified to take into account the earned income of the spousal income, and the amount of the credit allowed by this subsection shall be equal to the applicable percentage times the product of the sum of the total social security taxes imposed on the taxpayer and his spouse during the taxable year, and the applicable percentage.

"(2) Applicable percentage.—The percentage under paragraph (1) applicable to social security taxes is—

"(A) 66 percent for calendar years 1974 through 1976, inclusive;

"(B) 80 percent for calendar years 1977 through 1980;

"(C) 90 percent for calendar years 1981 through 1985;

"(D) 75 percent for calendar years 1986 through 1990, and

"(E) 80 percent for calendar years beginning after December 31, 1990.

(b) Limitations.—

(1) Exception.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3401(a)(5) of the Internal Revenue Code of 1954) as does not exceed $4,000 received by the individual (or the individual and his spouse in the case of a joint return of tax) during that year with respect to employment in positions of policemen or firemen or both which were included in such agreement and which were covered by a retirement plan as defined in section 218(f) (1) of such Act, any such modification shall be effective as of the date specified by the State in such modification, except that such date shall be modified to take into account the earned income of his spouse during such taxable year, and

"(2) Exception.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which the taxpayer's income for such taxable year exceeds $4,000. For pur-
of section 216(b)(3) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1) (relating to additional exemption for dependents).

(3) Social Security taxes.—The term "social security taxes" means the aggregate amount of taxes imposed by sections 301 (relating to rate of tax on employers under the Federal Insurance Contributions Act), section 31 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(b)) received by an individual and his spouse with respect to such wages by such sections if the individual and a child of that individual (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section.

(3) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 43. Tax credit for low income workers with families.

"Sec. 43. Overpayments of tax."

(3) Section 601(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by

(A) inserting "Lubricating oil" the following: "(2) relating to tax credit for low-income workers with families."

and

(B) striking out "section 31 and 39" and inserting in lieu thereof "section 31, 39, and 42".

(4) Section 601(a)(6) of such Code (relating to assessment authority) is amended by

(a) inserting "or 42" after "section 39" in the caption of such section;

and

(b) striking out "section 31 and 42" and inserting in lieu thereof "section 31, 39, and 42".

(5) Section 601(a)(6) of such Code (relating to assessment authority) is amended by

(a) inserting "Lubricating oil" the following: "(2) relating to tax credit for low-income workers with families."

and

(b) striking out "section 31 and 42" and inserting in lieu thereof "section 31, 39, and 42".

(6) Section 601(a)(6) of such Code (relating to assessment authority) is amended by

(a) inserting "Lubricating oil" the following: "(2) relating to tax credit for low-income workers with families."

and

(b) striking out "section 31 and 42" and inserting in lieu thereof "section 31, 39, and 42".

(6) Section 601(a)(6) of such Code (relating to assessment authority) is amended by

(a) inserting "Lubricating oil" the following: "(2) relating to tax credit for low-income workers with families."

and

(b) striking out "section 31 and 42" and inserting in lieu thereof "section 31, 39, and 42".

(7) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following new item:

"Sec. 4658. Advance refund of section 42 credits."

(7) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following new item:

"Sec. 4658. Advance refund of section 42 credits."

(c) Section 6011(d) (relating to interest equalization) is amended by adding at the end thereof the following new paragraph:

"(6) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUNDS.—No taxpaye who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) for the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require."

(c) Section 6011(d) (relating to interest equalization) is amended by adding at the end thereof the following new paragraph:

"(6) RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUNDS.—No taxpaye who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) for the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require."

(d) DEVELOPMENT OF APPLICATION FORMS; COOPERATION OF OTHER GOVERNMENT AGENCIES.—

(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 42 (relating to tax credit for low-income workers with families) for the taxable year and shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

(d) DEVELOPMENT OF APPLICATION FORMS; COOPERATION OF OTHER GOVERNMENT AGENCIES.—

(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 42 (relating to tax credit for low-income workers with families) for the taxable year and shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

(e) SEC. 122. (a) Relief.—The Committee recommends that the proposal of the Secretary of Health, Education, and Welfare for the purpose of advancing income to low-income workers with families is amended to provide that no taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) for the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

(e) SEC. 122. (a) Relief.—The Committee recommends that the proposal of the Secretary of Health, Education, and Welfare for the purpose of advancing income to low-income workers with families is amended to provide that no taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) for the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.

(f) SEC. 122. (b) Date.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1974, but no advance refund payment under section 6628 of the Internal Revenue Code of 1954 shall be made before July 1, 1974.

Part C—Amendments Related to Supplemental Security Income Program

In the case of any part of the Social Security Act as amended by the Social Security Amendments of 1974, which relates to the supplemental security income benefits program, the amendments made by this Act shall be considered to be amendments to such program as if such amendments had been made by Public Law 93-66. The provisions of this section shall be considered to be amendments to such program as if such amendments had been made by Public Law 93-66.

(b) Effective with respect to payments for any month provided for in section 212(a) of Public Law 93-66, shall be considered to be a member of a household as defined in section 1616 of the Social Security Act, a member of the bonus value of food stamps.

(c) SEC. 122. (c) Special Rule.—The amendments made by this Act shall apply with respect to payments for any month provided for in section 212(a) of Public Law 93-66, shall be considered to be a member of a household as defined in section 1616 of the Social Security Act, a member of the bonus value of food stamps.

(b) Effective with respect to payments for any month provided for in section 212(a) of Public Law 93-66, shall be considered to be a member of a household as defined in section 1616 of the Social Security Act, a member of the bonus value of food stamps.

(c) SEC. 122. (c) Special Rule.—The amendments made by this Act shall apply with respect to payments for any month provided for in section 212(a) of Public Law 93-66, shall be considered to be a member of a household as defined in section 1616 of the Social Security Act, a member of the bonus value of food stamps.

(b) Effective with respect to payments for any month provided for in section 212(a) of Public Law 93-66, shall be considered to be a member of a household as defined in section 1616 of the Social Security Act, a member of the bonus value of food stamps.
(e) for purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b) and (f) of this section—

(1) in the case of a family unit other than a family unit for purposes of title II of the Social Security Act, such State at its option, may (subject to clause (i) of subsection (a) of such section) reduce such family unit other members of which received aid or reduced on account of the enactment of such title, the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(2) in the case of any State which has entered into an agreement with the Secretary under section 1618 of the Social Security Act or (as amended by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(3) for purposes of this section, the non-Federal share thereof shall—

(1) be paid from time to time, to such State by the Secretary, and

(2) shall, for purposes of section 1616(d) of the Social Security Act and section 401 of the Social Security Amendments of 1972, be treated in like manner as if such non-Federal share supplementary payments made by the Secretary on behalf of such State pursuant to such agreement.

PART D—SOCIAL SERVICES AMENDMENTS TO THE SOCIAL SECURITY ACT.

SEC. 123. (a) Section 1130 of the Social Security Amendments of 1972 is amended by redesignating subsection (c) as (d), and inserting after subsection (b) the following new subsection:

(1) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, XII, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan under such title, the persons eligible for such services, the manner in which such services are to be provided, any limitations or conditions for the receipt of such services, the extent to which such services are social services (as determined by the State) and the Federal financial participation under such title, the aggregate amount of Federal financial participation and the allocation to the State (for the fiscal year involved) under this section (or section 132 of the Social Security Amendments of 1972); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements imposed by section 421(a) with respect to the provision of social services to recipients of Aid to Families with Dependent Children.

(2) For purposes of subsection (c) and, for purposes of part A of title IV, VI, XII, XIV, and XVI, that section as referred to in subsection (c) as 'social services'.

"(1) shall be such services as each State determines to be appropriate for meeting any of the following purposes:

(A) Self-support goal: To achieve and maintain maximum personal independence, and economic self-sufficiency.

(B) Family-strengthening goal: To strengthen family life and to achieve and maintain maximum personal independence, and economic self-sufficiency, for all members of the family including, for children, the achievement of maximum potential for eventual independence and to provide for the prevention of or to remedy neglect, abuse, or exploitation of children.

(C) Community-based care goal: To secure and maintain community-based care..."
which approximates a home environment, when living at home is not feasible and institu-
tional care is inappropriate or

"(D) Institutional care goal: To secure appropriate institutional care when other forms of care are not feasible; and

V. Other services requiring service

(A) child care services for children, to meet the needs of a child for personal care, protection, and supervision, only in the case of a child where the provision of such service is needed in order to enable a member of such child's family to accept or continue in employment, or to participate in the care, training or preparation of such member for employment, or (2) because of the death, continued absence from the home, incapacity or inability of the child's mother or father, or lack of availability to any member of such child's family to provide adequate care and supervision for such child;

(B) child care services for children who are mentally disabled, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded and institutionalized, for the purpose of promoting the mental health and development of such children and their families, to provide for placement in foster homes or group care in other than medical institutions, including assessment of need for such placement, funding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review while in placement, counseling services for the adult individuals and their families, and preparations and referrals involving foster care to attain independent living;

(C) Homemaker services for individuals in their own homes, including helping individuals to maintain, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised home-

maker; and

(D) Homemaker services for individuals who have been for the child by the State when needed as part of a program for prevention or treatment of developmental disabilities arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients; placement in or by a nonresidential diagnostic or treatment facility; the provision of a social service; and

"(E) Family planning services (including contraceptive services): Provided, That individuals must include helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remediative, ameliorative, and other needed health services; and

"(F) Personal care, day care, and other services for the following purposes: Identification, investigation, and referral to treatment services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and reinforce the family, and auxiliary evaluate out of home care resources for foster care;

"(G) Protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: Identification, investigation, and referral to treatment services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and reinforce the family, and auxiliary evaluate out of home care resources for foster care;

"(G) Protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: Identification, investigation, and referral to treatment services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and reinforce the family, and auxiliary evaluate out of home care resources for foster care;

"(H) Special services for the mentally retarded, including day care, institutional care and training, sheltered employment, recreation, counseling of the retarded individual and his family, and special health, educational, and sociological services, information, referral, and follow-up services, transportation necessary to deliver such services, diagnostic and evaluation services, and other services for individuals requiring such services because of developmental disability;

"(I) Special services for the blind to alleviate blindness and other visual impairments through training in mobility, personal care, home management, and communication skills; such services and appliances; and special counseling for cataract patients and adults;

"(J) Services for alcoholism and drug addiction for an individual who is becoming disabled or disabled by the use of other drugs as determined by the standards set by the State agency designated by the State under the Comprehensive Drug Abuse and Treatment Act of 1972, if such services are needed as part of a program for prevention or treatment of drug addiction or habitual use of drugs;

"(K) Family planning services (including contraceptive services): Provided, That individuals must include helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remediative, ameliorative, and other needed health services; and

"(L) Homemaker services for individuals who have been for the child by the State when needed as part of a program for prevention or treatment of developmental disabilities arising from misuse of alcohol or other drugs, including but not limited to social and rehabilitative services for resident patients; placement in or by a nonresidential diagnostic or treatment facility; the provision of a social service; and

"(M) Services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: Identification, investigation, and referral to treatment services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and reinforce the family, and auxiliary evaluate out of home care resources for foster care;

"(N) Special services for the physically handicapped as defined by the State; and

"(O) any other services which the State finds appropriate for meeting the goals of the program of social and employment services for homeless persons.

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

"(a) Effective July 1, 1976, Federal fi-
nancial assistance which is subject to the limit on Federal financial participation and (b) shall be available for a new purchase of services from a public agency (other than the State), for persons desiring assistance with legal problems, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;
the following is the lesser: (1) the allotment of such State as determined under subsection (b) of such section, or (2) the allotment of such State as determined under subsection (b) of such section (A) an amount equal to 400 per centum of the amount by which the amount which, when added to its allotment determined under subsection (b) of section 1130 of the Social Security Act, is applicable to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment is applicable) as determined under section (b) of such section (section 1130 of the Social Security Act, is applicable) for the calendar quarter commencing July 1, 1973, plus (B) an amount which bears the same ratio to the amount (if any) by which— (i) $1,850,000,000 exceeds (ii) the amount of the amounts allocated to all States under clause (A), as the population of such State bears to the population of all States. (2) If the aggregate of the allotments made pursuant to paragraph (1) is in excess of $1,900,000,000, the Secretary shall reduce the allotment of each State, on a pro rata basis based on the amount of the allotments for all States does not exceed $1,900,000,000. (c) In addition to the amount allotted to any State under subsection (b) of this section for the fiscal year ending June 30, 1974, the Secretary may make an additional allotment for such year to such State in accordance with this subsection. (2) The aggregate of the allotments made pursuant to this subsection shall not exceed the lesser of $650,000,000 or (B) the amount by which the aggregate of the amounts allocated under subsection (b) is less than $1,800,000,000. (3) Allotments made pursuant to this subsection shall be made, in the following order of priority, to such States and in such amounts as the Secretary deems to be appropriate— (A) first, in order to assure that, for the fiscal year ending June 30, 1974, no State is paid less from Federal funds with respect to expenditures incurred by it for services (of the type, and under the programs to which the allotment is applicable) as determined under section 1130 of the Social Security Act, if the allotment in favor of such State was paid from Federal funds with respect to such expenditures for the fiscal year ending June 30, 1973: Provided, That no payment shall be made under this clause of an amount by which the allotment applicable to such State for the fiscal year ending June 30, 1973, under section 1130(b) of the Social Security Act was increased by reason of the enactment of section 403 of the Social Security Amendments of 1972; (B) second, provide additional Federal financial assistance to any State (I) the allotment of which, as determined under subsection (c) of such section, is equal to its allotment determined under section 1130 of the Social Security Act (as determined without regard to this section), and (II) which can show to the satisfaction of the Secretary (in the case of the Secretary) that it had, prior to November 15, 1973, planned an expansion of its social services programs during the remainder of the fiscal year ending June 30, 1976, which would require such additional Federal financial assistance, except that the amount of the allotment which such State is entitled to receive under this subparagraph shall not exceed an amount which, when added to its allotment as determined under subsection (b) of such section, is equal to its allotment determined under section 1130 of the Social Security Act (as determined without regard to this section). (C) third, to provide additional Federal financial assistance to States which can demonstrate to the satisfaction of the Secretary that an allotment is made to such State under this subparagraph, the amount of such allotment will be utilized so as to produce a significant cost benefit (as determined pursuant to regulations which shall be prescribed by the Secretary) in the matter preceding subparagraph (A), (B) by striking out clauses (1), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following: (1) other services which are likely to prevent or reduce dependency and which are provided to such individuals, or (ii) services which are likely to prevent or reduce dependency and which are provided to such individuals, or (3) other services which are likely to prevent or reduce dependency and which are provided to such individuals, or (D) by striking out paragraph (B) and redesignating paragraph (C) as subparagraph (B); and (2) by striking out all that follows subparagraph (C). (2) Section 1003(a)(4) of such Act is repealed. (3) Section 1003(c) of such Act is repealed. (4) Section 1003(a)(4) of the Social Security Act is amended— (A) by striking out "whose State plan approved under section 1402 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A); (B) by striking out clauses (1), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following: (1) such services which are likely to prevent or reduce dependency and which are provided to such individuals, or (2) such services which are likely to prevent or reduce dependency and which are provided to such individuals, or (3) other services which are likely to prevent or reduce dependency and which are provided to such individuals, or (D) by striking out paragraph (B) and redesignating paragraph (C) as subparagraph (B); and (D) by striking out all that follows subparagraph (C). (2) Section 1003(a)(4) of such Act is repealed. (3) Section 1403(c)(3) of the Social Security Amendments of 1972 is amended— (A) by striking out "whose State plan approved under section 1402 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A); (B) by striking out clauses (1), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following: (1) such services which are likely to prevent or reduce dependency and which are provided to such individuals, or (2) such services which are likely to prevent or reduce dependency and which are provided to such individuals, or (3) other services which are likely to prevent or reduce dependency and which are provided to such individuals, or (D) by striking out paragraph (B) and redesignating paragraph (C) as subparagraph (B); and (D) by striking out all that follows subparagraph (C). (2) Section 1003(a)(4) of such Act is repealed. (3) Section 1403(c)(4) of such Act is repealed.
(C) the following new subparagraph:

"(D) provides for the establishment and implementation of such services for children for whom it is necessary to locate absent parents or to assist the child in furthering the care and protection of the child through a national adoption information exchange system."
vide services in analyzing and classifying blood for the purposes of establishing pat er - nity; and

(1) not later than June 30 of each year beginning after December 31, 1976, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(c) The department of Health, Education, and Welfare; or the Secretary, as the case may be, shall provide through the Parent Locator Service maintained by the Department of Health, Education, and Welfare, the Secretary, any State, the Office of the Attorney General of any State, or any other entity, the means of locating the whereabouts of any absent parent, the individual to whom the amounts collected under this section were in excess of or less than the amounts estimated by the Secretary for collection of such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection.

Section 453. (a) The Secretary shall establish such regulations as the Secretary considers necessary to make such certification.

(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(2) There is hereby appropriated to the Secretary for administration of the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (e) of subsection (a) of section 457) into such fund under section 6305 of the Internal Revenue Code of 1954.

(3) There is hereby appropriated to the Secretary for administration of the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (e) of subsection (a) of section 457) into such fund under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts collected under section 6305.

(4) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(5) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(6) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(7) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(8) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(9) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(10) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(11) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(12) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(13) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(14) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(15) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(16) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(17) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(18) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(19) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(20) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(21) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(22) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(23) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(24) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(25) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(26) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.

(27) The Secretary shall, upon the request of any State having in effect a plan approved under this part, certify the amount of any recovery made by the State to the Secretary, who may submit such information as the Secretary considers necessary to make such certification.
of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to any period for which collections are made under the plan of such other State, and

(2) in carrying out other functions required under a plan approved under this part; and

(3) in carrying out other functions required under this part; and

(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system for such purposes.

(11) provide that amounts collected as child support shall be distributed as provided in section 457;

(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or custodian responsible for the care or upbringing of the child; and

(13) provide that the State will comply with such other conditions as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

**PAYMENTS TO STATES**

**Section 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter beginning with the quarter ending on July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan, approved under section 457, except that no amount shall be paid to any State on account of furnishing collection services (other than personal locator services) under section 454(b) during any period beginning after June 30, 1976.

**SUPPORT OBLIGATIONS**

(1) The amount of such obligation shall be—

(a) the amount specified in a court order which is not in excess of any amount specified by the State;

(b) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary; and

(c) amounts collected from an absent parent under the plan shall reduce dollar for dollar, the amount of his obligation.

(2) A debt which is a child support obligation assigned to a State under section 456(a)(26) is not released by any discharge in bankruptcy under the Bankruptcy Act.

**DISTRIBUTION OF PROCEEDS**

(1) A judicial or administrative proceeding to establish paternity, establish and determine any civil action certified by the Secretary of Health, Education, and Welfare, and determine any civil action certified by the State of which such laboratory has been so established or designated for any region by the Secretary, as appropriate, against such individual, of his legal process brought for the enforcement of any recovery made.

(2) at the end of such three-month period, if not assistance payments have been made by the State, or if assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(3) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance payments from the absent parent, any amount so collected shall be paid to the family.

(4) at the end thereof the following new section: "Sect. 457. (a) A State may—

(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family received the last assistance payment under paragraph (1) of this title, and pay all amounts so collected to the family; and

(2) at the end of such three-month period, if such payments are not paid to the State by the individual on whose behalf the collection is made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

**INCENTIVE PAYMENT TO LOCALITIES**

(1) an amount equal to 25 percent of any amount collected (and required to be distributed as provided in section 457) to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first twelve months for which such collections are made.

Where more than one such collection is involved in such enforcement collection, the amount of the Incentive payment determined under paragraphs (1) and (3) of this section shall be determined in the same manner as the jurisdictions in a manner to be prescribed by the Secretary.

**CIVIL ACTIONS TO ENFORCE CHILD SUPPORT OBLIGATIONS**

(1) The amounts collected as child support obligations shall be made available without cost to courts and public agencies in the region to be served by it.

(2) Whenever a laboratory is established or designated for any region by the Secretary under this section, he shall take such measures as may be appropriate to notify appropriate courts and public agencies (including any agency administering any public welfare program within such region) that such laboratory shall be designated to provide services in analyzing and classifying blood for the purpose of establishing paternity, for courts and public agencies in such region.

(3) The facilities of any such laboratory shall be made available without cost to courts and public agencies in the region to be served by it.

(4) (a) Subchapter A of chapter 84 of the Internal Revenue Code (relating to collection of taxes) is amended by adding at the end thereof the following new section: "Sect. 6305. Collection of Certain Liability.

(b) In General.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the

**CONSULTATION OF PROCEEDS OF CHILD SUPPORT AND ALIMONY OBLIGATIONS**

(1) When a political subdivision of a State makes, for the State of which it is a political subdivision, a claim for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made by the State, the Federal Government shall be reimbursed for any past assistance payments, if not assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

(2) If such amounts as are in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(3) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(4) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(5) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(6) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(7) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(8) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(9) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;

(10) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family;
Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this subsection) subject to the provisions of sections 301(a) and 301(b) of the Social Security Act, for protection of the State against the loss of any such payment and for the purpose of preventing the occurrence of the failure of such parent (or such other individual) to so cooperate.

(2) Section 402(e), (17), (19), (21), and (23) and section 410 of such Act are repealed.

Conforming Amendments to Title XII

(d) Section 1106 of such Act is amended—

(1) by striking out the period at the end of subsection (a), and inserting in lieu thereof the following: “and except as provided in part D of title IV of this Act.”

(2) by adding at the end of subsection (b) the following new sentence: “Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be supplied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV.”;

(3) by striking out subsection (c).

Appointment of Assistant Secretary for Child Support Services

(e)(1) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary of Health, Education, and Welfare for Child Support Services who shall be appointed by the President, with the advice and consent of the Senate.

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new item:

“(88) Assistant Secretary for Child Support Services, Department of Health, Education, and Welfare.”

Authorization of Appropriations

(1) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may be necessary to plan and prepare for the implementation of the program established by this section.

(g) The amendments made by this section shall become effective on July 1, 1974, except that section 459 of the Social Security Act is amended by adding to subsection (e) of such section the following new provisions:

“(17), (18), (21), and (22), and sections (e) and (f) of this section shall become effective upon the date of enactment of this Act.

PART C—AID TO FAMILIES WITH DEPENDENT CHILDREN

Pursuant to the Social Security Act, the provisions of which are hereby referred to in subparagraph (A) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disregard the requirements of section 402(a) and clauses (1) and (2) of this subparagraph, disreg...
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(B) Section 1902(a)(6) (A) of such Act is amended by striking out "State plan approved under title XVI, or part A of title IV" and inserting "State plan approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under the State plan or, for medical assistance, the State approved plan for medical assistance, as defined in section 1614, with respect to States not eligible to participate in the State program established under title XVI," at the end thereof.

(10) Section 1903(f) of such Act is amended by—
(A) inserting "not eligible to participate in the State plan program established under title XVI" immediately after "State" the first time it appears therein;
(B) striking out "such individual's payment under title XVI" and inserting "any plan of the State and any plan approved under title I, X, XIV, or XVI" required to be made available to such individual, as defined in section 1902(s)(10) (A), but only if the income of such individual (as determined under section 1615, but without regard to section 1615(b)(1)(A)(iv)) does not exceed 300 percent of the supplemental security income benefit rate established by section 1902(a)(16) of such Act at the time of the provision of the medical assistance giving rise to such expenditure."

(13) The matter before clause (1) in section 1902(s)(14) of such Act is amended by striking out "individuals not receiving aid or assistance under the State's plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the Income and resources tests for medical assistance equal in amount, duration, and scope to the medical assistance made available to such individuals described in paragraph (10) (A)" immediately after "with respect to individuals described in paragraph (10) (A)".

(15) Section 1905(s)(iv) of such Act is amended by inserting "with respect to States eligible to participate in the State plan program established under title XVI," at the end thereof.

(16) Section 1905(s)(v) of such Act is amended by striking out "with respect to States eligible to participate in the State plan program established under title XVI," and inserting "with respect to States not eligible to participate in the State plan program established under title XVI," immediately after "the States" the first time it appears in such provisions.

(17) Section 1905(s) of such Act is further amended by inserting immediately after clause (vi) the following new clauses:

(7) The term "State supplementary payment" means any cash payment made by a State, on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on the need for supple-mentation of such benefits (as determined by the Secretary), but only to the extent that such payments are made with respect to individuals with respect to whom supplemental security income benefits are not being paid under title XVI in lieu thereof.

(18) Section 1905 of such Act is amended by—
(A) striking out "(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI,

"(B) who is not receiving such aid or assistance and with respect to whom such benefits are not being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10) (A)" in lieu thereof;

(B) who is not receiving such aid or assistance and with respect to whom such benefits are not being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in paragraph (10) (A)" in lieu thereof;
or assistance under a State plan (referred to in subparagraph (A) for purposes of determining its eligibility) and inserting "status as described in subparagraph (A)," was included as an individual eligible "in lieu thereof.

(2) The first sentence of section 232 of Public Law 93-86 is amended by—

(a) striking out "to be a person described as being a person who, if needy, be eligible for aid or assistance under any State plan in subparagraph (B) (i) of such section" and inserting "for purposes of title XIX to be an individual who is blind or disabled in the meaning of section XVIII of the Social Security Act" in lieu thereof.

(b) striking out "(i)" and inserting "(i)" after such subparagraph.

(c) striking out "(ii)" and inserting "(ii)" after such subparagraph.

(d) striking out "to such individual such a. supplementary payment (as described in subparagraph (B) of such section)" and inserting "to such individual such a. supplementary payment (as described in subparagraph (B) of title XVIII of such Act)" after such subparagraph.

(3) Paragraph (3) of such section is amended by inserting the following new subsection:

"(4) Payment made under this subsection shall be provided to any individual—

(a) for any month for which there is (A) payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and a qualified entity which has a current enrollment with respect to substantially the same requirements imposed by section XVIII of the Social Security Act.

(b) if the amount of the supplementary payments payable pursuant to such agreement were established without regard to paragraph (5) (A) (i) of such section 312(a), and

(c) in manner, subject to the same terms and conditions, as medical assistance furnished to individuals who are eligible for such assistance under this subsection.

Effective Dates

(a) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 21, 1973.

(b) The amendments made by subsection (b) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after June 30, 1974.

(c) The amendments made by subsection (c) shall be effective with respect to payments under section 1903 of the Social Security Act for calendar quarters commencing after December 30, 1973.

STANDARDS FOR PAYMENTS UNDER MEDICAID TO SUBSTANDARD FACILITIES UNDER CERTAIN STATES DEEMED TO HAVE PLANS ESTABLISHED UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

Sec. 171. Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974, by an individual in or on behalf of an individual who is an inpatient of a hospital for reasonable costs of such services, and (B) all individuals in such hospital are eligible to receive such services under such section.

(d) The provisions of subsection (c) shall not be deemed to render improper any determination of payment under title XVIII of such Act for any service for which a State provided prior to the enactment of such Act.

(c) The Secretary of Health, Education, and Welfare shall submit to the Congress a report presenting the results of a study...
and the extent to which payment is approved under titles XVIII or XIX of the Social Security Act is amended by inserting in subsection (a) the following new clause:

"(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;"

(c) The last sentence of section 1861(p) of such Act is amended by inserting "and occupational therapy services" after "speech pathology services.

(d) The amendment made by the preceding provisions of this section shall be applicable in the case of services furnished on or after the first day of the first month which begins not less than thirty days after the date of enactment of this Act.

(b) Section 1835(a)(2) of such Act is amended—

(1) by striking out the period at the end of clause (D) and inserting in lieu thereof "and";

(2) by adding after clause (D) the following new clause:

"(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician;"

(c) The last sentence of section 1861(p) of such Act is amended by inserting "and occupational therapy services" after "speech pathology services.

(d) The amendment made by the preceding provisions of this section shall be applicable in the case of services furnished on or after the first day of the first month which begins not less than thirty days after the date of enactment of this Act.
ELIMINATION OF BENEFITS AT AGE 72 FOR UNINSURED INDIVIDUALS RECEIVING SUPPLEMENTAL SECURITY INCOME BENEFITS

(c) Section 228(d) of such Act is amended by inserting "and such individual is not an individual who—"

(1) received aid or assistance for December 1973 under a plan approved under title X, XIV, or XVI.

(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973.

(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable under title XVI of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month immediately before the period at the end thereof.

LIMITATIONS ON ELIGIBILITY DETERMINATIONS UNDER RESOURCES TESTS OF STATE PLANS

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In determining the resources of such individual or such individual and his spouse (as the case may be) who—

(1) received aid or assistance for December 1973 under a plan approved under title X, XIV, or XVI.

(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973.

(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable under title XVI of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month immediately before the period at the end thereof.

LIMITATIONS ON ELIGIBILITY DETERMINATIONS UNDER RESOURCES TESTS OF STATE PLANS FOR ADI TO THE BLIND

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

"(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

(1) received aid or assistance for December 1973 under a plan approved under title X or XIV.

(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1972.

(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1972.

(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which would have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1972, and (B) the amount which would be required to be disregarded under section 1613 without application of this subsection.

Correction of Erroneous Designations and Cross-References

(f) Section 226 of such Act is amended by—

(A) redesignating subsection (1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively, and

(C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 2991 of that Act) and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(c)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting after subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(g) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5)," and the term 'age 62' in sections and inserting "202(e)(5) in lieu thereof.

(h) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(6)," and inserting therein "202(e)(6) in lieu thereof.

(i) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out "and 202(e)(5)," and inserting therein "202(e)(5) in lieu thereof.

Initial Payments to Presumptively Disabled Individuals Unrecoverable Only If Individual Is Ineligible Because Not Disabled

(j) Section 1631(a)(4)(B) of such Act is amended by inserting "solely because such individual is determined not to be disabled" immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability of States for Optional Supplemental Security Benefit Payments

(k) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by—

(A) inserting "other than fiscal year 1974," immediately after "any fiscal year"; and

(B) inserting ", and the amount payable for fiscal year 1976 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures" immediately before the period at the end thereof.

Modification of Transitional Administrative Provisions

(l) Section 402(c)(1) of such Act is amended by inserting "excluding" immediately before "expenditures authorized under section 1119".

Modification of Transitional Administrative Provisions

(m) Section 402(c)(1) of such Act is amended by inserting "the third and fourth quarters of the fiscal year ending June 30, 1974, and immediately after "with respect to expenditures for; and"
is amended by striking out "(a) and (b)" and inserting "and (a) and (b)" in lieu thereof.

(3) Section 1906(b) of such Act is amended by striking out everything after "section 1110(a) (8)" and inserting a period in lieu thereof.

(4) The last sentence of section 1123(d) (1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis. (a) The last sentence of section 1123(d) (1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

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suant to such amendment after December 31, 1973, to include Puerto Rico, the Virgin Islands, and Guam.

(b) In section 1115, by—

(i) inserting in the matter preceding subsection (a) "VI," immediately after "title I,";

(ii) inserting in (subsection (a)) "802," immediately after "801," and

(iii) inserting in (subsection (b)) "803," immediately after "802," and

(c) in section 1116, by—

(i) inserting in (subsection (a)) "VI," immediately after "title I,";

(ii) inserting in (subsection (a)) "301," immediately after "401," and

(iv) in (subsection (d)) "VI," immediately after "title I.,"

The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(2-3) (1) The amendments made by subsection (a) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to administrative activities subject to the provisions of section 1814(a) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsection (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o), (p), and (q) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 202. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"AMENDMENT TO ACT OF APRIL 18, 1950"

"(c) Section 9 of the Act of April 18, 1950 (64 Stat. 47) is amended to read as follows:

"9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Act (62 Stat. 585), and an additional amount equal to the amount prescribed to be paid to such State under such section, equal to 80 percent of the total amount of contributions by employers and employees toward expenses incurred during the preceding quarter by the State, under the State plan approved under the Social Security Act, to defray the cost of services for veterans, child welfare services, services for medicaid."

Mr. NELSON. Mr. President, I ask unanimous consent that up until such time as I can make the request for those assistants of Senators to have the privilege of the floor, any Senator's assistant be permitted the privilege of the floor.

Mr. President, I ask unanimous consent that Mr. Jeff Peterson and Mr. John Scale be permitted to have the privilege of the floor during the debate on H.R. 3153.

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

Mr. NELSON. Mr. President, I ask unanimous consent that the bill as reported by the Committee on Finance in a very substantial bill making important changes affecting social security, supplemental security income, social services, and medicaid. I will have printed at the end of my statement a complete summary of the bill, but at this time I would like to mention some of the bill's main features.

Social security benefit increase

Four months ago, the Congress enacted a 5.9 percent social security benefit increase, effective next June, as a down payment on the first automatic cost-of-living increase scheduled for January 1975.

In H.R. 3153, the Committee on Finance is now recommending replacing this 5.9 percent increase by 11 percent social security benefit increase in two steps. The first of these increases, which I support, would be effective starting next June, and the full 11 percent increase would be effective in October 1975.

The bill also includes certain changes in the financing of the social security program which are necessary partly because of the changes the bill makes in benefits but also partly because the social security system is out of actuarial balance under existing law because prices have risen more rapidly than was anticipated. The overall social security employer-employee tax rate does not change during the next 7 years.

However, the distribution of funds between the cash benefits trust fund and the hospital insurance trust fund is changed during that period. The maximum amount of annual earnings on which taxes are paid would be increased in 1974 from $12,600 to $13,500.

Social security benefit increases have an impact on the non-service-connected pensions payable to veterans and their survivors, since these pensions are related to the amount of income the veteran earns. In the majority of cases, the net result of an increase in social security benefits and the decrease it causes in veterans' pensions is an overall increase in the veteran's total income. However, because the reduction in pension offsets some of the benefit increase otherwise payable and because there are a few instances in which veterans or their widows might suffer an actual loss, this problem is always a matter of concern when social security benefits are raised, and it was of critical concern to many House Members earlier this year when we passed a previous social security benefit increase.

The present law, this wage base would be increased from $12,600 to $13,500. As under present law, this wage base would be automatically increased in future years.

This is a matter about which the Senator from Indiana (Mr. BARKER) has also been repeatedly concerned. We are sure that he has the best interest of all people in mind when we are doing in this matter.

TAX CREDIT FOR LOW-INCOME FAMILIES WITH CHILDREN

The committee bill includes a tax credit for low-income families with children similar to the work bonus proposal.
social security taxes are much more of a burden than income taxes, if indeed the tax credit is somewhat in the nature of a refund of most of the social security taxes generated by a low-income worker's employment. For most workers with families in the income range we are talking about, social security taxes are much more of a burden than income taxes, if indeed the family's total combined income exceeds $4,000, then no family would be eligible for the credit once total income reached $5,600.

Supplemental Security Income

In January of next year, the present Social Security program of aid to the aged, blind, and disabled will be replaced by a new federalally administered supplemental security income program. Under this program the aged, blind, or disabled individual will be eligible for a minimum income of at least $130 per month, and eligible couples under the program will be assured $185 a month. Under legislation enacted about 4 months ago these amounts will be increased by a new federally administered supplemental security income program. In the past 5½ years, families with children have contributed about 4½ million additional recipients to the AFDC rolls. The committee believes that all children have the right to receive support from their fathers. Our bill will help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will not only be a lower welfare cost to the taxpayer but, more importantly, once an effective support collection system is established, welfare recipients and families will not be spared the effects of family breakup.

The bill does not change the overall $2.5 billion limitation of the amount of Federal funds which may be provided for AFDC and related services. For the current fiscal year, however, the amount of Federal funding would be limited to $1.9 billion—the amount included in the President's budget. Under the formula in the bill, each State would be allotted an amount based on four times their expenditures for foster care. This would assure that no cutbacks would have to be made in ongoing programs.

After this initial allocation, most of the remainder up to the $1.9 billion limit would be allocated on a population basis.
DEMONSTRATION AUTHORITY AND AID TO FAMILIES

Over the past several years, the need for improvements in the existing welfare system for families with children has been widely recognized, but an acceptable solution to this problem has proven elusive. Quite recently, a number of States have either implemented or indicated a desire to implement demonstration projects designed to try out some innovative proposals in this area.

In order to encourage such activity on the part of the States, the Committee on Finance included in its amendment to H.R. 3153 a provision which would broaden the demonstration authority in existing law so as to emphasize experimentation by the States in the crucial area of making employment more attractive to welfare recipients. States could have up to three demonstration projects, one of which could be State-wide. In order to carry out these projects, States could waive certain specific statutory requirements applicable to the AFDC program.

One project State could undertake, for example, would be to use welfare funds to pay part of the cost of public service employment. The State could then take this amount and add additional amounts in order to pay a wage substantially higher than the amount of the welfare payment. Thus, a State, for example, could have a program where welfare clients who desire to may engage in public service employment in hospitals, day care centers, or other nonprofit institutions so that they would be assured they would receive twice as much for doing useful work in the public interest as they would receive as welfare recipients. Other types of projects would also be authorized. For example, States could, within certain limits, experiment with the income disregard provision. Demonstration projects under the provision could not last more than 2 years. Such projects must end itself expires June 30, 1976. Participation in the projects by recipients would have to be voluntary. The Federal cost would be limited to the amount of Federal matching which would be payable if participants in the projects had simply remained on welfare.

OTHER PROVISIONS

Mr. President, the committee bill includes a number of other provisions that I have not mentioned. I ask unanimous consent to have printed in the Record a summary of the provisions of the committee bill.

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

H.R. 3153: SUMMARY OF THE COMMITTEE BILL

The House, as amended by the Senate, would make a number of minor, clerical, and conforming changes in the Social Security Act and correct errors and oversights in the Social Security Amendments of 1972. The committee amendment incorporates a number of substantive provisions affecting social security, including the Supplemental Security Income program, child services, child welfare services, child support, Aid to Families with Dependent Children, and Medicaid. The committee bill also establishes a new tax credit for low-income workers, with the tax credit to be indexed automatically as the cost of living rises. Under last year's law, the first cost of living increase would not have become effective until January 1974. In July of this year a provision was enacted increasing social security benefits by 5.9 percent, effective for June 1974; this increase would be an early partial payment of the larger cost-of-living increase already scheduled to become effective January 1975. The Committee bill would replace this 5.9 percent Increase effective June 1974 by an 11-percent cost-of-living increase in two steps. The first step would be a 7-percent increase effective with the month of enactment. This would be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level.

Automatic cost-of-living increases—Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, the benefit in the following quarter will be increased by the same percentage that the cost of living has risen, beginning the following quarter. The Committee amendment would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1973, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.)

Special minimum benefit—Legislation enacted in 1972 established a new special minimum social security benefit to provide a more adequate payment for those who retire at the minimum benefit level. Under last year's law, the first cost of living increase would rise automatically as the cost of living rises. Under present law, the first cost of living increase would not have become effective until January 1974. In July of this year a provision was enacted increasing social security benefits by 5.9 percent, effective for June 1974; this increase would be an early partial payment of the larger cost-of-living increase already scheduled to become effective January 1975. The Committee bill would replace this 5.9 percent Increase effective June 1974 by an 11-percent cost-of-living increase in two steps. The first step would be a 7-percent increase effective with the month of enactment. This would be followed by a second increase, starting with June 1974, to bring the benefits up to 11 percent above the present level.

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November 28, 1973

CONGRESSIONAL RECORD

S 21325

SOCIAL SECURITY TAX RATES

[In percent]

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<th>Cash benefits</th>
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<th>Total taxes</th>
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VETERANS. — Under a provision in the Committee bill veterans would be protected from any loss of pension benefits related to the 7 percent and 11 percent social security benefit increases.

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

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

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

Police in Louisiana. — The Committee bill would permit policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security coverage without requiring that other State employees lose their social security coverage.

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

TAX CREDIT FOR LOW-INCOME WORKERS

Under another provision of the Committee amendment low-income workers who have families would be eligible for a tax credit equal to a percentage of the social security taxes payable on account of their employment during the tax year (equivalent to 10 percent of their wages taxed under the social security program). The maximum tax credit would apply for families where the total income of the husband and wife is $4,000 or less for families where the husband's and wife's total income exceeds $4,000; thus, the tax credit would become ineligible for the credit once total income reaches $5,000 ($5,000 excess of $4,000 times 0.25 equals $1,000, or 25 percent of $4,000, which subtracted from $4,000 equals zero).

SUPPLEMENTAL SECURITY INCOME

Increases in SSI benefits. — The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least $200 ($195 for couples). Under a provision enacted in July of this year, these amounts would be increased effective July 1974 to $210 for an individual and $210 for a couple. The Committee bill would make these higher amounts of $410 and $210 effective from the start of the SSI program in January 1974. The Committee bill would authorize for a further increase, effective July 1974, to $416 for an individual and $219 for a couple.

Food stamp eligibility for SSI recipients. — Under present law many Supplemental Security Income (SSI) recipients will be eligible for food stamps; however, an aged, blind, or disabled individual with income exceeding $4,000, plus the bonus value of the food stamps he would be eligible to receive if the State's December 1973 SSI plan was still in effect. The participation of such an individual with income exceeding $4,000 in the food stamp program becomes effective upon the SSI program becoming effective, however, the Committee bill includes a transitional provision for those States that have already acted to raise benefits to take into account the loss of food stamp eligibility.

For a transitional period until July 1975, States which have plans "cash out" food stamps under the SSI program would be permitted to do so, with recipients in these States ineligible for food stamps.

Limitation on grandfather clause for disabled individuals. — In enacting the new SSI program the Congress intended the grandfather clause of the new SSI program to assure the aged, blind, and disabled persons on the rolls in December 1973 would continue to be considered to be disabled even if they did not meet the new definition of disability. The Committee amendment would limit this grandfather provision for disability to persons who had already been living or residing in a State on July 1, 1973 and who are on the rolls in December 1973.

SSI recipients living with AFDC families. — In June, the Congress enacted a grandfather clause to assure that current SSI recipients will have no reduction in total income when they enter the new SSI program. This provision of law enacted this year would not be effective in January. The Committee amendment would permit the entry of the grandfather clause in such a way that it assures the same level of total family income (rather than the individual's total income) in those cases in which the SSI recipient resides with an AFDC family.

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

Treatment of certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit. The committee bill would permit the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles.

The new Federal SSI program which next January will replace present programs of aid to the aged, blind and disabled does not provide for such waivers and funding and demonstration projects.

Combined checks for married couples. — In order to make it feasible for the Social Security Administration to issue joint checks to married SSI recipients, the Committee bill includes a provision which would permit such checks to be issued to couples only in the case of the death of the husband or wife.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating to social services under the Social Security Act. These regulations were to have become effective on July 1. However, the Congress delayed the effective date of the new regulations until January 1, 1974 to allow time for more thorough legislative consideration of the issues involved. The Committee bill increases effective January 1, 1974 in effect converting the present law as it affects social services to a $2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services rendered rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be required to provide other services not specifically included in this listing. In the fiscal year 1974, expenditures were to be held to $1.25 billion, or 12 percent of the President's budget. The Committee provision would be effective November 1, 1973.

CHILD WELFARE SERVICES

National adoption information exchange system. — The committee bill would authorize $1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. The amendment would authorize the Secretary of Health, Education, and Welfare to "provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist agencies in the identification of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further the adoption of children."
The program would add the additional funds to support preventive child welfare services with the aim of helping families stay together thus avoiding the need for foster care. The Committee bill builds upon last year’s record by including both the AEDC and child welfare services that States establish programs of protective services to aid in the prevention, identification, and removal of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

Some support.

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

Medicaid and Medicare amendments.

Medicaid eligibility.—The Committee bill contains several sections to make the recipients of Social Security or related benefits who are also Medicaid eligible. The Committee bill contains a provision which would make Federal matching available for Medicaid benefits for any new ESI recipients, although coverage would be optional on the part of the State.

The Committee bill would make Medicaid coverage mandatory for those persons who receive Social Security benefits. The Committee amendment would apply in accordance with the provisions of Public Law 93-83. The amendment also provides for the State to receive a Federal supplemental payment only, coverage would be optional, depending upon the State’s decision, but that a State must make eligibility determinations based upon current national classifications of recipients. Additionally, the provision places an upper limit of 50 percent (instead of 75 percent (the case of an individual)) which an institutionalized person can have and still be deemed in special need and, therefore, eligible for Medicaid coverage in a State without a medically-indigent program.

Health and Health Maintenance Organizations.—Another Committee amendment would apply certain quality and reimbursement standards to HMO’s participating in Medicaid. The quality standards applicable to HMO’s participating in Medicaid would be consistent with those applicable to ESI’s participating in the Medicare program with modifications designed to reasonably take into account the differences between Medicare and Medicaid.

Payments to substandard facilities.—The Committee bill requires a Federal supplemental payment which is made for care provided to institutionalized individuals if the care can be provided under the State’s Medicaid program. The amount of the supplemental payment is to be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals. Medicare services provided to an institutionalized individual would be considered to be care provided under the State’s Medicaid program if the institutionalized individual is a recipient of Social Security Disability Insurance.

Federal matching under Medicaid for car to Indians.—The Committee bill contains a provision which would provide Federal matching under Medicaid to 100 percent of the costs of health services provided to Indians who were eligible for services under the Indian Health Service and who were covered by a Federal Indian Reservation during the year before they received Medicaid services. The Committee bill includes a provision formally assigning policy and operating responsibility for the Medicaid program to the Social Security Administration.

Community work and training program.—Under present law, States have been prohibited from establishing community work and training programs even though the Work Incentive Program is not in effect throughout the State. The Committee bill reenacts the legislation as it existed prior to the Social Security Amendments of 1972 so that States wishing to have community work and training programs may do so.

Demonstration authority.—The Committee bill includes a provision which broadens the experimentation authority in existing law with respect to welfare programs so as to encourage experimentation by the States in the crucial area of making employment more attractive for welfare recipients. Examples of the types of projects which the Committee believes could be supported include those for public service employment under which the amount of the welfare payment would be reduced dollar for dollar because of any increase, the Committee amendment would provide that for other persons receiving a State benefit of at least part of the social security income. This provision would be effective on June 30, 1976.

Occupational therapy.—The Committee bill contains a provision which makes it clear that the President’s reference to personal services need not necessarily detail the amount, duration and scope of services required.

Federal employee health plans and Medicare.—A new Federal employee health plan and Medicare.—Section 210 of Part 92-603 requires appeal organizations. Appeals from the decisions made by local agencies and enrolling entities, the Secretary, as previously noted, could not rule out consideration of designating a State’s PPSO area or organization solely on the account of the number of doctors in a State. The additional provisions specify that the Secretary shall give preference to designating PPSO areas on a local (medical service area) basis and also give priority to designating qualified organizations in States having less than three PPSO’s. While priority would be given to local areas and entities, the Secretary, as provided for in Section 210, shall give priority to designating PPSO’s in States having less than three PPSO’s. The principal function of such councils is to appeal from the decisions made by local PPSO review organizations.

General emergency medical and welfare.—Section 310 of P.L. 93-565 requires the Civil Service Commission to assemble that by January 1, 1976 Federal employees and widows who are eligible for Federal employee health insurance program and Medicare be provided supplemental coverage or reduced premiums in recognition of the overlap between the two programs. To provide more timely to receive administrative disability benefits. Analysis in the implementation of Section 310, the Commission awarded an amendment postponing the effective date of the provision to January 1, 1976.

Federal reimbursement for major capital expenditures—Under Medicare.—Section 581 of P.L. 93-565, which details the approved means of reimbursement for the services rendered by States to recipients under Medicare, has an effective date of January 1, 1973. In view of the fact that appropriate regulations implementing the provisions have not been issued as yet, the Committee approved an amendment making
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section 561 of Public Law 92—503 effective following publication of the final regulations.

Study of optometrists' services.—The Committee approved an amendment calling for a study by the Secretary of Health, Education, and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospitals. While the study is being undertaken, certain provisions of Section 237 of P.L. 92—503, limiting medicare reimbursement to medical centers for the services of teaching physicians, would be suspended. However, the suspension would not apply to those hospitals which are reimbursed on a cost basis in accordance with Section 227.

Supervisory physicians.—The Committee approves amendments to the Secretary of Health, Education, and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospitals. While the study is under way, certain provisions of Section 237 of P.L. 92—503, limiting medicare reimbursement to medical centers for the services of teaching physicians, would be suspended. However, the suspension would not apply to those hospitals which are reimbursed on a cost basis in accordance with Section 227.

Section 227.

But important services continue to be excluded. For example, education is perhaps the single most effective means of rehabilitation. The HELP program at the University of Minnesota now serves 300 welfare mothers. These women, with success rates above their class average, go on to become productive tax-paying citizens. Yet education would be excluded from the social services program.

And the role of social services groups has been virtually eliminated.

The services program, as it has evolved over the years, has been a partnership of public and private agencies. Private groups provide such services for the mentally retarded and the aged, and a host of other activities, have contributed funds to the States to be used in the services program. In turn, States have contracted with many of these groups to provide services. Yet the HEW regulations destroy this partnership by prohibiting States from contracting for services with any agency which has contributed funds.

Mr. LONG. Most disappointing of all, the November regulations continue to ignore the goal of reducing and preventing welfare dependency. They limit services to past welfare recipients to 3 months, and they limit services to potential recipients to 12 months. And for most services, they impose an additional restrictive income test. In most States this would limit services to families below the maximum welfare support level, creating a tremendous disincentive to receive services. And in many cases, this approach will prohibit any assistance to elderly persons under 65 years old.

But these regulations are credible only from an administration that chooses to believe in granting more discretion to the States, that claims to be in favor of work, and in favor of reducing the welfare load. I cannot understand why, after the great bipartisanship expressed by the Congress, the Nation's Governors local officials, the administration has refused to modify this callous and counter-productive approach.

And I cannot accept Secretary Weinberger's conclusion to proceed as the regulations into effect November 1, in the face of the Finance Committee's unanimous request for delay while the pending legislation moves through the Congress.

Do we want to deny day care services to low-income mothers who find work? And what sense does it make to offer an alcoholic help only after he loses his job? The lines are clearly drawn. In a Finance Committee hearing last May, Chairman Lister expressed the concerns of the Congress:

"These hearings, the committee will want to be sure that the regulations are not penny-wise and pound foolish. We don't want to cut off low-income working persons from the day care, family planning or other services they need to stay on the job."

On October 3 of this year I introduced legislation in the Senate with Senators Baker, Miller, and Packwood, and 38 sponsors. Companion legislation was introduced in the House by Representative Pallas and 48 House sponsors. That legislation received the support of the National Governors Conference and a broad range of concerned organiza-
would have preferred to see the Secretary of HEW vested with authority to disapprove funding for activities not consistent with the goals of the services program. But, in view of the incredible resistance which this administration has shown to the legitimate concerns of the Congress, State, and local government, and concerned groups and individuals, I will not challenge the committee’s determination that ultimate authority should rest with the States, under requirements to report, rather than with the Secretary.

The committee reported bill does contain a number of changes that we think we want to achieve through S. 2528. It contains our statement of the purposes and goals of the services program.

The first, self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency.

Second, family care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and, to prevent neglect, abuse, or exploitation of children.

Third, community-based care goal: To secure and maintain community-based care which approximates a home environment, when living at home is feasible and institutional care is inappropriate.

Fourth, institutional care goal: To secure appropriate institutional care when other forms of care are not feasible. And it contains a list of 26 services which do meet these purposes and goals, to prevent any confusion on the part of the State government and the Department of HEW, that key services are included.

I ask unanimous consent that this list of services may appear at this point in the Record.

There being no objection, the list of services was ordered to be printed in the Record, as follows:

(A) child care services for children, to meet the needs of a child for personal care, protection, or treatment, but only to the extent of a child where the provision of such service is needed (I) in order to enable a member of such child’s family to accept or continue in employment; to participate in education or training to prepare such member for employment; or (II) because of the death, continued absence from the home, incapacity or inability of the child’s mother, or the inability of any member of such child’s family to provide adequate care and supervision for such child;

(B) child care services for children with special needs, including services provided when approved because of the special needs of the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

(C) services for children in foster care including services provided to a child who is under or awaiting foster care and including services not furnished under the State’s title XXIX plan, provided to or on behalf of a child who is or has within ninety days been referred for placement in a foster family home or child care institution (as those forms are defined in the last paragraph of section 409) or who is awaiting placement in such a home or institution, provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained; and;

(D) protective services for children, including multidisciplinary (medical, legal, social, and educational) services, for the full range of purposes: identification, investigation, and response to incidents or evidence of neglect, abuse, or exploitation of a child; helping the family maintain the child, the family, and the child’s home; and assisting the child, the family, and the home to remain in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption, and services for children in institutions, adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

(E) family planning services (including social, educational, and medical services for any female of child bearing age and any other appropriate family planning service) Provided: That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual, and not a condition, prerequisite or impediment to eligibility for any other service;

(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual, or unable to protect or care for himself;

(G) services for adults in foster care not available under title XXIX or under any state plan under Title XXII, Title XXIII, Title XXIV, or otherwise, for adults in twenty-four-hour foster home or group care in other than medi- cal, hospice, institutional or placement care, when special need for such care, finding of foster homes and institutional resources, making arrangements for placement, supervision, and periodic review of placement, or other services for the adult individuals and their families, and services to assist adults in leaving foster care and fostering independence;

(H) homemaker services for individuals in their own homes, including helping individuals to maintain or achieve independence through planning, strengthening, and safeguarding their functioning in the home, through the services of a trained and supervised home- maker;

(I) chore services including the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialists;

(J) home delivery or congregate meals and the services to establish and maintain a safe and sanitary living environment for an individual in his home or in a congregate residential facility, to assist the individual to remain in his home, and to assure sound nutrition;

(K) day care services for adults, including meal preparation and serving, companionship, educational and recreational activities, and individualized fitness and rehabilitation services for less than a twenty-four-hour period in a group or family setting;

(L) case management services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and personal care health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

(M) home management and other functional educational services, including formal or informal instruction in homemaking, management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing and child health;

(N) Housing improvement services, including helping individuals to obtain and retain adequate housing and minor repair, necessary for optimum health and recovery;

(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems that include services to establish, maintain, and protect legal rights of children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program; and vocational rehabilitation services as defined in the Vocational Rehabilitation Act when provided pursuant to an agreement with the State agency administering the Vocational Rehabilitation program;

(P) transportation services necessary to transport individuals to medical, educational, and other facilities or resources for receipt of services;

(Q) educational and training services for adults, especially those services that enable children to obtain education and training to their fullest capacities, where there are needs not met by the work incentive program;

(R) information, referral, followup and determination of eligibility and the need for services, without regard to individual eligibility criteria;

(S) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a disability and providing the social, personal, or economic habilitation of an individual of subaverage intellectual functioning who is associated with imperfections of mind, behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, transportation to and from employment, counseling of the retarded individual and his family, protective and other social and sociological services, and special services associated with limitations of an individual's behavior due to mental retardation; and

(T) special services for the blind to alleviate the handicapping effects of blindness through training facilities and services for education, home management, and communication
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Mr. MONDADLE, Mr. President, I should not be necessary to reduce spending for this fiscal year by $900 million beneath the $3.5 billion level which Congress and the President promised last fall. But the need to reverse the administration’s regulations is critical, and the $1.9 billion ceiling should remove the slightest excuse for Presidential veto.

One major difference remains. Unlike the current bill which provided 10 years for the committee amendment fails to provide standards for federally funded day care.

I have spent a tremendous amount of time in the last several years working in the area of day care and child development, as chairman of the Subcommittee on Children and Youth and as chief sponsor of the comprehensive child development and family services legislation which has passed the Senate in each of the last 2 years.

During this time I have had a chance to talk with early childhood day care administrators, and a wide variety of people interested in and involved in this field. I have visited a wide variety of preschool programs including part-day Headstart programs and full-day day care programs. This work has convinced me of the positive contribution that quality day care— with parental participation, adequate staffing, and a concern for the health and education of the children involved— can make to children and their families. It has also convinced me that the children can suffer severe and sometimes permanent damage if the day care they participate in is understaffed and otherwise inadequate.

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The single best protection we have against bad day care is the existence and enforcement of decent standards. It is absolutely essential that we assure that Federal funds are not used to encourage or support programs that harm children.

Therefore, I am today introducing an amendment, on behalf of myself, Senator Buckley, Senator Javits, Senator Ribicoff, Senator Cranston, Senator Cook, Senator Hollings, Senator Stafford, and Senator Packwood to require that standards under which these programs have operated for the past 5 years.

Under this amendment, in-home care would continue to be subject to State standards setting organizations. And day-care centers would continue to be required to receive State licensing, or to meet the standards for such licensing as established by the Federal Interagency Day Care Requirements of 1968.

The Congress must continue, as it has in the past, to insist that federally supported day care programs provide adequate protection for the children and families involved.

Mr. President, the social services provisions of the pending legislation—which have faced such persistent and vigorous opposition from this Administration—would not have been possible without the hard work and continuing commitment of the Nation's Governors and local officials, and of a broad coalition of public service organizations.

I would like to express my special appreciation for the leadership shown by Gov. Dan Evans of Washington, chairman of the National Governors Conference; Gov. Dave Jenkins of Utah; and Governor Jim Carter of Georgia, for their work in organizing the Governors' contribution. And I wish also to express my thanks to Allen Jensen of the staff of the Governors Conference for all of his help.

Mr. President, I ask unanimous consent to have printed in the Record the following:

**Proposed Additions to S. 2528, The Social Services Amendments of 1973**


National Association of Counties, National Association of Social Workers, United Auto Workers, United Methodist Church and United Methodist Church Women's Division, Washington Justice Council, American Parents Committee and the Legislature of the State of Michigan.

Mr. RIBICOFF. Mr. President, I call up my amendment No. 542 as modified and ask that it be stated.

The PRESIDING OFFICER. The amendment is understood.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The amendment, as agreed to, is ordered printed in the Record.

Mr. SCHWEIKER. Mr. President, I urge that the bill be its substitute, H.R. 3153, the Social Security Amendments of 1973 which would provide an 11-percent increase in social security benefits, and make improvements in supplemental security income payments to the aged, blind, and disabled.

The 5.9 percent social security increase originally scheduled for July 1974, would have been too little, too late. That is why I support H.R. 3153 to raise the increase to 11 percent. This increase would occur in two steps. The first step would be a 7-percent benefit increase effective the month of enactment. This would be followed by a second increase, starting June 1976, to bring the increases up to 11 percent above the present level. It is imperative that the Senate act soon to protect our senior citizens from the ravages of inflation.

No group of Americans has been hit harder by skyrocketing consumer prices than our senior citizens. Forced to live on fixed incomes, they do not have the benefit of timely automatic cost-of-living increases to help stem the tide. The 11-percent increase would be the very least we can do to reflect the real economic hardships imposed upon older Americans.

While on the subject of automatic cost-of-living adjustments, I believe the Senate must soon turn its attention to making this mechanism more responsive to the needs of social security recipients. Rather than continuing the stopgap measures that were put into law for the first time this session, we should accelerate the automatic cost-of-living procedure so that it helps our senior citizens keep even with or ahead of inflation.

I am sure the Senate will consider today whether or not the increased cost of living benefits from $166 to $186 for retired workers; from $276 to $310 for aged couples; and from $157 to $177 for elderly widows.

Although the Social Security Administration's own actuarial tables show a surplus in the trust fund sufficient to cover the proposed increase, the increase in the tax base proposed by the Finance Committee is certainly a fiscally responsible action. It would not affect nearly 85 percent of the Nation's covered employees whose income is already under the present taxable wage base.

President, I must note at this time that I was disappointed when the content of S. 2528 was struck from H.R. 3153 by the Senate Finance Committee. For quite some time, I have been actively concerned with the reduction or elimination of the need for social service programs, particularly those designed to serve our senior citizens. For this reason, I supported S. 2528 which would have required the Secretary of Health, Education, and Welfare to give the States maximum freedom to determine eligibility for services and the way in which the programs would be operated. I was pleased when S. 2528 was initially incorporated as an amendment to H.R. 3153 by the committee. This legislation included specific language to provide for a determination of eligibility determinations to other agencies in the case of purchased services.

Services for the blind and aged were defined in the bill as specifically allowable in the case of matching funds for social services. The bill currently before the Senate is similar and generally consistent with the provisions of S. 2528. Although I would have preferred the language contained in S. 2528, I, nevertheless, support the pending bill.

The text of the amendment is as follows:

Sec. 193. (a) Section 226(c)(1) of the Social Security Act is amended by striking out "post-hospital home services" and inserting in lieu thereof "post-hospital home health services and eligible drugs".

(b) Section 111 of such Act is amended by inserting "eligible drugs" after "other services" and eliminating "under paragraph (7)

(c) Section 151(a) of such Act is amended in paragraph (2) by striking out "and" and inserting in lieu thereof "and".

(4) "eligible drugs".

(d) Section 1813(a) of such Act is amended by adding at the end thereof the following new paragraph:

(4) "The reasonable allowance, as defined in section 183, for eligible drugs furnished an individual pursuant to any one prescription (or each renewal thereof) and purchased by such individual at any one time shall be reduced by an amount equal to the applicable prescription copayment obligation which shall be $1."

(e) Section 1814(a) of the Social Security Act is amended by inserting after paragraph (3) the following new paragraph:

(8) "(b) with respect to drugs or biologics furnished pursuant to and requiring (except for insulin) a physician's prescription, such
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DRUGS OR BIOLOGICALS ARE ELIGIBLE DRUGS AS DEFINED IN SECTION 1801(I) AND THE PARTICIPATING PHARMACY (AS DEFINED IN SECTION 1801(DD)) HAS SUCH DESCRIPTION IN ITS POSSESSION, OR SOME OTHER RECORDB (IN THE CASE OF INSULIN) THAT IS SATISFACTORY TO THE SECRETARY.

(3) SECTION 1816 OF SUCH ACT IS AMENDED—
(A) BY INSERTING "(1)" AFTER "(b)",
(B) BY REDESIGNATING PARAGRAPHS (1) AND (2) AS SUBPARAGRAPHS (A) AND (B) RESPECTIVELY,
(C) BY REDESIGNATING IN SUBPARAGRAPH (A), AS REDESIGNED, CLAUSES (A) AND (B) AS CLAUSES (C) AND (D) RESPECTIVELY,
(D) BY INSERTING "(THERAPY"—IMMEDIATELY AFTER "PROVIDER OF SERVICES"
AND
(E) BY ADDING AT THE END THEREOF THE FOLLOWING NEW SUBPARAGRAPH:

"LIMITATION OF PAYMENT FOR ELIGIBLE DRUGS"

((1)) PAYMENT MAY BE MADE UNDER THIS PART FOR ELIGIBLE DRUGS ONLY WHEN SUCH DRUGS ARE DISPENSED BY A PARTICIPATING PHARMACY, EXCEPT THAT SUCH PAYMENT MAY BE MADE FOR ELIGIBLE DRUGS DISPENSED BY A PHYSICIAN WHERE THE SECRETARY DETERMINES, IN ACCORDANCE WITH REGULATIONS, THAT SUCH ELIGIBLE DRUGS WERE REQUIRED IN AN EMERGENCY OR THAT THERE WAS NO PARTICIPATING PHARMACY AVAILABLE IN THE COMMUNITY, IN WHICH CASE THE PHYSICIAN (AS DEFINED IN SECTION 1861 (DD)) WILL BEрегarded AS A PARTICIPATING PHARMACY FOR PURPOSES OF THIS PART WITH RESPECT TO THE DISPENSING OF SUCH ELIGIBLE DRUGS.

((2)) PART A OF TITLE XVII OF SUCH ACT IS FURTHER AMENDED BY ADDING AFTER SECTION 1810 THE FOLLOWING NEW SECTION:

"MEDICARE FORMULARY"


THE CHAIRMAN OF THE COMMITTEE SHALL BE ELECTED ANNUALLY FROM THE APPOINTED MEMBERS THEREOF BY MAJORITY VOTE OF THE MEMBERS OF THE COMMITTEE.

(2) EACH APPOINTED MEMBER OF THE COMMITTEE SHALL HOLD OFFICE FOR A TERM OF FIVE YEARS, EXCEPT THAT ANY MEMBER APPOINTED TO FILL A VACANCY OCCURRING PRIOR TO THE EXPIRATION OF THE TERM FOR WHICH HIS PREDECESSOR WAS APPOINTED SHALL BE APPOINTED FOR THE REMAINDER OF SUCH TERM. THE TERMS OF OFFICE OF THE MEMBERS FIRST TAKING OFFICE SHALL EXPIRE, AS DESIGNATED BY THE SECRETARY AT SUCH TIME OR TIMES AS THE SECRETARY SHALL DESIGNATE, ONE AT THE END OF EACH OF THE FIRST FIVE YEARS OF THE COMMITTEE, AND THEREAFTER SUCH MEMBERS SHALL NOT BE ELIGIBLE TO SERVE CONTINUOUSLY FOR MORE THAN TWO TERMS.

(b) THE PROPRIETARY NAMES UNDER WHICH PRODUCTS OF A DRUG ENTITY LISTED IN THE FORMULARY ARE IDENTIFIED (AND DOSAGE FORM AND STRENGTHS) ARE DEFINED IN SECTION 1861 (DD).
in subsection (b) of this section) means the following:

(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of—

(A) an amount equal to the customary charge at which the participating pharmacy sells such entity, in any given dosage form and strength, to the general public, or

(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (a) of this section.

(2) When used with respect to insulin such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

(b) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by the participating pharmacy as a drug entity generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity in any given dosage form and strength is available and sold by more than one supplier, only such of the lower prices at which the products of such drug entity are generally sold and such lower prices shall consist of only those prices of different suppliers sufficient to assure actual and adequate availability in any given dosage form and strength, at such prices in a region.

(3) If a particular drug entity (in a given dosage form and strength) in the opinion of the Secretary is not available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

(c) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital, or a health agency, pharmacy, or similar dispensing enterprise) which has agreed to serve as a pharmacy for purposes of the provisions of this section of such Act and shall prepare and submit a statement of its professional fee or other dispensing charges.

(5) A participating pharmacy shall agree to certify that, whenever such pharmacy is required to submit its usual professional fee or dispensing charge for a prescription, such charge shall be equal to the charge made for the drug entity or biological which such pharmacy is required to furnish.

Section 1861 (t) of such Act is amended—

(1) by inserting "or as are approved by the Formulary Committee" and after "for use in such hospital";

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

(1) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital, or a health agency, pharmacy, or similar dispensing enterprise) which has agreed to serve as a pharmacy for purposes of the provisions of this section of such Act and shall prepare and submit a statement of its professional fee or other dispensing charges.

(3) by adding the following new subsection:

(1) Section 1861 (u) of such Act is further amended by striking out "or home health agency" and inserting in lieu thereof "home health agency and long-term care facility." (2) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection:

"Participating Pharmacy

(1) The term 'participating pharmacy' means a pharmacy, or other establishment (including the outpatient department of a hospital, or a health agency, pharmacy, or similar dispensing enterprise) which has agreed to serve as a pharmacy for purposes of the provisions of this section of such Act and shall prepare and submit a statement of its professional fee or other dispensing charges.

(2) The second sentence of section 1866 (a) of such Act is amended by striking "and" (ii) and inserting in lieu thereof "or."
Mr. President, this is a very urgently needed amendment. I ask unanimous consent that a list of the distinguished Senators whose names are attached to the amendment be included as cosponsors of the amendment.

There being no objection, the list was ordered to be printed in the Record, as follows:

Cosponsors of amendment 549 to H.R. 3153, to provide medicare coverage for prescription drugs purchased outside the hospital.

Mr. Ribicoff. Mr. President, I ask unanimous consent that the distinguished senior Senator from New Mexico (Mr. Montoya) be printed in the Record at the conclusion of my remarks.

THE PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 1.)

EXHIBIT I

ENHANCEMENT BY SENATOR MONToya

In past years I have introduced proposed legislation to afford some degree of protection to elderly Americans confronted with the need to purchase costly prescription drugs. At the very least, these drugs become a burden to families, already stretched budgets of the elderly. For some, the cost of medication is a financial catastrophe that has far-reaching effects both on the elderly person and on the rest of the family.

I have proposed an amendment that would provide assistance for elderly persons confronted with the cost of prescription drugs.

We must provide those older Americans with the necessary assistance they need. All 100 of the newest members of the Senate agreed last year on the necessity for this legislation. I trust we can agree today.

We must not be careless with the finances of the United States, but we must place this proposal for the elderly high on the national list of priorities. The Senate has already spent $122 billion on energy. Moreover, the measure will eventually become law and its immediate enactment will light the burden the elderly must face every month.

Mr. Ribicoff. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered. Mr. Long. Mr. President, will the Senate yield?

Mr. Ribicoff. I yield.

Mr. Long. We will come back to request the yeas and nays in a few minutes.

Mr. President, I ask unanimous consent that the following staff members be permitted the privilege of the floor during the consideration of this measure. They are in addition to the names I have already requested:

Mike Showmaker, Pam Duffy, John Scales, John Caveto, Jon Steinberg, Owen Gurney, Julie Gurney, Mike Mahoney, and Mr. Callaway of Senator McClellan's staff, Gene MITTELMAN, charles Warren, Jay Cutler, Tyler Craig, and Bill Wohlford.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. Mondale. Mr. President, I ask unanimous consent that Sidney Johnson of the Labor and Public Welfare Committee staff and Bert Carp of my staff be granted floor privileges during the consideration of H.R. 3153.

The PRESIDING OFFICER. Without objection, the request is granted.

Mr. Long. Mr. President, does the Senator from Connecticut desire the yeas and nays on this amendment?

Mr. Ribicoff. Yes, Mr. President. I ask that the yeas and nays be ordered.

The yeas and nays were ordered.

Mr. Long. Mr. President, I ask unanimous consent that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there objection?

Mr. Robert C. Byrd. Mr. President, what is the request?

The PRESIDING OFFICER. The Senator from Louisiana has asked unanimous consent that the yeas and nays be ordered.

Mr. Robert C. Byrd. Mr. President, I hope that the Senator from Louisiana will forgive me, but I shall have to object to that request. However, I shall be happy to assist in obtaining the yeas and nays, so I shall suggest the absence of a quorum.

Mr. Long. Mr. President, permit me to say that while we are spending time trying to get a sufficient number of Senators, it does seem to me—

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

Mr. Long. Mr. President, will the Senator from West Virginia withhold his request to permit me to make a brief statement?

Mr. Robert C. Byrd. Mr. President, I withhold my request. I yield to the Senator from Louisiana.

Mr. Long. Mr. President, by way of trying to save time, the greatest waste of all this body, and the greatest waste of energy, involves scurrying around from pillar to post, trying to drag 70 or 80 Senators into the Chamber, while we try to get the yeas and nays. Every Senator knows that all that is necessary is to ring one long bell, and Senators will come to the Chamber. But if there is merely a quorum call, Senators are going to ask, "What is the quorum call for?" They will ask, "Isn't anyone there?" They do not know whether they are trying to get more Senators to the Chamber or are looking for a speaker. They want to know just what is in a Senator's mind.

This matter of hauling 10 or 15 people into the Chamber only to go back from whence they came against my better judgment and a matter about which I have protested. I am aware of the rules of this body, and I am aware of the fact that Senator from Utah (Mr. Moss), and the Senator from West Virginia (Mr. Mondale), and the Senator from Illinois (Mr. Stevenson) are necessarily absent.

I also announce that the Senator from...
Missouri (Mr. Strommer) is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico (Mr.McCoy) and the Senator from Illinois (Mr. Thompson) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Blount) and the Senator from Florida (Mr. Glass) are necessarily absent.

The Senator from Vermont (Mr. Farnum) and the Senator from Idaho (Mr. McCURR) are absent on official business.

Mr. President, when the roll was called, the Senators from Arkansas (Mr. Johnston) and the Senator from South Carolina (Mr. Thurmond) were present and voted "yea."

The result was announced—yeas 77, nays 11, as follows:

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Mr. President, I ask unanimous consent that the clerk read the amendments, as follows:

Amendment of the Social Security Act

The Senate continued with the consideration of the bill (S. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. MONDALE obtained the floor.

Mr. President, I ask unanimous consent that the clerk read the amendments, as follows:

At the end of title I of the bill, insert the following new part:

Amendments relating to national end child health services

SEC. 105. To promote the general welfare, it is hereby declared that it is necessary to provide for the health and well-being of the people of the United States and to promote the development of public health services.

The legislative clerk read the amendment, as follows:

As at the end of title I of the bill, insert the following new part:

Part II—Amendments relating to maternal and child health services

Sec. 106. Subsection (b) of the Social Security Act is amended—

(a) by inserting "(a)" immediately after "Sec. 811.; and

(b) (1) From the amounts available under paragraph (2), the Secretary is authorized to make grants to public or nonprofit private agencies to carry on a program to provide for the health and well-being of the people of the United States and to promote the development of public health services.

The FREDERIC OFFFICER (Mr. Williams). The Chair is informed by the Senator from Nebraska (Mr. Thompson) that the President pro tempore is not permitted to enter into such an agreement because the Senate is not in session.

Mr. President, I ask unanimous consent that the clerk read the amendments, as follows:

At the end of title I of the bill, insert the following new part:

Part III—Amendments relating to national and child health services

Sec. 107. Subsection (b) of the Social Security Act is amended—

(a) by inserting "(a)" immediately after "Sec. 811.; and

(b) (1) From the amounts available under paragraph (2), the Secretary is authorized to make grants to public or nonprofit private agencies to carry on a program to provide for the health and well-being of the people of the United States and to promote the development of public health services.
Prevalence of chronic conditions among children in the United States of America (15.6% of population)

<table>
<thead>
<tr>
<th>Condition</th>
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<tr>
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<tr>
<td>Hay fever, asthma and other</td>
<td>6,518,000</td>
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<td>Other respiratory conditions</td>
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<tr>
<td>Orthopaedic and paralytic</td>
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<tr>
<td>Hearing problems</td>
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*Application withdrawn.

**A PEDIATRIC RESPIRATORY CENTER**

A. What it is

A comprehensive and coordinated diagnostic, treatment, training, and clinical and basic research center for children and young adults with Chronic Respiratory Disease (CRD).

B. Why

The prevalence, mortality and morbidity statistics emphasize the importance of acute and chronic respiratory illnesses and the development of centers and comprehensive management of children with acute and chronic respiratory diseases. Such a center will represent an optimal program unit.

C. Objectives

The primary objective of such a center is to bring together in a teaching center personnel with special skills for a coordinated approach to the diagnosis and treatment of children with acute and chronic respiratory diseases. Such a center will represent an optimal program unit.

Prevalence of chronic conditions among children in the United States of America (15.6% of population)
some low quality day care is downright harmful.

Mr. President, there have been a great many studies of the conditions and standards in day care centers in this country. Some are excellent. Some are nothing short of tragedy.

Recently there was a study based on the finding of the National Council of Jewish Women, under the leadership of a remarkable American, Mary Kayserring, entitled "Windows in Day Care." I wish that all of my colleagues had the time to read the report. It details example after example in which children are placed in homes that are unsanitary or in unsafe day care centers with unskilled staffs, overcrowded conditions, and all the rest so as to damage physically and mentally the children who stay there.

A typical first-hand observation goes as follows:

This center is housed in a shack of poor quality, was over-crowded, filthy and dangerous to the children. Two of us arrived at nap time and one tiny room was filled with children who were right up against each other. Children in attendance that day. I have no idea where they would find a place to nap the extra eight children. One cot was right up against the bathroom. 

The kitchen was tiny with dishes stacked up on top of one another. The bathroom had the tile off the wall and the black tar was exposed. It has only one sink, one toilet, and a bathtub.

Mr. President, I ask unanimous consent that the distinguished Senator from Kentucky (Mr. Cook) be added as a cosponsor of the pending amendment.

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

Mr. MCNAIR. Mr. President, a survey made by a reporter from the Washington Post revealed that at one time many day care centers in the Nation's Capital which were overcrowded, unsanitary, and had no facilities for the proper care of the children during the day. There were boring and listless programs. There were surroundings in which no American would want his children to be found.

The single best protection we have against substandard day care is the existence and enforcement of decent standards. It is absolutely essential that we assure that Federal funds are not used to harm children.

Mr. President, it is the purpose of our amendment to provide that kind of protection and to provide it in a way that is consistent with the practices of the past. The standards contained in our amendment have been in existence since 1968. They have applied on all federally assisted day care programs for the last 5 years. And they were contained in the regulations covering day care under the social services program until HEW began issuing revised regulations this past spring.

These standards provide a minimal level of protection by requiring parental involvement, setting health and sanitation standards and defining minimum levels for adult-child ratios in day care centers or family day care homes.

Mr. President unless we adopt this amendment I fear we will be inviting or endorsing the watering down of the reasonable standards with which we are all familiar. Without this amendment the bill is silent on the question of whether Federal interagency day care requirements would still apply to day care programs existing under this measure. And without that clarification it is clear from HEW's most recent regulations that this basic safeguard will not be retained. Indeed, HEW's November 1 regulations drop all reference to the interagency day care standards and state simply that services "must comply with such standards as may be prescribed by the Secretary."

That kind of regulation is utterly meaningless. It provides no guarantee that standards ever will be prescribed.

And in the event that standards are prescribed they provide no assurance that they will include the minimal protections that now exist.

Mr. President, the Senate is familiar with this issue. These standards were part of S. 2538, the social services amendment. It was another one with 35 cosponsors and with the support of the National Governor's Conference. They have been included in the child development and family service legislation adopted by the Senate by the number of 2 in each of the past 3 years. They were added as an amendment to the so-called welfare reform bill, when that was considered in the Senate last fall.

I urge my colleagues to continue as they have in the past insisting that federally supported day care programs provide adequate protections for the children and families involved. I urge them to join as cosponsors in this amendment and support it when it comes to the Floor. A wide variety of organizations concerned about children and families— including the American Academy of Pediatrics, the Child Welfare League of America, the National Parent Teachers Association, the AFL-CIO, the American Association of University Women, the National Council of Jewish Women, the National Association for the Education of Young Children, the Black Child Development Institute, the National Child Day Care Association, the Citizens Committee for Children of New York, the National Council of Churches, the National Association of Social Work, and many others— the Project Action Council are supporting this amendment.

For the benefit of my colleagues and the public, I ask unanimous consent that their letters and telegrams be printed at this point in my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

CHILD WELFARE LEAGUE OF AMERICA, INC.


Hon. Walter F. Mondale,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: We understand that the Senate Finance Committee has completed its work on the so-called Social Services Bill.

According to our information, the language omits references to specific standards for in-home care and the 1968 Federal Interagency Day Care Requirements for out-of-home care.

We believe that this language should be restored and we support those who wish to do this when the bill comes to the Senate for final action. We support your leadership in the past on this issue and hope that we can count on your playing a similar role again.

For the League, specific standards language is absolutely essential. "Some kids," that is any care which is not protective of children, is not better than no care. If we cannot provide care for these children that is safe, and allows them to grow and develop soundly, then these children should not be in day care but that covers a majority of the programs for young children.

Sincerely,

Jack Bredel,
Legislative Director.

NAEYC


Hon. Walter F. Mondale,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: The National Association for the Education of Young Children
recognizes that within programs for young children it is necessary to provide an environment which will enable maximum development and growth of children.

We, therefore, urge that provisions for child care services under the Social Security Act be amended to include a standard for quality care that are at least equal to the 1968 Federal Interagency Day Care Standards, including those concerning child-career ratios, staffing patterns, and parent involvement.

Sincerely, Marilyn M. Smith, Executive Director.


Hon. Walter Mondale, U.S. Senate, Washington, D.C.

Dear Senator Mondale: We commend you for your continued vigorous efforts to expand developmental child care programs and to assure that any such programs receiving federal funds meet established standards for quality. We understand that you will be offering an amendment to the social services provisions of H.R. 3183, Interagency Day Care Requirements, which would permit the floor of the Senate, to make clear that child care programs funded under Title IV-A of the Social Security Act must meet the Federal Interagency Day Care Requirements of 1968.

At a time when the pressure for publicly supported child care programs is increasing, it is critical that Congress insist on program quality to protect the children and families in need of such services. The answer to the question of how child care can be of higher quality so as to make limited funds go further, but rather to increase the availability of funds so that more children and families have access to developmental programs.

The 1968 Requirements are by no means extravagant. They were designed to assure minimum standards of care while providing maximum flexibility within programs. While changing circumstances may require some adjustment in those Requirements to assure such a program quality, Congress cannot allow the pressures for cheaper custodial care to result in changes which reduce standards. This is particularly true of child care ratios and parent participation — the factors which provide the best guarantee of program quality.

Again, we commend your leadership in this area and fully support your efforts on the floor of the Senate.

Sincerely, Marilyn Wright Edelman, Judith A. Assums.

[Telegram]


Senator Walter F. Mondale, Capitol Hill, D.C.

The American Association of University Women, representing more than 750,000 members, urges your support for day care programs as a fundamental and new social service legislation, which comply with the 1968 Federal Interagency day care standards.

Sincerely, G. E. Deborah P. Wolfe, National Legislative Program Chairman.

[Telegram]


Senator Walter F. Mondale, U.S. Senate, Washington, D.C.

Dear Senator Mondale: We are distressed to learn that the proposed compromise bill relating to social service regulations contains no reference to the essentiality of Federal Day Care standards. We urge that the bill be amended to call for the retention of standards comparable to the 1968 Federal Interagency Day Care Requirements.

Sincerely, Mary Dunkey Keyesling, President, National Child Day Care Association.

[Telegram]

Senator Walter F. Mondale, Capitol Hill, D.C.

The Early Childhood Education Council of Nassau County, with a membership of 600 supports the reestablishment of the 1968 Federal day care standards. We urge the inclusion of the standards in the compromise social service bill. Thank you for your support of the young child.

Margaret O'Connor, Legislative Chairman.


Senator Walter Mondale, Old Senate Office Building, Washington, D.C.

Dear Senator Mondale: It is a pleasure to respond to your request for us to examine and analyze the provisions in H.R. 3183, "The Social Security Act," from a Black perspective.

We have found that the social service amendments attached to H.R. 3183, would assist the Black communities. We serve in providing quality child development services.

We feel that the most important provisions of S-2528, "The Social Service Amendment of 1975," are the Federal Standards for Day Care, the appreciable changes in the eligibility of past and potential recipients, the increased standards in the program to states to determine eligibility and the manner in which those services are to be rendered, the general increase in services rendered to non-welfare recipients from 10% of the state AFDC monies to 26%.

S-2528 is more desirable than the general revenue sharing formula which has proven its ineffectiveness in the local communities.

Therefore, we feel that the most appropriate and beneficial method for authorizing funding for services to your constituents within the 50 states can be found in S-2528, not a revenue sharing approach.

Moreover, we are alarmedly opposed to any effort to omit Federal Standards for Day Care Services as currently being debated in the Senate Finance Committee.

We ask you to join Senator Mondale and his colleagues to prevent the exemption of Day Care Standards from the provisions of H.R. 3183.

Sincerely, Evelyn K. Moore, Executive Director.


Hon. Walter F. Mondale, U.S. Senate, Washington, D.C.

Dear Senator Mondale: The AFL-CIO strongly supports the Mondale-Buckley Amendment to H.R. 3183 providing adequate federal day care standards necessary to assure the safety and proper development of the children of working parents. Unfortunately, HEW has given no indication that it will establish adequate standards. Passage of the Mondale-Buckley Amendment is essential.

Sincerely, Andrew J. Bremiller, Director, Department of Legislation.
Mr. LONG. The reason I asked the Senator this question is that I have in my hand a pamphlet containing data on child care prepared for the committee as of June 15, 1971, and I do not think that the situation has changed drastically in that interim.

1. Staff Ratios (including volunteers)
2. Safety and Sanitation—must meet requirements for children age 3 to 4; not lower than those of the Interstate requirements of 1968.
3. Educational opportunities must be provided, with supervision of staff members trained or experienced in child care and development.
4. Parent Involvement requires opportunities for parents to "work with" and "observe" day care programs.
5. Health & Nutrition. Requires supervision by a qualified nurse and medical evaluation of children; dental and medical treatment for children "using existing community resources" if available; and "nutrition needs.
6. Staff Training. In service training required.
7. Parent Involvement requires opportunities for parents to "work with" and "observe" day care programs.
8. Waiver. "Requirements can be waived when administering agency can show that deviation is necessary for investigation and experimentation and extend services without loss of quality in the facility."

Four states now have waiver (Michigan, Missouri, Ohio, Wisconsin).

Mr. LONG. Mr. President, is it not the policy in this country to encourage welfare mothers to take training and to find work?

Mr. MONDALE. Mr. President, this is a modest requirement which is not difficult to comply with, but something we think, should be required.

These standards were developed by the Executive. They were developed as minimum standards by the Department of Health, Education and Welfare, and have been in the regulations since 1968. Mr. LONG. Mr. President, the States cannot comply with the standards the way it is now. There are only two States who meet the staffing requirements for children age 3 to 4; not even the Senator's own State is complying with this requirement. The only States that require by their laws one woman for every five children are the States of Rhode Island and New York. We have 48 States of the Union that do not comply with that requirement, and if they tried to comply with it, many of them would have to reduce by half the amount of day care they would have available for children of working mothers.

It would seem to me that it is rather difficult to think that the Senator's judgment or my judgment is all that much better than the judgment of the legislators of 48 out of the 50 States in the Union. Certainly those legislators who are not steeped in the arts of democracy are concerned about children.

As a matter of fact, if we look at all the States of the Union, the overwhelming view seems to be that for children ages 3 to 4 the proper maximum number of children one staff member could keep an eye on. And when the children get to be 6 through 14, by this law it says, "If a Senator wants to impose upon the States, they could not
have more than 10 children per staff attendant.
Mr. President, I was brought up in a classroom with 30 children.

Mr. MONDALE. How old was the Senator?
Mr. LONG. And I thought that was a good school.

Mr. MONDALE. How old?
Mr. LONG. I was between 6 and 14.
Mr. MONDALE. We are talking about 1- to 3-year-olds. I hope the Senator was not brought up in a classroom with 30 children when he was 2 years old.

Mr. LONG. No, I am talking about the requirement that there be no more than 10 children aged 6 through 14 per staff member. A lot of people use 16-year-old children for babysitters. But if you look at the amendment as it concerns 14-year-old children, the States would have to have 1 staff member for each 10 children. One would think they could look after themselves, but, no, they have to have 1 staff member for each 10 children.

If they go to school, they usually have 1 teacher for every 25 or 30 children.
Let us see why the States do that. For those ages, most States seem to think 25 to 30 children per adult is all right.
I was not abused by the schoolteachers, or the kindergarten attendants where I happened to go as a child. By requirement standards that are far beyond the capacity of anyone to pay for, including the Federal Government, the Senator would make it impossible for people to provide for their children. The States would have to improve the situations of their families by working.
In my own office, we have a mother, one of the most competent women I have ever had the opportunity to work with in my life. She is one of the most efficient secretaries on Capitol Hill, a fine woman who knows what it is to be a mother and a widow, and to bring up children to make fine young citizens of themselves.
She was shocked to hear that the Federal standards would mean you might have to pay as much as $2,400 per child for day care. The family assistance plan proposed only $200 for a family of four. So it would cost as much as $2,400 per child in day care as to take care of three children and the mother under the whole family assistance program.
She was shocked to hear about that. She said, "How can they possibly justify that? They propose that it would cost $2,400 a year per child. That means $200 a month." She said, "When I brought my children, I was a widow and a working mother, and I put them in a good day care center where it did not cost but about half that much money. They provided the child with meals and everything else, and the mother has a right to expect that of them." When good and competent working mothers find out that it will cost $100 a month for adequate and satisfactory care for their own children, why will they want to pay $2,400 a year per child? It would cost $2,400 a year a child to have 1 person for every 10 14-year-old children, or to have 1 person for every 5 small children.
If we require someone who can qualify as a child care development specialist, than we have to pay her a minimum salary for a schoolteacher, and we run the cost up to $300 a month and make it as though the cost of looking after little children in day care will exceed what it would cost on the average welfare roll of this Nation to take care of a family of four.
I thought the way to help people better their condition was to provide day care aid to low wage mothers to take jobs, but at this rate we will not be able to afford for anyone to take a job because it would take 4 times as much money to look after one child as it would if the person did not take a job. Those figures have been disdained when we are confronted with these standards, where now only two States can comply with them, and impose that on the other 48 States. If the Senate build cast that we do not, we have $100 million in our budget, we do not do it, but we have only $2.5 billion for all the social services. So it means that we either have to be hypocrites, to approve these standards and then look the other way, or we have to amend the amendment to provide day care available for the children of mothers who would like to go to work to improve their family condition.
So while I would like to be able to support the Senator's amendment, Mr. President, if we cannot afford more than $2.5 billion for this program, the simple fact is that to insist on these standards would mean that we would drastically reduce day care available for mothers of small children. I do not think that is what we want to do and improve the conditions of their families by earning money and to increase their standard of living.
I regret, Mr. President, that we do not have the money it takes to afford all this. But the fact is that we do not. So if we do not have the money, the best we can do is to provide as much as we can to the States and expect them to do what they are doing now; namely, the best we can do is to provide some day care for those centers. The States have 9 States that have standards which would permit 10 children per staff member; and we have 9 States that would impose them, if they wanted to. That is the catch.
According to our information, there are 2 States that have no standards whatsoever with respect to adult-child ratios whatsoever. There are 11 States that have no standards whatsoever for family day care. There are 9 States that have standards which would permit 10 different single staff member for children under 2 years of age, which every one I know of who has studied this problem says is disastrous.
So while it is true that States still can improve, as the studies we have seen, plus these records, show, at this point that without Federal standards, there will be thousands and thousands of children placed on day care standard, where no child should ever be found.
Mr. CURTIS. Is it not true that the provisions for social services adopted by the committee are entirely controlled by the States under a revenue-sharing program?
Mr. MONDALE. In some respects, that is correct, except, for example, we have regulations in our bill here that prohibit the States from using Federal funds for social services with Federal funds. There are some restrictions in the committee bill and this one concerning the health and well-being of children. In my opinion, it is just as important as that that one concerning supplanting.
Mr. CURTIS. Well, I believe the entire thrust of what the committee has done with reference to social services is that the States shall decide who shall be
eligible for social services, what programs shall be included in social services, and the type and extent of program standards.

Mr. MONDALE. The Senator is basically correct. The Senator from Nebraska and I stood together in the achievement of that objective. In other words, we wanted the States to have a wide range of discretion both in determining eligibility for social services and for determining what social services the States would provide.

We did, however, impose certain restrictions and these restrictions, I might add, were imposed on the States with the unanimous support of all the Senators. One was to prohibit the supplanting, by which Federal funds would aid—simply pick up existing State expenses and, in effect, through indirection, permit the State to divert the money to other purposes, to roads or otherwise whatever they wished. That was prohibited.

Second, we require mandatory services in three areas: foster care, child protective services, and family planning. So there are other restrictions.

Mr. CURTIS. If I may say, our social services money has carried with it the interagency day care standard since 1968, which I wish to retain at this point. So this is nothing new, but merely attempts to continue existing standards in day care.

Mr. MONDALE. The Senator is correct.

Mr. CURTIS. If the bill remains as reported by the committee, a State does not have to have any day care centers at all; does it?

Mr. MONDALE. The Senator is correct.

Mr. CURTIS. So if I impose Federal restrictions on them, they can spend that money on protective services for children, family planning services, protective services for adults, services for adults and foster care, homemaker services, child care services, home delivery of meals, day care services for adults, health related services, home management, other functional educational services, housing improvements, a full range of legal services, transportation services, educational and training services, employment services, information referral and follow-up services, special services for the mentally retarded, special services for the blind, services for alcoholism and drug addiction, special services for the emotionally disturbed, and special services for the handicapped.

Mr. MONDALE. That is correct.

Mr. CURTIS. So long as they did not use the money for some program they would carry on, anyway.

Mr. MONDALE. The Senator is correct.

The point I should like to make to the Senator from Nebraska is this: Thousands of children have been served in day care centers since the social services program began some years ago. During all this time—since 1968, at least—we have had the same day care minimum national standards that I am proposing we continue. In other words, what I am proposing to do is not to change the law but to keep the standards the way they have been for the last 5 years, almost 6 years.

Mr. CURTIS. Until when?

Mr. MONDALE. Until November 1, when as the Senator knows, the Secretary of HEW, through new regulations in effect, added day care, including most of the social services.

Mr. CURTIS. Then, is it true that the standards which the Senator seeks to impose have been imposed until a few weeks ago?

Mr. MONDALE. The interagency day care care requirements I want maintained have been in being since 1968, except, if the Secretary can get away with it, since November 1, when he tried to change it through regulations. Mr. CURTIS. If what they already have had what the Senator proposes now and the Senator in his opening statement decried that many day care centers were deficient, dangerous for the children, and injurious to their health and welfare, what does the Senator gain by continuing the provision of law that was in effect and resulted in all those undesirable conditions that he enumerates?

Mr. MONDALE. If we remove the standards as here proposed, it is an invitation to a wholesale disregard of the minimum standards needed for the care of children. It is true that even under the present day care standards, there have been far too many examples of day care centers that have fallen clearly below the minimum standards needed for their employment but also to keep the standards the way they have been for the last 5 years. That is all these standards involve. They are not new; they are not imposing anything new. They are standards that have been in being since 1968. It is true that they have not been fully enforced in some areas. But the Senator would be well advised to study at least the Federal Government has abandoned its interest in minimum standards. To remove them would be to encourage a wholesale disregard and deterioration of day care standards in this country.

I give the Senator from New York (Mr. Buckley) a good deal of credit, because he studied this problem extensively, and I think it is his opinion that all day care is damaging. But Senator Buckley, who has been studying this problem for the last 8 years, I think had a rather hard time in convincing us fully in this amendment, is convinced that if you are going to have day care, it had better be day care that is good, of high quality, where children get safe surroundings, where they get the stimulation they need, and where they are supported emotionally as well as physically.
The Senator has pointed out that great research has been done, and he has given credit to the National Council of Jewish Women for this study and rendered a report. I shall not read the entire report, but do I think that parts of the report are very pertinent.

Although all states, with the exception of two (Idaho and Oregon), require that day care centers be licensed a number of exclusions and exemptions provide little protection for the children receiving care. Some ten states exclude centers operated by religious organizations; such centers usually come under regulations of the State's Department of Education. Centers operated by private or parochial schools are exempted from licensing requirements in a few states. About half the states exclude centers operated by religious organizations. Facilities operating primarily as exempt centers operated by religious organizations are excluded from licensing regulation in sixteen states.

The foregoing provides the most forceful argument that the children of this nation will receive the kind of care necessary for beneficial child development.

Mr. MONDALE. This is a report prepared by the Library of Congress which states:

According to the Office of Child Development, Department of Health, Education and Welfare, the national average cost for providing day care under the existing standards:

- Those are the ones we seek to maintain; we are not opposing anything new.
- It is not true. These are maximum expenditures and many times the average are sufficient to reduce the cost. Those involved in this field have raised the objection that the costs are high.
- The money problem and we recognize they have a serious money problem. But it always seems that we are looking to cut back on programs that are so vitally needed, too programs that cost us too much money. Does the Senator from Minnesota have any idea as to what kind of money we are talking about, because that seems to be the main objection that has been raised by the opposition to this program?

I do not think anyone denies it would be good to have national standards for day care centers.

Mr. MONDALE. This is a report prepared by the Library of Congress which states:

- Mr. CURTIS. Mr. President, I yield. Mr. MONDALE. I yield.
- Mr. PACKWOOD. When I knew that this issue was coming up again, I referred to a newspaper column from the Director of the Children's Services Division in Oregon, Don Miller, and also contacted the Division to ask his opinion as to whether the amendment, requiring adherence to the Federal day care standards, would adversely affect Oregon.
- Mr. President, Oregon has had serious budget problems, like many other States, but even this being the case, my State that Oregon intended to set the federal day care standards were realistic enough to attend to the problem of the standards or leave it to the States. The Federal Government has been writing standards since 1968, until a few weeks ago, and we have the conditions described by the principal proponent of the amendment. It is a bad situation, unhealthy, unsafe, and so on.
- The question is whether we are going to vest authority in the Federal Government or in the States. Who is it that licenses physicians? It is the State. Who is it that licenses lawyers? It is the State. If Senators do not think the States are tough on discipline, try starting to practice in my State.
- The question is whether we are going to vest authority in the Federal Government or in the States. Who is it that licenses nurses? Who sets the standard for their training? It is the State. Who is it that licenses teachers? It is the State. Who is it that licenses realtors? It is the State. Who is it that licenses certified public accountants? They do not have Federal licenses. Where is it that licenses architects? Who is it that licenses hospitalists? It is the State. Nowhere in the Federal Government does one get a license to run a hospital.
- Mr. MONDALE. I shall yield. In just a moment.

I happen to believe that the State officials in my State can and will do greater justice to the children of all ages than will a clumsy, far-removed, impersonal, blundering bureaucracy in Washington.

- It is not a question of money; it is a question of where the authority should reside.
- I do not believe that there are any day care centers in my State that are filthy and unhealthy and dangerous, and if any Senator has any evidence of any such, I wish he would present it.
- Mr. HANSEN. Mr. President, will the Senator yield?
- Mr. MONDALE. I would like to respond to the comments of the Senator from Alaska.
- I think that the Federal Government has a proper concern about the health of these children. It is Federal policy which, by and large, is encouraging programs rather than merely to let him go without any standards established at all.

This research was a most exhaustive study and indicates that there are just not enough standards; and that when we fall beneath the standards, they are not being living up to.

Mr. MONDALE. I shall yield. In just a moment.

Mr. CURTIS. Mr. President, what we have read, everything we have seen, everything that the experts in this field say indicates that when we fall beneath the standards required as a minimum, and which have been required since 1968, we risk the children's damage to these children.

- For example, the American Academy of Pediatrics, which I think most people recognize as one of the most responsible, balanced associations of experts in the field, said this:
- Some care—that is, any care—which has not protective of children is not better than no care. If we cannot provide care for children which safeguards them and allows...
them to grow and develop soundly, thus they would not be in need of day care, but be with their own parents and under full-time supervision in the homes.

I would find it very ironic, in the midst of this wealthy and powerful society, that we decided to save money at the emotional and physical expense of young children who are unable to protect themselves.

I yield first to the Senator from Massachusetts. I will then yield to the Senator from Wyoming.

Mr. BROOKE. Mr. President, just on the point of my colleague from Nebraska, and then I will be very glad to yield to the Senator from Wyoming, at first blush the arguments that the States licensing of professional groups or anything of that kind at all. We do not subsidize lawyers in this country. We do not subsidize doctors in this country. We do not subsidize engineers in this country. We do not subsidize nurses in this country. We do not subsidize any of the different groups that are, quite properly, licensed by the Individual States.

We are talking about Federal money which is being spent for day care centers in day care in various States which have no such laws which are protecting the young children under the most deplorable conditions known.

What is the purpose stated? It says: 'Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum potential for eventual independence, self-determination, and security in the home, including for children, the achievement of maximum potential for eventual independence and living, and to prevent or remedy neglect, abuse, or exploitation of children.'

Is that rhetoric, or is that a meaningful, purposeful goal which we of the U.S. Congress have established? That is what we are talking about here. I did not raise the question of money. That question was raised by the opponents of the proposal. They were the ones who said money was the main issue. That is why I did not raise the question. I did not raise the question of money, because that was not the issue in the minds of the people who brought these funds. And now there is being proposed a full-scale retreat on minimum standards which have been in existence since 1968—not reducing the standards; eliminating them altogether. And now there have all kinds of sordid reports we have seen by the hundreds, and we have the report of women who actually went in and looked at day care centers and reported on hundreds of day centers in which we would never want a dog to be, let alone children.

Now we are told: "Forget about these standards. Let them do what they want. We will save some money by doing that." Mr. BROOKE. Mr. President, if the Senator will yield, I am going to conclude, but let me first say that history has come full circle now. I see that the Senator from New York (Mr. Buckley) has come on the floor. It seems to me we have some of the same parties who are discussing the same issues, Pedro, in Nebraska, including the Senator from New York (Mr. Buckley) and the Senator from Wyoming (Mr. Enslow), to whom I am going to yield the floor shortly. Certainly the author of this amendment (Mr. Mondale) and the distinguished Chairman and I had this debate a year ago.

All I can say, in conclusion, is if that argument was valid in 1972, it is even more valid in 1973, and I think all of the reports, all of the research that has been done, will bear that out.

I commend the distinguished Senator from Minnesota and my distinguished colleagues from New York, who are proponents of this amendment, and I hope that the Senate in its wisdom will accept it.

Mr. MONDALE. I thank the Senator.

In just a moment I am going to yield to the Senator from Wyoming, but let me say it is interesting that while we hear the argument of Senator Enslow, Senator Enslow has never heard it from the Governors who represent the States. When my amendment was put in for social services, it had the unanimous support of all the Governors, and they asked for these provisions and the continuance of these day care center standards.

I yield now to the Senator from Wyoming.

Mr. HANSEN. I thank my distinguished colleague from Minnesota for his courtesy.

Mr. President, let me say at the outset that none of us disagree at all with the desire on the part of the sponsors of this amendment with respect to the objectives that they hope to achieve. I certainly do not. I know that the distinguished floor manager of the bill does not, nor does the ranking minority member of the Senate Committees involved.

We are not really talking about whether or not we can agree upon objectives. I think we do agree. I certainly recognize, as does everyone who has studied the problem at all, that children are important. Their welfare is important. Why, precisely, do mothers work? They work in order that they can do a better job in taking care of their children. We know they would otherwise have an opportunity to do that.

I am a member of the Special Committee on Aging, and much of what has been said this afternoon has been said, in a broad-brush fashion, about nursing homes. There are those who say we need to try to stem the tide of those who have been neglected on nursing homes in this country.

It is not hard to document a good case because one does not have to travel very far, nor does he have to look at as many homes without observing conditions that one would never want to see. I stress those words "could be made better." Why do we not make them better? Why have we not imposed the same sort of regulations upon nursing homes that we are talking about here?

Some of the proposals that were made to try to obviate a recurrence of that fire in a nursing home in Ohio were that nursing homes should not be built more than one story high, that there should be two exits from every room, one into an inner area where the people ate and congregated, and another into an outside backyard so that in the case of fire each person, if he were ambulatory, could go out to safety. And the President, that sounds like a pretty good idea. However, it was not put into effect for a very simple reason. We were to impose standards of that nature on nursing homes, we would automatize the day care centers or whether he is talking about nursing homes, or whatever.

We can impose standards, and we will assume something. We will take the standards. However, in the process we may very well exclude most of the persons we are trying to save.

So, despite what has been said about money, the problem does return to money, and the reason we had imposed a $2.5 billion limitation on social services that are to be provided by Federal dollars at this time is that we saw a proliferation of services provided by the States which, by State definition, were includable within the broad category of social services. And as a consequence, with the single exception of my State of Wyoming, every one of the other 49 States displayed a sharp escalation of the expenditure of Federal dollars on the basis of the expansion of social services.

I would hope that we could be realistic and that we could realize what the facts are.

I have talked with people who are knowledgeable about the HSW laws in this respect. And they recognize that mothers today have at least two alternatives if they want to work and they have children who are eligible for day care center treatment. They may either take advantage of those facilities or they will see that their children are taken
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care of by another mother in the neighborhood who is not actually running a day care center.

Mr. BUCKLEY. I would be the last to recommend that it be adopted on a large scale. However, where day care is deemed necessary, it seems as though the bill, which I voted for, would be simply because we have priced day care centers out of the market.

Mr. President, I thank the Senator from Minnesota for yielding.

Mr. MONDALE. Mr. President, I thank the Senator from Wyoming. The main point of difference I have with the Senator is the apparent assumption that we can serve many people with substandard day care centers, no matter how poor the conditions are.

I would repeat what the Child Welfare League said:

If we cannot provide care for children who safeguard them and allow them to grow and develop soundly, then these children should not be in day care but with their own parents and under full-time supervision in the home.

Let us ask whether States are in here urging the elimination of these day care centers. The answer is that they are not. We have heard from the director of the State of Oregon. We know that the Governors unanimously supported the bill I introduced earlier which contains a continuation of the day care standards that we have had since 1968. That is all we are asking for here.

The organizations which most closely represent the parents and the children in day care, and the labor unions and organizations which represent them, are almost unanimous in support of the extension of the day care standards as required in the pending amendment.

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

Mr. MONDALE. Mr. President, I shall yield in a moment to the Senator from New York (Mr. BUCKLEY). Before doing so, I would like to express my appreciation to him for the special study he made for the committee and to the board of the Child Welfare League said:

While the States may be different, unite in a common concern for the actual potential impact of a Federal program on the State of New York, which, in my opinion, is a classic case of Congress promoting a program whose objective is good but for which legislation is badly drafted, and making it impossible for the State of New York to participate in such a program.

We find as the winter progresses the physical and mental damage that can occur to infants and children of substandard nature. It is not a delightful picture, the physical and mental damage that can occur to infants and children who are placed away from their parents and their families in day care centers, hospitals, and foster homes.

Mr. BUCKLEY. I thank the Senator from Minnesota for his very kind remarks. I agree with him that the Minnesota-New York axis has mobilized itself on common ground, and I believe this is ground where our general points of view, although they may differ, are united in a common concern for the actual potential impact of a Federal program on those who are supposed to be aided by it.

Frankly, I have never been and am not now an enthusiast for day care as a general palliative for certain social ills, and
instance, in many areas, the State of New York would undoubtedly exercise appropriate judgment; but quite frankly there are groups and communities within New York who still have not caught up with the significance of evidence as to the danger to the young if we do not have the very expensive adult-child ratio.

I share with the Senator from Nebraska his general confidence in the abilities of the States to look after themselves, but here we are talking about a program utilizing Federal funds that can do positive damage. This is why I am standing here today. I feel that we may become an instrumentality of harming children.

It is not a question of wasting money; it is not a question of mismanagement; it is not a question of being sloppy. But I know from my own experience and the lettering that I have received in this area that there are groups that are uninformed. I do know that the standards are being tightened at the Federal level. I do know that there is a growing awareness of the need for the protection of those like Dr. Dale Mears, who has documented what happens to these children.

I say it is preferable to have no Federal day care program than to have one in which we are not assured—because we are responsible for how this money is expended—that we have the essential safeguards that we know are necessary.

Mr. CURTIS. I call my distinguished friend's attention to the fact that we rely upon the States to establish their own guidelines for licensing their nurses, and to license their hospitals. I also agree with him that the primary concern is what happens to children.

My feeling is that the children are in better hands under the jurisdiction of the State of New York than under a bureaucratic government at the Federal level if responsibility was placed there. That is the reason for my opposition to the amendment.

Mr. BUCKLEY. Mr. President, I believe there is a distinction between having the States conduct an activity financed by the Federal Government in accordance with certain guidelines and having the Federal Government administer the entire program. I agree, subject to the appropriate guidelines, that I would rather see New York State handle the problems; but, again, we get back to the point here where we are dealing with something special. We are not dealing with the question of waste, or of the suitability of facilities or other kinds, which are utilized as an excuse for substituting Federal administration for State administration. But I see an authorization having a significant sum of money authorized to be spent for children unless we, here today, take full consideration of the medical facts now available to us and act accordingly.

Mr. President, I would not want to read from the remarks I made on June 20, 1972, at the time I introduced the amendment to upgrade and tighten standards on day care, but I would ask unanimous consent that my remarks on that date be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. RHATHAY). Without objection, it is so ordered.

(See Exhibit 1.)

Mr. BUCKLEY. Mr. President, let me quote one or two samplings from the commentary by Dr. Dale Mears, child psychoanalyst at Children's Hospital in Washington, D.C., on the necessity to consider the dangers of placing not as an institution but as a place to deposit a child but in the context of remedial institutions for very particular children who, for some reason or other, could not otherwise be cared for in an appropriate manner. Dr. Mears quoted extensively from various literature. Let me quote one paragraph:

On the basis of the information available regarding different types of child-rearing practices and their known outcomes, as well as our present day knowledge of the basic needs of the human infant to develop normally and ideally, I cannot but seriously question (for the age group I have in mind) the possibility of moving to the establishment of day care centers in the grand scale that this country is now planning. I do not believe that thoughtful and unthinkful use of such facilities in this country, for infants in the age range between birth and two and a half years of age, could somehow result in reducing large numbers of children with serious emotional problems and psychopathology. Furthermore, we may mass-produce large numbers of low achievement, low I.Q. youngsters, babies whose brains are understimulated and mismanaged, whose emotional development has been interfered with by inappropriate day care center's practices.

Here is another quotation, again from Dr. Mears:

The most consequential and controversial question of early day care is that of potential danger and damage to the very children for whom the centers are designed. . . . The significant causal variable appears to be the depersonalization of human relationships that has already set in. . . . Depersonalization can readily take place in institutions. . . . It is a chronic potentiality in group care of children.

Mr. President, there are other samplings, and again I refer you to the opinions expressed therein. All I can say is that the literature of the past year has served only to corroborate the extensive evidence I quoted on that day.

Thus I urge my colleagues to vote in favor of the Mondale amendment if we are to have Federal funds going for child care purposes. If we do not adopt this amendment, then we must assume the individual responsibilities for seeking time bombs around the country—time bombs that can harm our children for the remainder of their lives.

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EXHIBIT 1

AMENDMENT No. 1247

Mr. BUCKLEY. Mr. President, I call up amendment No. 1247 and ask that it be stated.

The PASSING OFFICER (Mr. RINCOM). The amendment will be stated.

The assistant legislative clerk read as follows:

"On page 74, line 11, before the end of the section, insert the following:

"(2) In the case of parents who request full day child care services made available under this Act, the Secretary shall inform them in writing of the following: (a) that the mother-infant relationship is the cornerstone of healthy development for the vast majority of children; (b) that group day care is primarily a remedial or emergency device whose value extends mainly to children who are placed in foster homes because they have been physically or emotionally handicapped, abused, neglected, or otherwise receiving harmful care; and (c) that separation of the child on a systematic basis, or for long periods of time, combined with placement in a group care facility, can cause psychological harm to the child, especially to those under three years of age."

Mr. BUCKLEY. Mr. President, the purpose of my amendment is not dissimilar to the amendment and its agents know how to provide for remedial services for "developmentally disadvantaged" or neglected children, no convincing demonstration has been made for the provision of broad-reaching programs being authorized.

A fundamental objection to the overall tone and intent of this bill is that it would interfere with the States' ability to look after their children and day care. In the first place, the assumption is conveyed that the Government and its agents know how to provide "healthful and stimulating development" of children. As Dr. Ernest Van Den Haag, psychoanalyst and sociologist at New York University, recently observed in congressional testimony:

"If the government has such knowledge it is a well kept secret of which the scientific community is unaware. The assumption that social science has yet produced a tested theory of child rearing is sheer fantasy. Only a few variables have been detected. And they suggest that family care should be encouraged, not replaced."

The simple fact is that the State of the age group I have been concerned with and the cost of child development is additive. Mr. Julie Sugarman, former Director of the Office of Child Development underscored this in testimony before Congress in December of 1969 when he said:

"As we enter the 1970's we are still seriously deficient in (a) our understanding of the processes of child development, (b) the nature of the deficits found among disadvantaged children, (c) the techniques for diagnosis and treatment, and (d) the design and delivery of programs and curriculum to prevent or overcome developmental deficits."

He went on to say:

"Early childhood programs are being created and operated on an inadequate base of knowledge. There is general agreement that the first five years have a great importance in the growth and development of the child. There is also general agreement that high priorities must be assigned to the educationally disadvantaged families begin to show development of such children."

I am informed that Mr. Sugarman is a supporter of the pending legislation, as indeed was Mr. Mondale. When he said in December of 1969 is true—and I believe it is—I cannot for the life of me say how he can be so bold in his support of the bill. Having been a pioneer breakthrough in the art or science of child development since December of 1969? Has some hitherto undiscovered body of knowledge?
Mr. Meiers explained that developmental day care has potential value as a remedial measure for those children who have been socially deprived, neglected, or handicapped in order to circumvent development deficits.

He further stated:

"In failing to designate that day care is receivable, the legislation ignores that intact families can securely use such facilities; and . . . since day care is only remitted at all, it bypasses the basic problem of prevention."

The potential harm in day care involves the now fairly well established fact that deficiencies increase in 0 to 10, and to a lesser extent 2 to 5, are crucial to a child's later emotional and intellectual development. The quality of parental care and the circumstances and environment in which these years significantly affect how well a child will eventually develop physically, mentally, and emotionally.

In connection with this finding it was learned through years of experience and research that many children who were reared in institutions, who spent long periods of their early years away from their mothers and a normal family environment, were significantly retarded in their development and published reports are replete with references of varying degrees of severity. The primary causes of these problems was determined to be "maternal deprivation," that is, the absence or neglect of the primary -to-the- child figure who must not be the real mother, (2) the continuous loving care of such a child in the absence of proper emotional and sensory stimulation as a result of such absence or inadequacy.

John Bowlby, a distinguished British doctor, reviewed the extensive research on the effects of many child specialists in his famous monograph "Maternal Care and Mental Health" (1951). He concluded from the evidence that:

"It is plain that, when deprived of maternal care, the child's development is almost certain to suffer intellectually, emotionally, and socially—and that symptoms of physical and mental illness may appear. Such evidence is disquieting, but skeptics may question whether the reiteration is permanent and whether the symptoms of illness may not easily be overcome. The retrospective and follow-up studies make it clear that such optimism is not always justified and that some children are gravely damaged for life. This is a somber conclusion which must now be regarded as established."

In the succeeding years a great deal of research and investigation into these issues has been conducted. These studies show that the effects of the child development and the circumstances and effects of "maternal deprivation." Nearly all studies are congruent with Bowlby's basic hypothesis, with several qualifications. Maternal deprivation can mean the absence of a "mother figure," which need not be the biological mother. Maternal deprivation also refers to the absence of the emotional relationship and sensory involvement which the mother figures provide. Thus, the effects of institutional care are not always as severe or irreversible as he had thought.

Now, how do these findings relate to the question of a large number of children in care centers which this bill encourages?

First, we must realize that day care centers are institutions and offer institutional care. Second, the essential factor of institutional care is that children are in a group setting rather than the institutionalization of human relationships—the impersonal, the necessarily formal and homogeny of maternal care. The center environment represents most of his formative, waking hours. Thus, the quality of the center experiences will have a great effect on the child's development.

Because, in nine cases out of 10, care in a center is the same as that in a full-time institution, there is widespread agreement among child specialists that center care should be avoided, if possible, for children under the age of 3.

The Federal Government's interagency day care requirements state that:

"The Child Welfare League of America recommends that a family day care home be considered an educational vehicle, indeed, that country atmosphere be used if a mother is unable to care for her children. The league also advises that for children over the age of 3, careful consideration must be given to how well a child's needs and condition in determining whether or not he should be placed in center. In general, the domestic atmosphere and personal care of a child in a family day care home is preferred as safer and more appropriate than care in a center.

A reason for this caution and concern about center care or, indeed, any form of group care, is that group day care exposes children to many of the same conditions and dangers that are found in full-time children's institutions. The对孩子的 "material deprivation" syndrome exists in nearly all centers, due to the lack of trained staff, which is indicated by the relatively greater concern and interest felt by the staff toward the children, as opposed to the concentration on the children's parents or relatives."

In an article in 1970 Margaret Mead noted that—

"Paid, well trained nurses who are trustworthy, intelligent and have the character appropriate for the continuous care of an infant are almost nonexistent today. And no State-supported child care centers can afford to compete, much less to be trained, nutritionally, emotionally, or intellectually."

The Child Welfare League of America, in a 1965 policy statement, observed that "research and clinical experience have given evidence that maternal deprivation in the first years of life may result in emotional and intellectual damage. The multiple and intermittent mothering that is—infrequent care given by several different people—and lack of sufficient personnel in day care centers results in a situation where a young child cannot establish a cohesive relationship with one particular adult. Furthermore, the child almost never receives sufficient stimulation and attention necessary for his cognitive and other developmental needs. Indeed, the common absence of socially stimulating conditions in exchanges makes it likely that a child may not develop a sufficient base for the backwardness in speech often found in children in day care centers.

Mr. President, at this time I ask unanimous consent that a member of my staff, Mr. Michael Uhimann, be granted the privilege of the floor for the duration of the day.

Mr. BUCKLEY. Mr. President, this situation arises as a result of the need for sufficient personnel, but, more fundamentally, it is a result of the de-personalizing nature of institutional child care. Psychoanalysts know, whom I earlier quoted, points out in a recent article on day care that:

"The most consequential and controversial issue of day care is the danger and damage to the very children for whom the centers are designed. . . . The significant causal variable appears to be the depersonalization—indeed, the depersonalization of the child's relationship that is vital to the child's healthy maturation. . . . Depersonalization can readily take place in a center environment where there is a high potentiality in group care of children."

In a cautionary article, "Psychiatry and Day Care Centers" in the care of children in day care centers, published by the World Health Organization in 1964, Dr. S. Lebovici,
the noted French child psychiatrist, remarks that some day care centers which pride themselves on maintaining quiet and order and children that reflect primary and secondary progress in certain areas of development may create an excellent first impression on the superficial observer. But, he says:

"In any case, as indicated above, may represent the conflict between the mother's contribution and social demands in regard to the child's needs.

In addition to the psychological problems associated with day care centers, there is the question of the social effects of group care. As the Auerbach Corporation's report on the development and psychiatric problems of day care centers entitled "Day Care Centers: Red Light; Green Light, or Amber Light?" in its section on child care—

"Health and education authorities are constantly aware of the fact that, because children growing up in groups are different from children who do not grow up in groups. Young children who spend most of their waking hours (and 'day care' covers most of a young child's waking hours) learn to function in a group environment; they do not necessarily learn to function as individuals. There is a possibility that 'day care' and other full-time group facilities for children threaten or even destroy children—tools who are more comfortable in the group setting and who find it difficult to function alone."

As the noted child care economic consultant, commented in a congressional testimony on the testimony of individualness amongst children in Soviet day care centers:

"In the United States, as in the case of some recently placed in day care centers and are also resentful in their new nursery to a frustrating experience, either because she cannot give sufficient time to her favorite child—from whom, moreover, she must eventually separate—or because she finds herself faced with indifference or hostility which makes her feel guilty and risks giving rise to feelings about her capacity for motherhood."

Meers points out that the greatest potential danger lies in the child's waking hours:

"In the early years since babies will adapt to anything. The price of accommodation to noise, confusion and different types of handling in day care centers is that babies react involuntarily into passivity. They respond by apathy, they stop crying and retreat within themselves. For example, I've seen two brothers placed in day care centers who feed infants under the age of six months were almost totally silent. They appear to abandon their systems for crying and nursing (as expressions of distress) as they retreat into passivity. If some measures of pain and distress were the only question, that is if babies were actors in a play of their own, it might be alright: But the evidence is anything but clear that this is so. The price of setting aside the process by which crying and other crying sounds, though we already suspect that his brain is understimulated and the establishment of day care centers in the grand scale that this country is now alluding to may have, in the words of the noted French child psychiatrist, remarks that some day care centers are fruitful in the developmental patterns of the young child and toddler, by a day care setting. He concludes that—

"I cannot but seriously question for the age group of a child who have been referred to the advisability of moving to the establishment of day care centers in the grand scale that this country is now planning. This care that will be reared by the government for preschool children, as a child will, is quietly and gently called back to the circle. The circle moves together to eat, moves together to the bathroom.

Meers notes that in Russia and the Eastern European countries, where day care and preschool centers have been provided by the government for preschool children, there is much concern among the public as to the public health and safety of such care on the children. Recent research has led to a reevaluation of the desirability of these programs. In Czechoslovakia, for example, the Government has been provided in centers, and child researchers are reviewing their desirability for the 3- to 5-year-olds. In other countries where child specialists would like to cut down on day care programs, which were once necessitated by a postwar shortage of manpower, it may be argued that the dangers out (

Dr. Sally Provence of the Yale Child Study Center poses some important questions concerning group care in her book, "The Care of Infants in Groups":

"Will there be significant differences in the personality structure of children reared in groups and persons who do not go through the process of group care? Will children reared largely in group settings be able as adults to form families and care for their own children? How does a long period of group care, with the many parent figures having influence, such as parents and as parents and as parents and as parents, how will our society be influenced if large numbers of its members are reared from infancy in a group setting?"

Can we as legislators authorize such a program as is here proposed without concrete answers to these vital questions?"

Prof. Dr. Humberto Nagera, director of the child psychoanalytic study program at Children's Hospital, University of Michigan, has recently presented the following reasons:

"I think that the dangers of a comprehensive day care program for children under three years of age are so problematic that it's like asking Congress to approve a new drug for the market that will relieve headache, but it already is apparent that the drug may have a cardogenic side effect. There are so many real and significant dangers involved in moving to day care centers of this kind (and institutional care is not confined to four walls, but refers to institutionalization of human relationships) that this proposal should be resoundingly rejected. To establish day care centers across the country without having empirical, psychiatric assurance of the kind, is an unacceptable foot-healthy risk. Why should we expose large percentages of our children to such risk when there are potentials for severe psychiatric danger?"

It can be argued that the dangers outlined above many in fact be present in existing child care centers. Therefore, the purposes of this legislation is to eliminate them by providing quality, comprehensive day care and development centers. This may be most easily realized if we believe it is only for the following reasons:

"First, there is a lack of sufficient knowledge, and an uncertainty both as to what criteria and how to prevent early developing psychological and emotional disorders; Second, Quality standards of care in particularly serious cases, would be very hard to meet and maintain for a large scale program; and Third, the problem of impersonal, comparatively uninterested care by paid attendants will continue indefinitely.

The problem of the lack of knowledge is in the minds of children the discussion of the child's lack of knowledge earlier in an attempt to remedy these deficits in understanding concerning proper child development and child care practices.
The Department of Health and Welfare is currently involved in a variety of experimental child care programs and is continually being asked to evaluate the different kinds of approaches and their effects and costs. Training programs are also being devised. Final results will be reported to Congress in the near future. Evaluation of the various approaches to center care and environment, we may at least be able to identify the more promising, along with the pack of the potentially traumatic conditions arising in day care centers, and perhaps develop more desirable alternatives.

In the absence of such concrete knowledge, I ask you whether the implementation of a large-scale day care program, with its attendant risks, should be permitted.

Realizing that day care centers are a reality and, in some cases, a necessity for children who are developmentally disadvantaged, handicapped, or abandoned, we can appreciate that care, we must insure that centers have high standards, not only for facilities—which, given certain minimums, are secondary in importance—but especially for quality of staff and programs.

The Child Welfare League of America sets forth the requirements for good developmentally oriented child care centers: standards for day care service. Most important, of course, is the number of staff and their training and attitudes. When there is no superior alternative available, that infants be cared for in groups of not more than four, with one adult person to each of their charges.

Good care in short, should try to approximate the concern and attention of a good, average, one-to-one relationship. Good care, then, necessarily costs a lot of money; the operating cost of good developmental care is usually considered to run about $2,600-3,900 per child, with staff expenses accounting for approximately 75 percent of the total. But to meet the desirable needs of children, the cost of care in a center may be as much as $4,000 per child, without any construction costs.

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Before the passage of the federal program, it must consider whether the goals of the legislation can be achieved in fact, and whether there is reasonable hope that they will be achieved. Let us consider S. 21347 in this regard.

The effect of the legislation before Congress would be to expand and accelerate the development of day care facilities. The Department of Health and Welfare would be responsible for setting up the standards and for evaluating the appropriateness of the proposals. The legislation requires the construction or improvement of day care facilities, as is proposed, not only may we have to make do with less staff but we may also have to be satisfied with less qualified personnel, and the serious risk not only of putting the children of working mothers and others into day care programs designed to meet the serious needs of millions of children, eventually making them available to all children through age 14, regardless of whether or not their parents need or want them, but for the time being this aspect has been toned down.

The National Legislative, realistically conceived and intended, may sound good on paper. But, in the real world, where the reality of such a program will correspond to its theory.

The President, I submit that it will be nearly impossible to achieve and maintain the high quality care required to prevent damage to young children if the number of staff/resources is decreased significantly by a large increase in Federal funds for that purpose. The reasons for this are essentially threefold: First, the high cost of care, second, the lack of trained and capable human resources. The high cost per child for care is related in particular to the children who require the large increase in demand for staff which would result from a major Government program, would force up the costs of staffing significantly. Gwen Morgan, day care consultant to the State of Massachusetts, says—

"Many day-care operators think they can pay the staff salaries, but the states which have required that most States only require the director of a day care center to have full credentials in the field of early childhood development, mostly the industry will be a lot of pressure for parity with the teaching profession—look at what happened in New York City." She refers to a several-week-long strike by day-care employees in the fall of 1970, out of which the employees won a 25-percent pay increase in 1970, followed by a 15-percent raise in 1971.

Even more important than costs is the lack of the necessary knowledge. As discussed above, of the desirability of launching a full psychoanalytic study program at the University of Michigan, Ann Arbor, was reported to the American Psychological Association. Much professional judgment is needed in order to determine if day care centers will have full credentials in the field of early childhood development, mostly the industry will be a lot of pressure for parity with the teaching profession—look at what happened in New York City. The Child Welfare League of America recommends, when there is no superior alternative available, that infants be cared for in groups of not more than four, with one adult person to each of their charges.

As regards to the problems of staffing, the number of staff/personnel available to staff centers is woefully inadequate, and the children must be placed in temporary homes, which is a temperamental, which is willing and able to relate to and give continuous and individualized care to each of the children.

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Mr. President, I want to say that I had marvelous cooperation with the sponsors of this bill, the Senator from Wisconsin and the Senator from Minnesota. I agreed I would not ask for the yeas and nays on this amendment but rather that I would submit it for a call of the Senate, which I am prepared to do at this time.

Mr. Buckley. Mr. President, the first amendment is an amendment which is not being treated as a substitute. This amendment would make sure that nothing in this act shall be construed to authorize the creation or maintenance of Child Advocacy programs unless specifically authorized by statute.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"On page 76, line 11, before "Repeal" insert the following additional paragraph (e): (e) Nothing in this Act shall be construed to authorize the creation or maintenance of Child Advocacy programs, nor shall any funds appropriated under the authority of this Act be used for the creation or maintenance of Child Advocacy programs unless specifically authorized by statute."

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"On page 5, between lines 9 and 10 insert the following new subsection: (e) Congress finds that the family is the core of a healthy psychological development of children, that the value of day-care services extends primarily to the educationally disadvantaged children, with special emphasis upon those children who have special developmental needs or other hardships, and to other children for whom suitable care is not otherwise available, and that day-care services outside the child's own home must be designed to supplement and support, and never to replace, the parent-child relationship. This Act is not designed or intended to provide for a universal application of outside-the-home care to children in general."

Mr. President, would the Senator yield?

Mr. Buckley. I yield.

Mr. President, the clerk read "physiological" and I think the amendment states "psychological."

Mr. Buckley. That is correct. I thank the Senator.

Mr. President, the amendment is self-explanatory. The purpose is to focus on the psychological and psychological development of children, that the value of day-care services extends primarily to educationally disadvantaged children, with special emphasis upon those children who have special developmental needs or other hardships, and to other children for whom suitable care is not otherwise available, and that day-care services outside the child's own home must be designed to supplement and support, and never to replace, the parent-child relationship. This Act is not designed or intended to provide for a universal application of outside-the-home care to children in general.

Mr. President, would the Senator yield?

Mr. Buckley. I yield.

Mr. President, the clerk read "physiological" and I think the amendment states "psychological."

Mr. Buckley. That is correct. I thank the Senator.

Mr. President, the amendment is self-explanatory. The purpose is to focus on the resources under the bill to those who are medically in need. The resources are limited and I am sure that all concerned want them to go to those who cannot get suitable care.

Mr. President, the next amendment I call up is amendment No. 1546.

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read as follows:

"The Senate from New York (Mr. Buckley) and the Senator from Texas (Mr. Tower) propose an amendment as follows: "On page 66, line 14, strike the period and insert the following: "operated or funded by the Federal Government."

Mr. Buckley. Mr. President, this is purely a technical amendment. The amendment that would make sure that where the Federal Government is authorized to coordinate 15 programs in the child-care field, we are talking about programs operated or funded by the Federal Government."
The standards are already applicable to a number of other federally funded day care programs, including programs under the Manpower Development and Training Act and the Elementary and Secondary Education Act. Generally speaking, they were applicable to social services programs prior to the regulations.

Mr. President, it is not difficult to imagine the "horrible stories" that may result if the States and localities are permitted to provide child care of any variety, without Federal standards, for the stories already exist. Already, in the case of child care programs not subject to Federal standards, there have been some very horrendous situations; for example, as indicated in a 1972 report entitled "Windows on Day Care" by Mary Dublin Keeslering, a report based on findings of the National Council of Jewish Women, the following description, from a case study was set forth:

This is an abominable center. It was very crowded. In charge were several untrained, often high handed personnel. No decent toys. Eat holes clearly visible. To keep discipline, the children were not allowed to talk. This mass custodial center had been a much worse.

This center should be closed. It was absolutely filthy . . . broken equipment . . . broken windows . . . 2 children, aged 10 and 12, in charge. The kitchen was very dirty . . . Very poor basement dark room. All ages together. Rigid control and discipline. Run down equipment, lack of imagination, dehumanizing of kids by an owner who makes plenty of money.

The risk of repeating these circumstances through the country in the absence of standards is increased by the fact that social services are to be under severe cost regulations as a result of the $2.5 billion ceiling generally applicable and the $1.9 billion ceiling for this fiscal year under the committee bill, compared with estimates nationwide of $4.5 billion just 2 years ago.

We cannot take the chance that States may sacrifice quality for quantity. Mr. President, in principle one would have thought that by now there would be complete support for Federal standards in the need for having quality child care.

President Nixon, in commenting on child care provisions contained in his Family Assistance Act in 1969, said:

The child care I propose is more than custodianship, it is community commitment. The Administration is committed to a new emphasis on child development in the first five years of life. The day care that will be part of this plan would be of high quality that will help in the development of the child and provide for its health and safety, and would break the poverty cycle for the new generation.

The White House Conference on Children, conducted in December 1970 and attended by experts from all sections of the United States, voted that child care was the No. 1 priority for children, urged high standards for the programs, and then stated:

The question is not whether America "should" have day care, but rather whether the day care that we will have will be good—good for the child, good for the family, and good for the nation.
Mr. President, the situation requiring this amendment arises, in my judgment, because of our deep interest in the future of the child as a person and as a working citizen, and a very strong effort to avoid the concept of custodial care or a kind of storing bodies of small children. I wish to identify myself with that point of view, I hope very much that, by maintaining these standards, our government will really strike a blow in the way of not abusing children by the fact that circumstances require the type of care which is dealt with in the social security amendments.

Mr. LONG. Mr. President, I regret that I find myself in a difference of opinion with my good friend, the distinguished Senator from Minnesota (Mr. Mondale). He has worked very diligently on this bill and has made an excellent contribution in the Nation’s interest. I applaud his position on everything except this item. He has been statesmanlike, considerate, understanding, and right about everything except this item.

Mr. President, for sometime we on the Committee on Finance have had a different problem from those on the Committee on Labor and Public Welfare. It has always been a tradition in the Committee on Finance that when we think of recommending something, we think in terms of what it will cost, and we usually think in terms of where we will find the money to pay for it. Other committees do not have the same burden, and it has sometimes been amusing to me. I have seen the Committee on Foreign Relations and voted on a foreign aid bill and have felt that we had been so generous that we had given away everything except the status on top of the Capitol dome. Then I have seen Senators from the same committee walk across the Capitol Plaza to the Committee on Finance, which has been on matters that involved benefits to various and sundry groups, and I have seen their bills to be passed in the Senate and then to be paid for by the taxpayers. It was agreed by the Senator from Minnesota (Mr. Mondale) and others on the Committee that the States should have the right to decide what kinds of things they are going to do and should have the freedom to do them quite differently from the way the Department of Health, Education and Welfare might be run in the streets and getting into a standard which exists in name only, a standard with which States have been more liberal on the day care centers.

I understand that standard, that the New York World, as a matter of fact, Mr. Sugarman, who has been mentioned in this debate, told me he helped draft these regulations and I assume, this is more or less a New York standard. He has mentioned costs more than $2,000 a child to apply that standard in the State of New York.

According to this table only the States of New York and Rhode Island meet that standard of one adult per five children age 3 to 4.

We heard the discussion by the distinguished Senator from Massachusetts (Mr. Bumpa) with reference to children from whom day care centers can be made available because the standards imposed in this amendment will be far beyond the ability of the States to provide it.

For example, I hold in my hand a table on State child care staff requirements, which has been prepared by the staff of the Committee on Finance. This table shows the standards by State law for day care centers as effect in 1971. This is not too far out of date—there might be a few changes but not many. With regard to the minimums that would be required for children ages 3 to 4, for example, the Mondale amendment would require about twice as many adults as State laws now require. State laws generally require only one adult for every 10 children in day care centers, while the Mondale amendment would require one adult for every five children. The amendment would require a doubling of staff just to discuss one item. Educational opportunities must be provided every child under the supervision and direction of a staff member trained or experienced in child growth and development.

What that requirement would mean as far as the States are concerned is that they would have to have a person in each of these day care centers that would have a right to make the same mistakes that we on the Finance Committee would make. I feel, and that is, that the government should not be forced on the States, rather than merely requiring that. But even with that government requirement, the States will be unable to comply with today and with additional burden is to be placed on the States by being written into law and enforcing it. That is what happens when children run without any supervision or care and it is what happens when they are not in day care centers.

We would stand to reason that if this additional burden is to be placed on the States by being written into law and enforced, on the States it would be the States that develop bad habits. That is what happens when children run without any supervision or care and it is what happens when they are not in day care centers.

It would be a regulation that is not being observed, this would mean that States would be forced to reduce the number of children in day care centers because the States would not be able to comply with today and with which States will be unable to comply in the future.

The amount of money for social services will be limited. The amount of money for social services will be only a part of the $2.5 billion we are making available for social services.

With whatever part the States may use of this $2.5 billion for day care, if they adopt these standards, this can only mean in State after State they will find it necessary to reduce the number of children in day care centers because the States would not be able to comply with today and with which States will be unable to comply in the future.
Mr. LONG. Here is a statement from Dr. Edward Zigler, former Director of the Office of Child Development of the Department of Health, Education, and Welfare, dealing with the question of requiring that day care be educational.

I ask unanimous consent that it appear in the Record, as follows:

Learning is an inherent feature of being a human being. The only meaningful question, therefore, is not "Why do children learn?" but, "Why is it that some children do not learn?" Approached in this way, the problem is not one of turning children into nonlearners but rather of determining the conditions and attitudes that interfere with the natural process of learning. We are not aware that some sympathetic, even if vague, theories of cognitive theorists told us how and before the invention of typing typewriters. Indeed, children learned before schools of any sort existed.

The answer, I think, is that in his natural state the child is a much more autonomous learner than adherents of the pressure-cooker approach believe and I believe. I am convinced the child does most of his learning on his own and often the way to maximize it is simply to let him alone. He accomplishes some of the most significant learning in his everyday interaction with his environment. Learning for the child is, thus, a continuous process and not one limited to the formal instructional and whizbang remedial efforts that have recently captured our attention.

Whatever the nature of cognitive development, it cannot be, as developmentalists have recently overemphasized in our current society, a problem of learning how to learn.
General requirements of sanitation and public health measures.

6. Educational opportunities must be provided every child under the supervision and direction of a staff member trained or experienced in the field.

7. Social services:

Provision must be made for social services under the supervision of a staff member trained or experienced in the field.

Parental involvement:

Children must be provided opportunities to work with the child care program and to observe their children in their environment. Wherever an agency provides child care for 25 or more children, there must be a policy advisory committee (with at least 30 percent parent representation) selected by the parents in a democratic fashion which will assist in the development of child care programs, participate in the selection of program directors and staff, and are otherwise involved in the administration of child care programs.

CHILD CARE CENTERS: MINIMUM STAFFING REQUIREMENTS, BY AGE OF CHILDREN, UNDER STATE LICENSING REGULATIONS

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<thead>
<tr>
<th>State</th>
<th>Minimum number of children per staff member</th>
<th>School age</th>
<th>Minimum number of adults on premises</th>
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<td>Alabama</td>
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<td>Washington</td>
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<tr>
<td>Wyoming</td>
<td>5</td>
<td>5 to 6</td>
<td>20</td>
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</table>

Mr. LONG. Mr. President, I point out that the best thing that can be said for the Senate's amendment is that at least in two categories the Senate would rely upon State laws. With regard to State and local licensing, he would follow State laws, and with regard to safety requirements, he would follow State laws. At least to that extent we are in agreement.

All I am saying is that I would be happy to agree with the Senator if he would merely say the States would have the privilege of spending the money as they deemed advisable. But in this area it is very obvious that the outside hand of the Federal Government will reach in and dictate a standard that cannot be followed, and with which the States have been unable to comply. It is, to me, an unfortunate thing for those of us who favor day care, and want to do as much as we can for it, to find ourselves repeatedly frustrated by the effort to insist on something that costs so much that it results in nothing happening, and in the Senate being unable to reach in and appropriate funds for the purpose, leaving to the States and to those who have the responsibility, the power, the capability, and the freedom to do just as much as they can for as many people as they are able to help with the amount of money we are able to make available.

I hope very much that when this amendment is voted on tomorrow, the Senate will not see fit to try to make an exception in the day care area which it does not make in any of the other areas of social services; that it will not try to impose a Federal standard here. I hope so particularly in view of the fact that this is one area where the Federal stand-
ard, which the States have been unable to comply with, would be one which the States would not be able to comply with using the funds available at present for that purpose.

I submit that these impossible types of standards have been passed by the Senate on other occasions. Whenever that happens, it results in suffering by day care, because no other funds are made available for the purpose.

I hope very much that the Senate will see fit to be practical and prudent, and will move as we have urged. We should move toward a higher standard that we can afford, rather than to impose a standard which cannot be met and which can only be met with frustration on the part of those opposed, who realize it is a practical problem, and that we can only do as much as we can with the money we are able to extract from the taxpayers for this purpose.

The Minimum Tax

Mr. KENNEDY. Mr. President, at an appropriate time, I intend to call up, on behalf of Senator NELSON and myself, a tax reform amendment to H.R. 3153, to improve the minimum tax in the Internal Revenue Code. The minimum tax was the imaginative measure adopted by Congress in 1969 as a means of insuring that wealthy individuals and corporations did not escape their fair share of taxes through excessive use of tax loopholes. Unfortunately, however, because of certain crippling amendments adopted on the Senate floor, the minimum tax has not achieved its goal.

Over the past 4 years, both Senator NELSON and I have worked toward closing the loopholes in the minimum tax. Last year, in two major efforts on the Senate floor in 1972, Senator NELSON made outstanding efforts to reform the minimum tax. And only last June, by the narrow margin of 49 to 41, our reform proposal was defeated on the Senate floor. The amendment we plan to offer tomorrow is identical to the one we offered in June, and we hope that this time it will be successful.

At an appropriate time, as well, Senator NELSON plans to offer a tax reform amendment to delete the provision in the committee bill that eliminates the gasoline tax deduction. Previously, Senator NELSON had proposed an amendment to the bill by which the revenue effect caused by deleting the committee provision could be almost exactly offset by including the minimum tax amendment. I submit that Senator’s position on the gasoline tax deduction, because whatever the merits of eliminating the deduction as a tax reform concept, it would be unjustified to do so at this time of running down the prices of gasoline and gasoline tax. And so, I urge the Senate to support both of the amendments we shall offer.

Mr. NELSON. Mr. President, tomorrow the Senate from Massachusetts (Mr. NELSON) proposed an amendment to H.R. 3153 as amended by the Senate Finance Committee which would restore the present deduction allowed for State and local gasoline taxes, proposed to be eliminated by the committee, and offer in its stead a revision of the minimum tax which would disallow deductions for regular income taxes paid before preferred income is subject to the minimum tax. Whatever the merits of the proposed elimination of the deduction for State and local gasoline taxes, this proposal was not subjected to any testimony or hearings before the Senate Finance Committee this year and was proposed by the committee principally as a revenue producing measure to pay for other proposed changes contained in H.R. 3153.

The revenue effect of these two amendments is almost identical. It is estimated that the revision of the minimum tax will increase tax revenue by $580 million whereas elimination of the State and local gasoline tax deduction will increase revenues by $559 million. While their revenue effects are the same, the consequences for the ordinary American taxpayer are radically different. The minimum tax, even with the revisions we propose today, applies only to wealthy individuals who have more than $30,000 in preferred income each year, regardless of how much regular income they also have. The State and local gasoline tax deduction, on the other hand, is of benefit to low-income Americans. The gasoline tax helps workers to pay some of the cost of traveling to work.

Mr. President, I ask unanimous consent to insert in the Record at this time a table showing the amount of deductions taken in 1972 for State and local gasoline taxes for various income tax brackets.

<table>
<thead>
<tr>
<th>Amount of deduction—in millions</th>
<th>Income tax bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,000—$70,000</td>
<td>1</td>
</tr>
<tr>
<td>$50,000—$60,000</td>
<td>2</td>
</tr>
<tr>
<td>$40,000—$50,000</td>
<td>3</td>
</tr>
<tr>
<td>$30,000—$40,000</td>
<td>4</td>
</tr>
<tr>
<td>$20,000—$30,000</td>
<td>5</td>
</tr>
<tr>
<td>$10,000—$20,000</td>
<td>6</td>
</tr>
<tr>
<td>$0—$10,000</td>
<td>7</td>
</tr>
<tr>
<td>$0—$5,000</td>
<td>8</td>
</tr>
<tr>
<td>$0—$1,000</td>
<td>9</td>
</tr>
<tr>
<td>$0—$500</td>
<td>10</td>
</tr>
</tbody>
</table>

Mr. NELSON. Mr. President, this table shows that individuals with taxable income of $20,000 or less receive the benefit of $418 million of the $589 million deducted for State and local gasoline tax. This amounts to 71.1 percent of the total amount deducted.

The committee proposal would, therefore, add substantially to the tax burden of low- and average-income taxpayers. It is much more equitable to raise additional revenues by taxing income which escapes taxation entirely rather than adding to the tax burden of middle-income Americans.

Probably nothing discredits the tax system more than the knowledge that many wealthy people are paying little or no Federal Income tax and in fact 21 of them made incomes in excess of $1 million each. In 1969, some 300 individuals with incomes of more than $200,000 paid no Federal Income tax.

In an attempt to correct, to a limited extent, this inequity Congress in 1969 established a minimum tax providing for a flat 10-percent tax rate on income that happens to be entirely exempt from taxation. However, Congress enacted the minimum tax on tax preference income because, regardless of the individual merit of the provision which established such preference income, we did not want them to be pyramiding tax preference income to allow them to escape liability entirely.

It is not at all inconsistent to take the position that while certain tax subsidies may be desirable, a taxpayer who takes advantage of such subsidies in an amount or who reduces his tax contribution to an insignificant amount should be required to include such excess in his tax base. The purpose of this amendment is not to reduce the amount of the tax subsidies except to the extent that it takes undue advantage of such subsidies through excessive manipulation of the tax code.

It is generally agreed, however, that the minimum tax is too large because it places an additional burden on every wealthy individual and corporation who should pay at least a minimum tax on his preference income.

In 1970, the first year when the minimum tax was in effect, 41 individuals with adjusted gross incomes exceeding $200,000 still paid no Federal income tax. Incredibly, three taxpayers with adjusted gross incomes of more than $1 million each paid no income tax at all. In 1971, 276 taxpayers with incomes over $100,000 paid no Federal income tax at all.

The effective tax rate in 1970 for individuals who paid the minimum tax on their adjusted gross incomes was 4.06 percent rather than the statutory rate of 10 percent. In 1971, individuals paid $183 million in minimum tax on total preference income of $6.3 billion for an overall average tax rate for wealthy individuals to $1,6 billion for an overall effective minimum tax rate of 4.8 percent.

When the minimum tax was enacted, it was estimated that it would raise $500 million in calendar-year 1970, $600 million in 1970, $600 million in the long run. In actual, total revenue gains are far below these estimates. In 1970, it raised only $117 million from individuals and $280 million from corporations. In 1971, it raised only $163 million from individuals.

It can be argued that the minimum tax failed to raise estimated revenues because of the volatile nature of capital gains. While unquestionably the minimum tax on individuals fails most
Second, reduce or eliminate the deduction of $30,000 presently available to every taxpayer before calculating income subject to the minimum tax.

Third, add a single new item of preference income to the base of the minimum tax, for example, intangible drilling and development cost as has been proposed from time to time.

This amendment merely tries to guarantee that the minimum tax achieve its stated goal and raise additional revenue not by taxing already overburdened average American taxpayers but by taxing for the first time incomes that escape taxation entirely.

Mr. President, I ask unanimous consent to insert in the Record at this time three case examples of how the minimum tax presently works and how it would apply under this amendment.

There being no objection, the material was ordered to be printed in the Record, as follows:

### Three Case Examples

The following are illustrations of the effect of the average Federal income tax and the minimum tax under the minimum income tax, with details of tax computations included. All examples assume a joint return, four personal exemptions, and itemized deductions at 10% of total income.

**Computation of regular tax liability:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$40,000</td>
</tr>
<tr>
<td>Plus capital gain</td>
<td>$40,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$80,000</td>
</tr>
<tr>
<td>Minus (itemized deduction)</td>
<td>$8,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$72,000</td>
</tr>
<tr>
<td>Minus (four personal exemptions of $750)</td>
<td>$3,000</td>
</tr>
<tr>
<td>Equals (taxable income)</td>
<td>$66,000</td>
</tr>
<tr>
<td>Tax liability from table</td>
<td>$17,000</td>
</tr>
<tr>
<td>Plus alternative tax</td>
<td>$12,000</td>
</tr>
<tr>
<td>Equals (regular tax liability)</td>
<td>$29,000</td>
</tr>
</tbody>
</table>

**Minimum tax computation:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference income</td>
<td>$30,000</td>
</tr>
<tr>
<td>Minus (exemption)</td>
<td>$30,000</td>
</tr>
<tr>
<td>Equals (minimum tax)</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Minimum tax liability under amendments:**

**Case I**—An individual with a $60,000 salary and a $40,000 capital gain.

$30,000 of the capital gain would be taxed under the alternative tax of 25% for a tax liability of $12,500. One half of the remaining $10,000 capital gain would be included in regular income.

### Three Case Examples

<table>
<thead>
<tr>
<th>Example</th>
<th>Income</th>
<th>Capital Gain</th>
<th>Tax Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case I</td>
<td>$100,000</td>
<td>$40,000</td>
<td>$30,500</td>
</tr>
<tr>
<td>Case II</td>
<td>$200,000</td>
<td>$60,000</td>
<td>$52,500</td>
</tr>
<tr>
<td>Case III</td>
<td>$300,000</td>
<td>$80,000</td>
<td>$74,500</td>
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### Computation of total tax liability

<table>
<thead>
<tr>
<th>Item</th>
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<tbody>
<tr>
<td>Equals (adjusted gross income)</td>
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<tr>
<td>Minus (itemized deductions)</td>
<td>$100,000</td>
</tr>
<tr>
<td>Equals (total taxable income)</td>
<td>$975,000</td>
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<tr>
<td>Minus (6 personal exemptions of $750)</td>
<td>$9,000</td>
</tr>
<tr>
<td>Equals (taxable income)</td>
<td>$966,000</td>
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</table>

**Case II**—An individual with a salary of $200,000, other income of $40,000, and a capital gain of $60,000.

$30,000 of the capital gain would be taxed under the alternative tax at 25% for a tax liability of $12,500. One half of the remaining $10,000 capital gain would be included in regular income.

### Computation of regular tax liability

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$100,000</td>
</tr>
<tr>
<td>Plus capital gain</td>
<td>$40,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$140,000</td>
</tr>
<tr>
<td>Minus (itemized deduction)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$130,000</td>
</tr>
<tr>
<td>Minus (four personal exemptions of $750)</td>
<td>$3,000</td>
</tr>
<tr>
<td>Equals (taxable income)</td>
<td>$127,000</td>
</tr>
<tr>
<td>Tax liability from table</td>
<td>$32,000</td>
</tr>
<tr>
<td>Plus alternative tax</td>
<td>$12,000</td>
</tr>
<tr>
<td>Equals (regular tax liability)</td>
<td>$46,000</td>
</tr>
<tr>
<td>Minus (exemption)</td>
<td>$46,000</td>
</tr>
<tr>
<td>Equals (minimum tax)</td>
<td>$0</td>
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</table>

**Case III**—An individual with a salary of $200,000, other income of $40,000, and a capital gain of $80,000.

$30,000 of the capital gain would be taxed under the alternative tax at 25% for a tax liability of $12,500. One half of the remaining $10,000 capital gain would be included in regular income.

### Computation of regular tax liability

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$200,000</td>
</tr>
<tr>
<td>Plus capital gain</td>
<td>$60,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$260,000</td>
</tr>
<tr>
<td>Minus (itemized deduction)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Equals</td>
<td>$250,000</td>
</tr>
<tr>
<td>Minus (six personal exemptions of $750)</td>
<td>$6,000</td>
</tr>
<tr>
<td>Equals (taxable income)</td>
<td>$244,000</td>
</tr>
</tbody>
</table>
Tax from table--------------------- $609,000
Plus alternative tax----------------- 12,500
Equals (regular tax liability)------------- $621,880

Computation of current minimum tax liability:
Prefered income--------------------- 500,000
Minus exemptions--------------------- 30,000
Equals----------------------------- 470,000
Minus regular tax----------------- 621,880
Equals (no minimum tax)----------- 0

Computation of minimum tax liability under amendment:
Prefered income--------------------- 500,000
Minus exemption--------------------- 30,000
Equals----------------------------- 470,000
Times a 10 percent tax equals (minimum tax)----------------- 47,000

Case II—An individual with a salary of $300,000, other regular income of $600,000
and a capital gain of $2,000,000.
$50,000 of capital gain would be taxed under the alternative tax for a liability of
$12,000. For the remaining $1,950,000 one half would be included in regular income.

Computation of regular tax liability:
Salary--------------------- $300,000
Plus other income--------------------- 600,000
Plus capital gain--------------------- 975,000
Equals (adjusted gross income)--------- 1,875,000
Minus (itemized deductions)---------- 290,000
Equals------------------------------- 1,585,000
Minus (4 personal exemptions of 9750)--- 3,000
Equals (taxable income)--------------- 1,582,000
Tax from table--------------------- 1,078,380
Plus alternative tax---------------- 12,500
Equals (regular tax liability)--------- 1,090,880

Computation of current minimum tax liability:
Prefered income--------------------- 1,000,000
Minus exemption--------------------- 30,000
Equals----------------------------- 970,000
Minus regular tax----------------- 1,190,880
Equals (no minimum tax)----------- 0

Computation of minimum tax liability under amendment:
Prefered income--------------------- 1,000,000
Minus exemption--------------------- 30,000
Equals----------------------------- 970,000
Times a 10 percent tax equals (minimum tax liability)----------------- 97,000

* * * *

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order
for the quorum call be rescinded.

The PRESIDING OFFICER. (Mr. Harry P. Byrd, Jr.). Without objection, it is so ordered.

* * * *
Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Rod Solomon be given the privileges of the floor.

Mr. MONDALE. Mr. President—

The PRESIDING OFFICER. Objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. Mr. President, I ask unanimous consent that the amendment be delayed for 5 minutes on the amendment, because I think this committee makes away all or most of the controversy.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, may I have 3 minutes?

Mr. MONDALE. I ask for 4 minutes, and I would like 3 of them.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MONDALE. Mr. President, I have talked with the distinguished floor manager, and I have made two changes in the pending amendment which I believe makes the amendment, as revised, acceptable to the chairman of the Finance Committee.

The first change would be to recommend to the States that day care programs include an educational component, but not to require that the States promulgate legislation. Right now, the standards require it.

Second, we say that for school age children in after-hours day care centers, the staff teacher ratio would be changed from what the day care standards now require. Under the modification, for children age 6 and below in day care centers, you could have 1 staff person for 15 whereas you must now have 1 staff person for 15; and for older children, you could have a staff ratio of 1 adult to 20, whereas the present regulations require 1 staff person for 10.

In a sense, we go a substantial way toward meeting the concerns of our amendment by the distinguished chairman of the Finance Committee, and I hope that, as revised, it might have the support of the chairman.

Mr. CURTIS. Mr. President, I think we should have our attention called to the fact that we are running far afield in legislating. If a community wants to admit one more child to a day care center, they have to get an act of Congress to do it.

By the Senator's proposal, we do not delegate to the Secretary the authority to lay down regulations for the conduct of day care. We fix into law how many teachers or supervisors or custodians shall be required.

The time may come when some Senators will receive letters asking them to amend the law so that a day care center can take in one more child.

Mr. President, this is not a proper subject of legislation. The issue is, shall the regulations on day care be handled by the Federal Government or by the States? I happen to believe that it should be by the States. To those who believe that it should be done by the Federal Government, I submit that the amended amendment is worse than the amendment itself. I think it should be defeated and that time should be given for it to be revised again.

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

The PRESIDING OFFICER. There is no further time.

Mr. LONG. Mr. President, I ask unanimous consent for 2 additional minutes.

The consent of the Senate was granted.

Mr. LONG. Mr. President, I believe that the vote on this amendment will be close, unless there is a compromise or agreement, and it is difficult to say how the Senate action will go. I think the Senator's proposal is a fair compromise.

The Senator's amendment, as modified, would rely upon State law in several situations. In the health area, it would provide for the general requirements for sanitation and public health which are in existing State laws. The original amendment provides that provision must be made for education services under the supervision of a staff member trained in the area of school-age children. The modification, I think, would place the staffing requirements within the limits that the State could manage.

I discussed this matter and explained yesterday that with regard to small children, the amendment, as first offered, could double or even triple the staffing requirements, and the Senator has agreed to change that, in a spirit of compromise. He has modified his amendment so that in the area of school-age children, it would present a problem for only 16 States. I think the States can comply with the modification.

It seems to me that in view of the fact that there is a strong degree of support for the amendment, as first offered, could double or even triple the staffing requirements, and not think any of us could expect to have our way entirely in these matters. The Senator certainly does not expect to have his way in all respects in taking the position he is offering here. I think we should well advised to meet him half way on it.

Mr. HOLLINGS. Mr. President, as a cosponsor of this amendment, I rise to support it and urge its adoption. I listened with interest yesterday to the debate surrounding this proposal, and I would now respond to the criticisms raised.

The opponents of this amendment say that it will cost too much. But the question of cost for social services has already been settled, by the members of the Finance Committee, including the opponents of this amendment. This committee and the Senate as a whole have set a ceiling of the amount of Federal dollars which can be expended for social services. Hence, we are not talking about a cost to the Federal Government or to the American taxpayer. What we are talking about here is how much money should be spent to ensure the welfare of our children.

Mr. ROTH. Mr. President, I called Dr. Milkos T. Lazar, director of Social Services Division, Health and Social Services Department, State of Delaware, for his comments on the proposed amendment. Dr. Lazar advised me as follows:

As I understand it, the committee bill, which would simply maintain minimal standards to assure that federally assisted day care programs do not harm children, these standards have been in effect for 5 years. No protections would be required for young children served by these programs.

As I understand the committee bill, without this amendment would drop entirely all standards for day care centers. I would hope that the amendment No. 724 to HR. 3153 which would simply maintain minimal standards to assure that federally assisted day care programs do not harm children, these standards have been in effect for 5 years.

Mr. President, I intend to vote for the amendment.

Mr. DOMENICI. Mr. President, I would like to urge my colleagues' support for amendment No. 724 to HR. 3153 which would simply maintain minimal standards to assure that federally assisted day care programs do not harm children.
in the care of day care centers and I would hope my colleagues agree.

The PRESIDING OFFICER. All time on the amendment has expired.

The question is on agreeing to the amendment of the Senator from Minnesota, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Wyoming (Mr. McClure), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), the Senator from Texas (Mr. Bentsen), and the Senator from Iowa (Mr. Clark) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McClure) and the Senator from Iowa (Mr. Clark) would each vote "yea.

The amendment offered by Mr. MONDALE is as follows:

JUDICIAL REVIEW OF DECISIONS OF PROVIDER REIMBURSEMENT REVIEW BOARD

Sec. 193. (a) Section 1787(f) of the Social Security Act is amended to read as follows:

"(f) (1) Subject to subsection (b), any decision of the Board may be reviewed in final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of such decision, reverses, modifies, or modifies the Board's decision. Providers shall have the right to obtain judicial review of any final decision of the Board. Reversal of a decision, reversal, or modification by the Secretary, by a civil action commenced within 60 days of the date on which notice of any final decision by the Board is given, or within 30 days of any reversal, adversely affects or modifies the Board's decision. Such action shall be brought in the district court of the United States for the judicial district in which the provider resides or is located, or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.

"(2) Where a provider seeks judicial review pursuant to paragraph (1), the amount in controversy shall be subject to annual interest beginning on the first day of the first month beginning after the 180 day period following the 180 day period of notice of any final decision to subsection (a) and equal to the rate of return on equity capital established by regulation pursuant to section 1851(v)(1)(B) and in effect at the time the civil action authorized under paragraph (1) is commenced, to be awarded by the reviewing court in favor of the prevailing party.

"(3) No interest awarded pursuant to paragraph (2) shall be deemed income or cost for the purposes of determining reimbursement due providers under this Act.

(b) Notwithstanding any other provision of law, section 1787 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.

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

Mr. MONDALE. I yield.

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Seto, of the staff, be allowed to strike the following:

"(d) Notwithstanding any other provision of law, section 1787 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.

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

Mr. MONDALE. I yield.

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Seto, of the staff, be allowed to strike the following:

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

Mr. MONDALE. Mr. President, this is an amendment which I would have raised in the committee—Mr. President, may I have order?

The PRESIDING OFFICER. The Senate will come to order. The Senator will suspend until the Chamber has come to order. Will those Senators who are conversing in the Chamber please remove themselves from the Chamber?

The Senator will suspend temporarily until we have had complete order.

The Senator will resume.

Mr. MONDALE. Mr. President, this is an amendment that I would have raised in committee, but there were some technical problems and we worked those out with the staff of the Finance Committee. I understand the amendment is now acceptable to the floor manager. As I understand it, the Department of HEW no longer objects.

It is designed to deal with what I think was an error in the social security amendments passed a few years ago.

The purpose of my amendment to H.R. 3153 is to make certain modifications in section 1787 of the Social Security Act in order to clarify the rights granted to providers of services to obtain administrative and judicial review of disputed reimbursement issues under Medicare.

Last year's social security amendments, Public Law 92-505, established in section 1787 a provision for a provider to hear appeals involving disputed reimbursement amounts. Under that provision, providers of services were granted judicial review only in the limited instance wherein the Secretary of HEW on its own motion, reverses or modifies a decision of the Board that was favorable to the provider. There was no provision for judicial review of Board decisions that are unfavorable to a provider.

The amendment which I am offering would correct this inequity by offering to providers the right of judicial review of any Board decision or subsequent modification or reversal by the Secretary.

The amendment would be broadened by my amendment, so, acting in behalf of the committee, I think it serves an appropriate way of providing an appeal procedure, So, acting in behalf of the manager of the bill, I will accept the amendment.

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

The amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President,
I call up my amendment No. 728 and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment is as follows:

(No. 728) is as follows:

Intended to be proposed by Mr. ROBERT C. BYRD to H.R. 3153, an Act to amend the Social Security Act to make certain technical and conforming changes, viz.:

At the end of part A of title I of the bill, insert the following new section:

SEC. 202. (a) Section 203 (1) (B) of the Social Security Act is amended by striking out "60" wherever it appears therein and inserting in lieu thereof "55".

(2) Section 203 (e) (1) (i) (D) of such Act is amended by striking out "60" but only if she became so entitled prior to attaining age 60" and inserting in lieu thereof "55".

(b) Section 203 (e) (4) of such Act is amended by striking out "60" and inserting in lieu thereof "55".

(c) Section 203 (e) (5) of such Act is amended by striking out "60" and inserting in lieu thereof "55".

(d) Section 225 (b) (1) of such Act is amended by striking out "a widow, widower, or surviving divorced wife who has not attained age 60" and inserting in lieu thereof "a widow or surviving divorced wife who has not attained age 55".

(e) (1) Section 227 (d) (1) of such Act is amended by striking out "60" but only if she became so entitled prior to attaining age 60" and inserting in lieu thereof "55".

(f) The first sentence of section 235 of such Act is amended by striking out "widow or surviving divorced wife who has not attained age 60" and inserting in lieu thereof "widow or surviving divorced wife who has not attained age 55".

(g) The amendments made by this section shall apply with respect to monthly insurance benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of the change in the Consumer Price Index for the month in which this Act is enacted.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the distinguished Senator from New Jersey is recognized.

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

Mr. WILLIAMS. I yield.

Mr. FANNIN. Mr. President, I ask unanimous consent that George Friggs and Rick Lavis be given the privilege of the floor during the consideration of and voting on this measure.

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

The amendment (No. 728) is so ordered.

Support for 11-percent social security increase

Mr. CHURCH. Mr. President, I strongly support the social security improvements in H.R. 3153.

Several of these provisions will be of vital importance for individuals struggling on limited, fixed incomes.

First, H.R. 3153 would provide a two-step, 11-percent cost-of-living increase in social security benefits for more than 29 million beneficiaries. The first step would occur in the month of enactment and then to $181 effective for June 1974. On an individual basis, these provisions would provide average monthly benefits of:

For retired workers to $173 effective for June 1974.

For retired workers to $177 effective for June 1975.

Equally important, it would help relieve social security dependency on Medicare and increase benefits for more than 15 million additional workers. For example, the dual coverage would be provided in H.R. 3154, rather than from the second quarter of 1974.

Second, H.R. 3153 would provide an automatic increase effective for June 1974, and then to $181 effective for the month of enactment. The second step would be an interim 7-percent increase effective in June 1974. On an individual basis, these provisions would provide average monthly benefits of:

For married couples to $325 effective for June 1974.

For single individuals to $251 effective for June 1974.

Third, the automatic cost-of-living adjustment provision would be improved by measuring the increase on the basis of the change in the Consumer Price Index from the first calendar quarter of 1 year to the first calendar quarter in the following year, rather than from the second quarter in 1 year to the second quarter in the following year.

An exception would be made for the first automatic increase effective for June 1975, which would be based upon the increase in the Consumer Price Index from the first calendar quarter in 1974 and the first quarter in 1975. Additionally, the effective date for the cost-of-living adjustment would be in June, instead of January. These two changes would reduce the lag between the end of the calendar year and the beginning of the new year, and the payment of the resulting benefit increase from 7 months to 3 months. It would also mean that automatic benefit increases in the future would be payable in the month in which they are granted, rather than the following month.

The supplemental medical insurance program would be effective, thus providing the opportunity to make both adjustments in benefit checks in the same month.

Fourth, the monthly income standards for the new supplemental security income program would be raised in January 1974 from $130 to $140 for eligible individuals and from $195 to $210 for qualifying couples. A further increase would be deferred until July 1974 to $135 for individuals and $219 for couples. The income standards would also be increased proportionally for essential persons, generally younger spouses of assistance recipients who are 65 and above. For these individuals, the income standards would be raised from $65 to $70 in January, and then to $73 in July.

All Americans have been hard hit by the wave of rising prices during the past year. No age group has been victimized to the extent of the aged. Many have already cut back on their food consumption, even though they may have endangered their health. Others have been forced to seek out food substitutes, such as dog food. And far too many have simply done without.

The evidence is all too clear, in my judgment, that inflationary pressures will intensify in the months ahead. The Consumer Price Index leaped forward in August at an astounding and record-breaking pace of 6.2 percent. And, it will be just a matter of time before that surge is reflected in higher retail prices throughout the Nation.

Older Americans cannot wait any longer. Time is not on their side. For many, enactment of this two-step 11 percent social security increase is literally a life or death matter—especially those who are now rummaging through garbage bins, and others who are now rummaging through garbage cans, for their meager resources.

For these reasons, I again urge early adoption of the social security provisions. No other legislation is more important from the standpoint of 21 million Americans 65 and over, nor more deserving of immediate congressional approval than these measures now before us.

Mr. WILLIAMS. Mr. President, I have an amendment at the desk which I ask to be considered.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read the amendment offered by Mr. WILLIAMS for himself and Mr. CASS as follows:
Mr. WILLIAMS. Mr. President, this amendment would simply add the State of New Jersey to the list of 21 States which are allowed to divide a public retirement system coverage group to obtain social security coverage. Under this provision, a State at its option may divide a public retirement coverage group and extend social security coverage to those employees who elected to obtain coverage and exclude those who voted against coverage.

Mr. President, I appreciate the fact that the manager of the bill sees merit in the other procedure authorized under the States that can be covered in this way. It represents a major amendment for the public employees in New Jersey.

Mr. NELSON. Mr. President, this is an amendment which is perfectly acceptable. It has been cleared with the Treasury and with the staff. Therefore, I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the Williams amendment (putting the question).

The amendment was agreed to.

AMENDMENT NO. 725

Mr. JAVITS. Mr. President, I call up amendment No. 725 and ask that it be debated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk reads as follows:

On page 171, line 17, add the following new title:

TITLE IV—TO AMEND TITLE IV OF THE SOCIAL SECURITY ACT TO ELIMINATE THE PRECONDITION FOR FEDERAL FINANCIAL PARTICIPATION THAT CHILDREN IN FOSTER CARE BE REMOVED FROM THEIR HOME AS A RESULT OF JUDICIAL DETERMINATION

Section 401. (a) Paragraph 1 of section 408(a) of the Social Security Act is amended by deleting the """", immediately preceding """", and inserting in lieu thereof """"or any other procedures authorized under the State law and approved by the Secretary"".

(b) Paragraph 3 of such section is amended by deleting the """, """, immediately preceding """, and inserting in lieu thereof """, and approving under State law and approved by the Secretary"".

Mr. JAVITS. The purpose of the amendment is to deal with a procedural question in the law respecting children in foster care. One of the provisions of existing law relates to a requirement for a court order before the child placed in foster care can qualify for support. Apparently in New York they have worked out less formal procedures than court proceedings or court orders. Therefore, in order to have immediate and kind of a procedure—and I understand that the department has no objection—this amendment provides that other procedures authorized under State law and approved by the Secretary would be just as satisfactory as the court proposition.

The amendment would modify section 408(a) of the Social Security Act which now requires that in order for a State to obtain Federal financial participation in the cost of maintaining children in foster homes, placement must have been the result of a court order.

It has been the experience of social service officials in New York City that such a requirement for a judicial determination is not only unwarranted but in many cases prevents placement which would be beneficial to the child, because of a family's reluctance to participate in court proceedings.

While it is clear that the Government has the responsibility to insure that tax funds are not used to support foster care placement unless absolutely necessary for the welfare of the child. I believe that the Department of Health, Education, and Welfare have some flexibility in making such arrangements. Thus, my amendment provides that Federal financial participation can be continued in cases where there are court orders or where other appropriate procedures approved by the Secretary if the family cooperates with the authorities.

We contemplate, for example, a situation where there has been a voluntary surrender by the parent and a certification by the appropriate State official that the child would be best cared for outside the home.

It is my understanding that the chairman and the ranking member of the Finance Committee have given consideration to this amendment and I urge its prompt adoption.

Mr. CURTIS. Mr. President, will the Senator yield for a question or two?

Mr. JAVITS. Certainly.

Mr. CURTIS. To what extent will this change affect the present procedures?

Mr. JAVITS. The present law requires—and it is very narrow in its statement—a court order.

I will read to the Senate the exact provision which controls this matter. The present law says that the placement must have been as the result of a court order.

I wrote the chairman of the committee and the ranking minority member of the committee a letter on November 13.

I ask unanimous consent that this letter be printed at this point in the Record. There being no objection, the letter was ordered to be printed in the Record, as follows:

Hon. RUSSELL B. LONG, Chairman, Senate Finance Committee, Washington, D.C.

Dear Mr. Chairman: I am writing to you with regard to a proposed amendment to H.R. 3183, which I understand will be reported by the Finance Committee this week. It is my understanding that Mr. Jule M. Sugarman, Administrator of the New York City Human Resources Administration has been in touch with you concerning this amendment.

Under existing law, in order for assistance to be granted under Title IV-D of the Social Security Act, children must have been placed in foster care as a result of a judicial determination that continuation in their own home would be contrary to the welfare of the child. The experience of the City of New York has been that this requirement of a court order is not only unwarranted but in many cases prevents placement which would otherwise be justifiable because of the parents reluctance to go through the court proceedings.

Therefore, the State of New York has been that this requirement of a court order be continued in cases where this was necessary.

On September 1, 1973 the State of New York passed legislation to conform to the Federal requirements. This means that in non-judicial placements the City loses not only the Federal contribution but the State contribution as well thereby making such voluntary placements impossible for all practical purposes.

The amendment I proposed to offer would amend Section 408(a) of the Social Security Act by authorizing Federal reimbursement for foster care undertaken "under court order or by any other procedures authorized under State law and approved by the Secretary of Health, Education and Welfare."

Mr. Sugarman's office advises me that you have expressed a strong objection to this amendment on the floor and I will proceed under that assumption unless I hear from you otherwise. I have made a study of the amendment and asked for his concurrence as well.

Thank you for your understanding and cooperation on this matter but without a court order, where this was necessary.

With best regards,

Sincerely,

JACOB K. JAVITS.

Mr. JAVITS. Mr. President, I state in the letter as follows:

Under existing law, in order for a State to obtain Federal financial participation in the cost of maintaining children in foster care, such children must have been placed in foster care as a result of a judicial determination that continuation in their own home would be contrary to the welfare of the child. The experience of the City of New York has been that this requirement of a court order is not only unwarranted but in many cases hinders placements which would otherwise be justifiable because of the parents reluctance to go through the court proceedings.

Therefore, in spite of the loss of Federal reimbursement the City of New York has been that this requirement of a court order be continued in cases where this was necessary.

On September 1, 1973 the State of New York passed legislation to conform to Federal law to the Federal requirements. This means that in non-judicial placements the City loses not only the Federal contribution but the State contribution as well thereby making such voluntary placements impossible for all practical purposes.

The situation in the city in such that it has had to continue to place children in foster homes with the concurrence of the parents, but without a court order.

The way in which I have sought to protect the United States interest is that approval be given by the Secretary if the procedure used is other than a court order. This is what this amendment provides.

Mr. CURTIS. Could the Senator give us an illustration of the handling of a case other than by court order? How is it done in the State of New York?

Mr. JAVITS. It would be done if we had a family which, for example, because of poverty or other conditions might have a mother who is in difficulty, perhaps mental difficulties or other such difficul-
ties. There may be a number of children, maybe older children. That often happens. To bring such a person to court and have court proceedings would be so traumatic that our authorities with her consent and with that of the father and after a determination by appropriate State officials that placement is necessary for the child’s welfare, would place that child in a foster home with foster parents without a court proceeding which would be so traumatic for the mother. That would be highly desirable in those cases. And under the procedure in my amendment, that would have to be approved by the Secretary of HEW.

I really substitute the approval of the Secretary of HEW for the approval of a court. And the Federal law now does not permit that. It says that it should be strictly a court order, which is very narrow under these circumstances.

Mr. CURTIS. The persons who would have to be free from the loss would be the foster parents and not the natural parents?

Mr. JAVITS. No. As I understand it everyone has to meet whatever test the law provides. My amendment does not in any way obviate that. It obviates only the proceedings before a court. It provides that instead of having a court proceeding, it allows any such other procedure as is satisfactory to the Secretary.

Mr. CURTIS. Does the Senate have an estimate of the additional Federal costs?

Mr. JAVITS. There should be none whatever unless one considers the approval procedure to be an additional cost. Indeed there would be considerable savings in terms of paper work and court costs in a jurisdiction like New York City where there are currently more than 28,000 children in foster care.

Mr. CURTIS. Would it enlarge a number of benefits?

Mr. JAVITS. It should not in any way, except that if we do not do this, we would have some highly deserving children of this benefit in cases in which because of the condition of the family or the parents we cannot take them to court. However, it should not in any way affect substantively the situation.

Mr. CURTIS. Mr. President, I have no further questions.

Mr. NELSON. Mr. President, I have consulted with the staff and I have listened to the discussion. On behalf of the manager of the bill, I am perfectly willing to accept the amendment of the distinguished Senator from New York.

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

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. NELSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, am I recognized under the previous unanimous-consent order?

The PRESIDING OFFICER. The Senator from West Virginia has an amendment pending at this point.

Mr. ROBERT C. BYRD. Mr. President, if the distinguished Senator from Indiana wishes to call up an amendment, he might do so at this time. I have an amendment pending.

Mr. President, it is my understanding that the distinguished Senator from Indiana has an amendment that will be accepted and that it would therefore not take much time.

I ask unanimous consent, therefore, that my pending amendment be temporarily laid aside to allow the Senator from Indiana to call up his amendment which I understand will be agreed to.

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

Mr. HARTKE. Mr. President, I send an amendment to the desk and ask that it be printed.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

Strike out of subsection ‘e’ of section 102 of title I beginning on page 20, line 12 to page 21, line 2.

Mr. HARTKE. Mr. President, I move to delete in its entirety subsection (e) of section 102. This subsection would, for the purpose of veterans’ pensions, disregard any social security increase which we pass hereafter.

Mr. President, as much as I have been long concerned about the adequacy of veterans should not be unfairly penalized by virtue of any social security increase they receive. I have reluctantly concluded that this provision is the wrong provision at the wrong time.

To briefly review the circumstances surrounding the provision in question, it should be remembered that the amount payable to a veteran or a survivor is entitled is determined by the amount of the recipient’s countable nonpension income. Thus, an increase in social security—90 percent of which is counted as income—has often meant a decrease in a veteran’s pension.

In past years, the decrease in pensions has sometimes been greater than the social security increase producing a net loss to a veteran or a widow. Thanks to increasing refinements in the pension system enacted by Congress, however, this is no longer true and any veteran continuing to receive pensions always receives a net increase in the Federal pension to him when social security is increased.

For example, the average social security increase—under the 1972 20 percent raise—to a pensioner was approximately $5.50 per month, the average decrease in the VA pension on the other hand was approximately $7. Nevertheless, this decrease together with a continuing inflation prompted the Veterans’ Affairs Committee, which I am privileged to chair, to pursue compensatory increases for veterans. As my colleagues are aware, we recently passed a $539 million bill providing for a minimum 10 percent increase in veterans’ pensions which now is on the President’s desk awaiting signature. While the bill is not all that the Senate had wanted, it does address itself to the problems of inflation and the decreases occasioned by social security which veterans experienced this year. As you also know, both the House and the Senate are committed to a policy of overall pension review for comprehensive legislation which will be reported from the Veterans’ Committee in 1974.

In this connection it is important to emphasize first that whether there is any provision in this bill for increases or not, no veteran’s pension will be affected by this social security increase next year. The earliest then, that a veteran’s pension could be affected by any social security increases enacted by Congress this year will be over a year from now in 1975. In this connection, I ask unanimous consent to place in the record from the general counsel of the Veterans’ Administration confirming this interpretation in the Recess at this point.

There being no objection, the memorandum was ordered printed as follows:


To: Chief Benefits Director (21).

From: General Counsel.

Subject: Determining income in 1974 for pension and dependency and indemnity compensation.

1. In your memorandum of November 13, 1973, you request my opinion on the following question based on an assumption that the rates of pension and dependency and indemnity compensation for veterans would be increased effective January 1, 1974:

“...in determining the annual income of pensioners and DIC recipients for 1974 and in establishing the payment rates under the formula in the new legislative increase, does the law require that the social security increases expected in 1974 be counted?”

2. As stated in our memorandum of September 17, 1973, to which you refer, “notwithstanding notice of an increase in retirement or dependency benefits or DIC to the dependent or survivor, the anticipated income for a forthcoming year, the end-of-the-year rule of (38 U.S.C.) 3012(b) (4) would still apply.” This memorandum, as does our earlier opinion, 78-66, adopted by the Administrator in his report of February 5, 1968, on H.R. 12656, 90th Congress, deals solely with the computation of receiving dependency or survivor compensation, payable extra to the extent that once income is determined, the rate payable for such income can be ascertained.

3. We find no legal basis for adjusting the pension rate in 1974 based upon increased social security payments expected later that year.

4. Pension payable for 1974 should be based on the actual social security income received in 1973 in line with the aforementioned memorandum of September 17, 1973. As usually indicated, the rate of pension has no bearing upon the method of computing income. Once income is determined, the amount of pension to be paid would be fixed according to the rates then in effect.

5. The statutory method for determining the income of parents for the purposes of dependency compensation is similar to that of computing income for pension purposes. Section 3012 (b) (4) is also applicable to reductions of
Such compensation. Therefore, the views expressed above with respect to pension apply equally to dependency and indemnity compensation.

It follows that your question, as set forth in the first paragraph, must be answered in the negative.

John J. Corcoran.

Mr. Hartke. Second, this provision as presently written would not do what it is intended to do, that is, to keep veteran pension rates fair and equitable.

By singling out social security, this bill would discriminate against veterans who receive increases in civil service annuities, railroad retirement, or private annuities. Also, the provision would place the situation where two veterans with identical outside income would receive different pensions. I can assure my colleagues that they have not seen mail that can be generated until you have a situation in which veterans with identical income are paid different pensions.

Third, I am informed that the provision as drawn now would be impossible to administer by the Veterans’ Administration. The Veterans’ Administration has termed this provision an “administrative nightmare” as the following memorandum indicates:

EFFECTS OF THE SOCIAL SECURITY “PASS THROUGH” TUNES A SIMPLE SYSTEM INTO A MIGHTY ONE.

Pension is based upon countable income, self-reporting through annual income questionnaires, and therefore kept simple.

Those social security payments from nonservice sources, and most have income from more than one source. When income from any one or combination of sources undergoes change, an adjustment in rates is made.

For social security and other retirement incomes, ten percent is excluded in determining the pension rate payable. The “pass thru” proposal would create an administrative monstrosity.

For those on the pension rolls who are receiving social security, the social security portion of their income would be of three components: the “pass thru” amount which is never to be counted as income, the balance of 90% is not counted, and 10% which is counted.

By law, social security will be adjusted each year in line with changes in the cost of living. The percentage will be applied to the total social security payable. Where there is a portion not to be counted, that amount, and the % increase would be excluded. The individual is not usually certain of the amount of his benefit increase (with medicare deductions) nor can we be sure of the amount which will be the total increase “pass thru”. Automatic adjustments will not be feasible for all of these cases, for individual adjudication mean incurring tremendous administrative costs.

The problem would also be compounded when income other than social security changes and an adjustment must be made. The various components of social security must be revalued to properly assign the pension rate.

There would be further problems should a pensioner have to pay the roll for a period of time due to employment or other change in income, and then again become eligible. Another complex income determination would have to be done in each case.

The “pass thru” would also create disparate classes of pensioners. For all future payments, we would have to distinguish between those receiving pension before 1/1/76 and receiving social security and those entitled on or after 1/1/74, as well as those who may have received pension before 1/1/76 but did not commence receipt of social security until after that date.

I might add that the veteran’s organizations have recognized that this is not the best way to do it. The American Legion addressed to my distinguished colleague, Senator Riiscoreff, which explain the difficulties of this provision be inserted in the Riiscoreff bill.

There being no objection the letters were ordered printed as follows:

Mr. Hartke. The American Legion is grateful to you again this year for your leadership in nonservice-connected pension program. With your cooperation, H.R. 9476 passed the Senate today and the VA beneficiaries will receive a minimum ten percent increase in monthly benefits commencing next January.

The merit of excluding monthly social security benefits from counting as income for VA pension purposes is studied by the American Legion on several occasions. Each time the organization has concluded that to do so would discriminate against veterans whose retirement type incomes are derived from other sources, and for the further reason that such might defeat the needs test entirely.

As you know, the pension program, as established in 1933, is an income maintenance and not a retirement program. It was designed to help relieve veterans that need assistance when they lack sufficient resources or income for the cost of living. It is the Nation’s means of assuring veterans of an honorable form of financial assistance to make them sufficiently resources to meet the cost of their reasonable needs.

Under present law, all payments of any kind or from any source (including salary, retirement annuity, etc.) are counted as annual income for pension purposes. Additionally, the law excludes from these income determinations income from nonservice-connected disabilities, payments personnel to a veteran, or his widow or child under public or private retirement, annuity, endowment, or similar plans or programs.

From the foregoing, it is patent that the income of these beneficiaries receive equal consideration in annual income determinations. The American Legion believes that this is equitable and just solution to the needs of pensioners and is not in the exclusion of income types which will preserve for adequate income, Incomes, and monthly pension payable.

We are aware that both the Senate and House Committees on Veterans’ Affairs are committed to restudy all facets of the veterans’ pension program. I urge them to extend their cooperation to this matter.

Mr. Hartke. Thank you, Mr. President. As I appreciate and sympathize with the motives of the veterans’ disregard provision of this bill, I urge my colleagues not to treat the problem on a piecemeal basis and that we fully expect to have a thorough, comprehensive, and equitable bill for all of our veterans long before any social security increase could possibly affect their veterans’ pension.

Mr. Nelson. Mr. President, this is the intention of the Finance Committee, as the Senate from Indiana, who is Chairman of the Veterans’ Affairs Committee, has said. With the assurance of the Veterans Affairs Committee that this would be appropriately handled by the committee, we are willing to accept the amendment.

Mr. Hartke. Let me say to the floor manager of the bill that the veterans organizations recognize this is not the proper approach. As that letter from the American Legion addressed to Senator Riiscoreff indicates, they have requested that this change be made.

Mr. Nelson. On behalf of the manager of the bill, I am willing to accept the amendment.

Mr. Curtis. Mr. President, will the Senate state again where he would begin striking out, beginning on what page?

Mr. Hartke. It would strike the en-
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tire subsection "e" of section 102 of title I which would disregard this social security increase in determining income for purposes of the pension to which a veteran or his survivor would be entitled.

Mr. CURTIS. On what page?

Mr. HARTKE. Page 20.

Mr. CURTIS. Lines 7 to 12?

Mr. HARTKE. Lines 7 to 12.

Mr. CURTIS. Lines 7 to 12?

Mr. HARTKE. Yes. Beginning with line 12 on page 20, down to page 21, line 2.

That entire subsection.

Mr. CURTIS. Senator Hartke, do you remember what this language would do if we were in the Senate today?

Mr. HARTKE. No. In this particular case, I would be perfectly willing to waive jurisdiction if this were an equitable and workable provision of real benefit to the veterans. But it is not. The railroad employees, for example, and certain beneficiaries of the Government who are traditionally taken care of would not be aided by this provision. In other words, the legislative procedure does not accomplish the spirit which it was intended to accomplish.

Mr. CURTIS. And what the Senator proposes to do is strike it out entirely?

Mr. HARTKE. That is right.

Mr. CURTIS. I thank the Senator.

Mr. THURMOND. Mr. President, initially, I want to preface my remarks with a statement concerning social welfare legislation in general, and non-service-connected veterans pension legislation in particular.

First, I believe that every able-bodied man should work or train for work and the emphasis of our legislative activity should encourage that end. While the great majority of the American people are physically and mentally capable of holding a job, those who are impaired by cause of infirmities of the mind or body, are not able to hold a job or even train for work, no matter how hard they try or what their desires may be.

Those in the able-bodied group. Mr. President, we have been designed to aid them in this battle to maintain a decent standard of living for themselves and their families.

Second, many of our veterans who draw non-service-connected pensions fall in the group that I have just described. Many of these veterans, because of age and/or disability, qualify for both social security benefits and a non-service-connected pension. The combination of these benefits affords the non-service-connected pensioner a minimum standard of living, and enables him to live in the manner befitting one who was willing to sacrifice his life and body for his country.

Mr. President, no government program is wasted when it is aimed at compensating the American veteran for the service he has rendered our country. After all, we are free to stand here today in free and open debate because of his status as a veteran. The tax payer's dollars a program which would accrue to him, he should not, at least, be available to him as a veteran.

Ostensibly, it is this very point which poses a problem in reconciling the social security laws with the non-service-connected pension laws. Since veterans' pensions are based on need, and increase in social security payments often lifts the veteran's income above the limitation which qualifies him for a non-service-connected pension. A raise in social security benefits helps the normal recipient meet the increased living costs, but an anomalous situation occurs for many veterans or their widows. They are told to expect an increase in social security benefits, but a decrease in their income occurs. Their income has increased to a point where no veteran should, and must, continue to be available to him as a veteran.

Second, many of our veterans who second, while seeking to alleviate an inequity, it would in fact, cause a further inequity in the pension law. Veterans with the same income would be classified differently for pension purposes. While income from social security would be disregarded in determining the pension for one veteran, another veteran with an equal income from another source would have his income counted for pension purposes.

Third, the Veterans' Administration, in consultation with the staff of the Veterans' Affairs Committee, has pointed out that a "pass-through" provision would be hard to administer. In an effort to forestall any harsh effects caused by the enactment of H.R. 3153, an opinion by the General Counsel of the VA submitted to the general counsel of the Veterans' Affairs Committee, has pointed out that any increases in social security will not be counted until January 1, 1975. Therefore, the increases encompassed in this bill will not affect our pensioners in the next year. During 1974, the Congress will have the time to seek a permanent solution to this problem.

Fourth, various veterans service organizations recommend that a "pass-through" clause in social security law will not serve the best interests of all veterans.

Senator HARTKE's amendment recognizes these problems and deletes the
“pass-through” or “disregard” provisions in the bill. After careful study and consultation with him, I am convinced that this amendment represents the best interest of the veteran.

Mr. President, I believe that all veterans legislation must be directed toward the benefit of the veteran, and I am hopeful that logic, and not emotion, will control our thoughts as we consider the bill.

Mr. CURTIS. The amendment, I am convinced, will now be more clearly realized that the Veterans’ Affairs Committee, as well as the full Senate, is charged with the duty of examining the veterans pension system and seeking to propose final and equitable solutions to this perplexing problem which faces the non-service-connected veteran.

While we all realize the need for changes in the veterans’ pension law, I am sure that views will differ on the specifics of solutions. Yet, I am optimistic that further hearings will provide the best forum for the airing of these issues, and that exhaustion hearings will, as always, provide the best forum for深入 examination of this problem.

I am hopeful that Senators, themselves, will feel free to come before the committee and propose fresh ideas and approaches.

Finally, let me emphasize that our veterans are not impressed with rhetoric or shallow solutions that do not strike at the heart of the problem. When their incomes are cut, they expect action and hard work on our part to find a solution.

The Finance Committee’s proposal for a “disregard” is admirable in motive and intention, but I believe that a better solution can and will be worked out by the distinguished Senators on the Senate Finance Committee to examine thoroughly this problem. Senator HARKIS, long ago committed himself to seeking a solution, and I joined him, Senator EMERSON, the ranking minority member on the Finance Committee, in a bipartisan effort to find an answer.

The committee will continue its efforts. Therefore, Mr. President, I support the HARKIS amendment and urge my colleagues to do likewise.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. HARTKE. I thank the distinguished assistant majority leader for permitting us to take this legislative action at this time.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, may I say that my amendment will amend the Social Security Act by reducing from 60 to 55, the age at which a woman may become entitled to actuarially reduced widow’s insurance benefits herself.

Throughout my entire congressional career, I have consistently supported and introduced legislation designed to provide more realistic social security benefits, and legislation designed to improve and strengthen the structure, administration, and financing of the social security system.

Last fall, I introduced this measure as an amendment to H.R. 1, and it was adopted by the Senate. Unfortunately, the House conference did not accept this amendment and it, therefore, was not included in the Senate-confidence reported bill. I have also introduced this proposal as a separate bill. S. 2876 on November 5, 1973. While there were many improvements and liberalizations contained in H.R. 1, as finally enacted, I also hope that the House would now accept the improvements, such as would be effected by my amendment, will now be more clearly recognized by Members in both Houses of Congress so that this proposal might receive expeditious consideration and enactment into law this session.

Beyond the 28 million citizens who are already drawing social security benefits, there are many widows between the ages of 55 and 60 who, at this stage in their lives, are unable to establish a new career. I am concerned that the inadequacy of incomes will put these widows in a preferential position over women who must work and support themselves.

Mr. CURTIS. As I understand, what the Senator proposes relates to the benefits for women.

Mr. ROBERT C. BYRD. Yes; for widows.

Mr. CURTIS. Not all women?

Mr. ROBERT C. BYRD. No; only widows.

Mr. CURTIS. At the present time, if the husband is the primary beneficiary, and he dies, at what age do the benefits start for the widow?

Mr. ROBERT C. BYRD. At age 62 for full benefits; actuarially reduced benefits, at age 60.

Mr. CURTIS. What the Senator proposes to do would change it to what?

Mr. ROBERT C. BYRD. I understand that it would affect about 310,000 widows, who would claim benefits in the first year.

Mr. CURTIS. If the Senator’s amendment were accepted, all widows falling in that age category could avail themselves of benefits.

Mr. ROBERT C. BYRD. They would have the option of availing themselves of benefits.

Mr. CURTIS. Suppose that a widow had been a widow for many years, and then deceased husband had been covered for a primary benefit, but she was working in her own right. Would she be able to avail herself of the benefits proposed by the Senator’s amendment?

Mr. ROBERT C. BYRD. Widows could receive benefits at age 60 on their own employment record.

Mr. CURTIS. In other words, the Senator is proposing——

Mr. ROBERT C. BYRD. This amendment would not affect that category.

Mr. CURTIS. I understand; but the Senator is proposing that a widow have a preferential position over women who must work and support themselves.

Mr. ROBERT C. BYRD. That is already the law. Under present law, a widow whose husband was covered may elect, at age 60, to take actuarially reduced benefits; whereas, a widow in the other category cannot do so but must wait until age 62. The former may have no skills for the current labor market, because she has been a housewife over the years. The latter is currently employed in today’s labor market and possesses the skills needed.

Mr. CURTIS. The Senator is widening the period from 2 years to—

Mr. ROBERT C. BYRD. Key amendment makes it possible for the widow, who perhaps has long been a housewife and out of the labor market for the skills required for the job, and whose husband was in covered employment, to elect to receive actuarially reduced benefits 5 years earlier than she can now receive such benefits under present law.

Mr. CURTIS. The first full year’s cost will be $600 million.

Mr. ROBERT C. BYRD. The first full year’s cost is estimated at $800 million.
Mr. CURTIS. Is it the Senator's contention that there would not be any additional cost?

Mr. ROBERT C. BYRD. It is my contention that over the long run, the initial cost would be almost washed out, because as widows who elected to take benefits at age 55 would have to take a reduced benefit below which they would otherwise receive if they waited until they were 60. So, in the long run, the initial cost would be made up by balancing out—by dividing the 15 years' worth of benefits spread over 20 years, perhaps.

Mr. CURTIS. I am aware that, theoretically, that contention is made, but if it were literally true, everyone could then retire at 40 years of age at reduced benefits, and it would cost the system nothing.

Mr. ROBERT C. BYRD. The law does not allow everyone to retire at 40—

Mr. CURTIS. No; no; but if it does not cost anything to give the reduced benefits at age 40, I am afraid we do not give that choice to make it possible for someone 40 years of age to do it, it would not cost them, if the Senator's theory is correct.

Mr. ROBERT C. BYRD. Actuarially it is supposed to balance out. I am not an actuary, but I suppose at age 40, an actuarially reduced benefit would be down to nothing.

Mr. CURTIS. I know it is, theoretically. Does the Senator have an estimate of how many of these widows might cease working and, thus, would be no longer paying social security taxes into the fund?

Mr. ROBERT C. BYRD. I can only say that I am advised by the Social Security Administration there is a potential of $10,000,000 widows. For many of these are working at the present and would not elect to retire at age 55, I have no way of knowing.

Mr. CURTIS. Does this amendment have the support of the Department?

Mr. ROBERT C. BYRD. I cannot say that it has the support of the Department.

Mr. CURTIS. Does the Senator know whether they are objecting to it?

Mr. ROBERT C. BYRD. I do not know for a fact that they are objecting to it. I cannot answer that question.

Mr. CURTIS. I thank the Senator from West Virginia very much for his courtesy in answering these questions. I feel that amendments of this kind, materially lowering the retirement age, should not be adopted by consent or by a voice vote but that the Senate should vote on this amendment. I do not have sufficient Senators in the Chamber at this moment for a roll call—to second a request for a roll call vote, but I think we should have one.

Mr. ROBERT C. BYRD. I agree with the Senator. While I stated that I cannot say as a matter of fact that the Social Security Administration does not approve this amendment, I can only assume that it does oppose it, because I think the administration has opposed similar amendments in the past. Now strong that opposition is, I have no way of knowing. But I agree there should be a roll call vote on this. If I could get the unanimous consent of the Senate, I should like to lay this amendment temporarily aside and take up a second amendment, after which I will have no additional amendments.

Mr. HARTKE. Mr. President, will the Senator from West Virginia yield for a question or two on this amendment?

Mr. ROBERT C. BYRD. I would have object, but I hope that—

Mr. CURTIS. I would like to ask about that, but if we can pass a law by unanimous consent, why on earth can we not have a roll call vote by unanimous consent?

Mr. ROBERT C. BYRD. I am willing to discuss that with the Senator. I will not argue with him on it. This business of securing one-fifth of the Members present to order a roll call vote is a constitutional inhibition and not mine, but—

Mr. CURTIS. Would the Senator yield if I might make a—

Mr. ROBERT C. BYRD. Yes.

Mr. CURTIS. Ask for a quorum call.

Mr. ROBERT C. BYRD. Would the Senator allow us to proceed on this amendment? We will get a sufficient number of hands. If the Senator would yield, so that we could proceed with a little discussion with the Senator from Indiana, I believe, in the long run, that will save time.

Mr. CURTIS. Does the Senator have another amendment?

Mr. ROBERT C. BYRD. I was going to ask unanimous consent that I could set this amendment temporarily aside until we have a sufficient number of Senators in the Chamber to get the yeas and nays.

Mr. CURTIS. These ladies may be 60 years of age by the time that happens.

[Laughter.]

Mr. ROBERT C. BYRD. I am sure they will receive good encouragement from the Senator's vote on this amendment.

Mr. CURTIS. That is right.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the pending amendment. The yeas and nays were ordered.

Mr. CURTIS. Could I ask unanimous consent, why on earth can we not argue with him on it? This business of securing one-fifth of the Members present to order a roll call vote is a constitutional inhibition and not mine, but—

Mr. ROBERT C. BYRD. The able Senator from Indiana has stated the case precisely, in support of the amendment. Mr. President, now that the Senator from Nebraska has returned to the Chamber, may I say to him that I am glad that the quorum call has been rescinded?

Mr. ROBERT C. BYRD. The Senator from Nebraska (Mr. Curtis) would be fully protected and that we could carry on this colloquy in the meantime.

Mr. CURTIS. Mr. President, I am seeking recognition in my own right now.

Mr. ROBERT C. BYRD. Mr. President, what are we to say to some women who have had to work hard all their lives that they cannot elect to retire at a reduced benefit at age 55 but that widows can? Some people who are beneficiaries of social security need that benefit very badly to live on. A larger number need it. But not all beneficiaries of social security are in dire need. This amendment makes no such qualification. A woman has an optional retirement at 55, but working women have no such option.

There is a reason for permitting some reduction in age for an optional retirement. It is that people get to a certain age, it is difficult for them to carry on. That is why it is in the law that they could have an option at 60. No evidence has been presented that the same facts prevail in reference to a widow at age 55.
There is still another factor that makes this expensive, and it is this: Beginning not too many months from now, our program for the aged, blind, and disabled, which has a matching basis, is going to be taken over by the Federal Government. So those people who have been on old age assistance and have been getting a benefit through the State, which was matched by the Federal Government, are going to be in a supplemental income program. That supplemental income payment is to bring their income up to a certain amount. If a social security payment is low, their payment from the Federal Government for the supplemental income will be larger. So someone can elect to take a reduced social security payment and thereby qualify for a higher supplemental income payment, which is borne entirely by the Federal Government. The proposition that this would all be washed out because of the actuarial considerations had some validity before the enactment of the law relating to the supplemental income program. It does not have that validity any longer.

I submit, further, that I do not believe it would be just to have more liberal provisions for women who have not worked under covered employment than women who have had to work all their lives and will have to work until they are of retirement age.

I have had an opportunity to confer with the representatives of the Department of Health, Education, and Welfare, and they are opposed to the amendment. Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I can, of course, offer an amendment to my own amendment. Am I correct? The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. In the past, on a number of occasions, the Senate has adopted an amendment I have offered reducing the age from 62 to 60, with actuarially reduced benefits, for both men and women. I am torn between two emotions, as to whether or not to proceed accordingly to try to amend my own amendment, which I have a right to do. I realize that if I do, the Senator may wish to talk for 5 minutes on that amendment. I do not know what his inclination would be. I also realize that my amendment reducing the age from 62 to 60 has been offered by me at least four, five, or six times and has been adopted in the Senate, over a period of several years, and it has never gotten through the conference with the other body.

Last year, I offered the amendment to lower the age for widows to 60, and at the suggestion of the distinguished senior Senator from Kentucky at that time, Mr. Cooper, I agreed to modify my amendment to make it age 55, rather than 60. So I would assume that my amendment now, from the position of attending in conference if I stayed with the amendment I have offered to-day, rather than attempting to expand it at this point to include other groups. Half a loaf would be better than no loaf at all.

I say again that I think the Senator's suggestion has a great deal of merit, that other women should also have some option. But I will not attempt to amend my amendment on this occasion. I will let the amendment stand, and I hope that the Senate will agree to the amendment.

May I ask the Senator if he would allow me to do this? I have one other amendment. I would like to ask unanimous consent, and I will ask unanimous consent, and the Senator may object if he wishes, that the pending amendment be temporarily laid aside and that it proceed to the second amendment, discuss it, request the yeas and nays on it, have the yeas and nays ordered, and then have the two votes occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, and I do not know that I will object, in the interest of orderly procedure I would like to be informed what the second amendment is about.

Mr. ROBERT C. BYRD. Yes, I think the Senator is entitled to know that. I do not know how Lyndon Johnson, when he was majority leader, used to be able to carry so many papers around in all of his pockets and in both of his arms and be able to avoid losing them. Apparently I am not doing too well at it myself.

Mr. President, this is not a printed amendment. I will state to the Senator what it would do.

Mr. President, this amendment would amend the social security law by allowing social security recipients to earn up to $3,000 a year without being penalized. The Senator is familiar with the subject matter.

If the Senate has no objection, I could offer it and then discuss it. If he would prefer to wait for a vote until after the prior amendment, that is all right with me.

Mr. CURTIS. I would have no objection to such a procedure, I think it might even be true that it would be helpful to Members of the Senate—at this point I am not willing to agree to a general limitation of time, but if the Senator wishes to suggest a time for the votes, that is all right with me, too.

Mr. ROBERT C. BYRD. Mr. President, could I get the Senator's consent that, after the vote on the pending amendment and immediately thereafter I then be recognized to call up this second amendment?

Mr. CURTIS. Yes, either that or discuss the second one.

Mr. ROBERT C. BYRD. Discuss it now, and then go to a vote on both amendments?

Mr. CURTIS. I have no objection.

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

Mr. ROBERT C. BYRD. Mr. President, I send the amendment to the desk and ask that the Clerk state it.

The PRESIDING OFFICER. Without objection, the pending amendment will be temporarily laid aside.

The clerk will state the second amendment.

The legislative clerk proceeded to read the amendment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.
The amendment, ordered to be printed in the Recess, is as follows:

As the amendment appears on page 1 of the bill, insert the following new section:

LIBERALIZATION OF EARNING TEST

Sec. 111A. (a) Paragraphs (1), (3), and (4) of section 203(f), and paragraph (1) of section 203(h), of the Social Security Act are each amended by striking out "$175" and inserting in lieu thereof "$350".

(b) The amendments made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1973.

(c) Section 202 of Public Law 93-66 is hereby repealed.

Mr. ROBERT C. BYRD. Mr. President, my amendment would amend the social security law by allowing social security beneficiaries to earn up to $3,000 per year without being penalized and without loss of benefits. Under existing social security law, beneficiaries are allowed to earn up to $2,100 per year before being penalized with loss of earnings, and on January 1, 1974, this limitation will be increased to $2,400.

Presently, if a beneficiary earns over $2,100, he is penalized $1 for every $2 that he earns and he loses benefits in this amount—a grossly unfair procedure which induces against those who can least afford it.

This limitation penalizes the wrong persons. Commonsense would indicate that, Citizens who have been working all their lives and contributing to the social security system during this working period from their hard earned salaries should not at this point in their lives, be penalized for working.

Mr. President, at the present time the maximum social security benefits are $266 per month for a man who reached age 65 in 1973 and had maximum earnings through 1972, and many persons need additional funds, above that amount, to sustain themselves. Surely, they should not be penalized for having the incentive to go out to earn the extra money needed.

Under present law, beneficiaries who reach age 72 receive their full benefits without regard to any earnings limitation. I do not understand why they should be penalized between the ages of 70 and 72.

Another glaring inequity in the earnings test application is that in determining whether the earnings limitation has been exceeded, only "wages" and "net earnings from self-employment" are considered—whether or not such wages or earnings are derived from employment covered by the Social Security Act. Income which is neither wages nor net earnings from self-employment is not counted. Thus, persons who are wealthy or have private investments, and who receive income from interest, dividends and rentals from real estate or any amount of income from pensions or annuities may do so without having any reductions in OASDI benefits.

Mr. President, when this retirement test was put into law, in 1935, there might have been an encouraging older workers from working past an arbitrary retirement age. This was during the depression years when it was necessary to increase job opportunities for younger workers. However today's high economy does not need such restrictive measures. By keeping these older persons from working, we are in effect, depriving this country of valuable skills and productivity.

Also, the Federal Government has been engaged in a campaign within the past 5 years to prohibit and to discourage the discrimination against workers because of age, and to encourage the hiring and retention of older workers.

The income limitation test discriminates against those individuals who can and should work to supplement their benefits. When we consider that the average social security benefit which is received at this time is approximately $2,000 per year, it is obvious that many individuals have to work. This provision causes a great deal of hardship in cases where the individual has need for more income than social security benefits can provide. That is why I propose to increase this limitation to $300 per year.

Mr. President, these people should not be penalized; rather they should be commended for the desire to go out and continue to work for themselves and contribute to the upbuilding of their communities and the Nation itself.

Mr. President, I think that about sums it up.

Mr. FANNIN. Mr. President, the Senator has a very meritorious amendment. Similar amendments have been considered over the years and in recent months have been discussed in the committee. But the consideration involved has been the barrier.

As I understand the amount involved would be in the neighborhood of $800 million.

Mr. ROBERT C. BYRD. About $800 million, I am told.

Mr. FANNIN. $800 million?

Mr. ROBERT C. BYRD. Yes.

Mr. FANNIN. What is the limiting factor as to whether or not we can take a jump of that magnitude, with the budget that is now certainly above what was anticipated, and creating the further problem that if we do not know exactly what it is to be, the problem could be greater.

I ask the Senator if he has any method of financing this additional amount that would be involved.

Mr. ROBERT C. BYRD. I do not provide for the financing of the additional cost in this amendment.

Mr. FANNIN. But the cost would be in the neighborhood of $800 million?

Mr. ROBERT C. BYRD. That is correct.

Mr. CURTIS. Mr. President, would the distinguished Senator advise us what the cost of the proposal would be, the immediate cost?

Mr. ROBERT C. BYRD. About $800 million. I am advised.

Mr. CURTIS. That would be recurring every year?

Mr. ROBERT C. BYRD. The Senator is correct.

Mr. CURTIS. Does the Senator provide any financing?

Mr. ROBERT C. BYRD. I do not in this amendment.

Mr. CURTIS. Mr. President aware that the goal that the committee adhered to for many years was to have at least 1 year's reserve in the trust fund, and that is down now to 70 percent.

Mr. ROBERT C. BYRD. I am sure the Senator is correct in his statement.

Mr. CURTIS. Mr. President, I again remind the Senate that this is one of the advantages of the proposals on the floor. Here we are increasing benefits by almost $1 billion with no provision to pay for it. It would further deplete the reserve which is down now to less than a year.

I thank the Senator for yielding.

Mr. ROBERT C. BYRD. Mr. President, I think the record should show that it is quite traditional around here to add these social security amendments on the floor without accompanying them at the time with a self-financing provision.

Mr. CURTIS. Not so on the part of the Committee on Finance.

Mr. ROBERT C. BYRD. I agree with the Senator. I am not a member of that distinguished committee.

Mr. CURTIS. That is why I believe the Senator should take all these amendments to the committee and convince the committee. They are not hard to convince.

Mr. ROBERT C. BYRD. I agree. What I said is not true on the part of the Committee on Finance, but it is true, I think, on the part of most Senators who are not on the Committee on Finance. As I am not, and who come to the floor with what they consider meritorious amendments. Ordinarily, they are hard to convince to crank into those amendments a self-financing provision.

I am not stepping beyond the limits today. The cost would be 0.15 of 1 percent of payroll, and although it does not sound like a great deal, it amounts in totality to a considerable amount of money. But this is something the conveners ordinarily, in regard to many amendments, work out in conference, as to the financing aspect.

Mr. CURTIS. The conveners have no authority to impose a tax that is neither in the House version nor the Senate version.

Mr. ROBERT C. BYRD. I think the Senator does not want to crucify me on that cross at this point. Senators from time to time, and I included, have offered amendments on the floor of the Senate without including financing provisions. I am not a member of the Committee on Finance.

Mr. CURTIS. It is not the Senator who is being crucified in this matter, but the poor kids, the poor people working, who are 20 and 30 years of age. They are having the stability of the social security system eroded.

Mr. ROBERT C. BYRD. I am certainly not in favor of undermining the social security trust fund, but when we talk about those people who are 20 and 30 years of age, I can remember a time in this country when there was no social security program, and all that the old folks could do when they could no longer work was stand at the gates of their children with their hats in their hands or go over the hill to the poorhouse. It
Mr. TOWER. I would like to rise in support of the amendment offered by the Senator from West Virginia. It is similar, except in one respect, to an amendment in behalf of myself, and Senators DOMINICK, COOK, EASTLAND, PASTORE, and young.

Mr. President, I ask unanimous consent that Senators BARKLE, BUCKLEY, and DOLs be added as cosponsors of my Amendment No. 69.

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

Mr. TOWER. Mr. President, what I would like to do is make a few remarks which I think answer themselves primarily to the amendment, but which I think are applicable to the amendment of the Senator from West Virginia, and at the end of that see if the Senator from West Virginia would support an amendment to his amendment.

Mr. TOWER. I yield.

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

Mr. TOWER. The President, will the Senator yield?

Mr. TOWER. Mr. President, would the Senator like to go to a vote now?

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

Mr. TOWER. Mr. President, would the Senator like to go to a vote now?

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Mr. President, I ask unanimous consent that Senators BARKLE, BUCKLEY, and DOLs be added as cosponsors of my Amendment No. 69.

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

Mr. TOWER. Mr. President, what I would like to do is make a few remarks which I think answer themselves primarily to the amendment, but which I think are applicable to the amendment of the Senator from West Virginia, and at the end of that see if the Senator from West Virginia would support an amendment to his amendment.

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The $2,100 earnings ceiling—which, admittedly, is better than the pre-1973 ceiling of $1,680—has not only his God-given right, but a boon to himself, his family, and his neighbors. We still think it is all of that, and no amount of film-flammy about actuarial considerations can make it otherwise.

Ideally, no earnings test ought to be in the Social Security law at all. As the law was originally written, in 1935, there wasn't one.

Still, Congress was able to buy the argument that, to some extent at least, Social Security is a contract to quit work. Tower's present amendment is to buy the argument that the cost will be to lower that from the age of 72 to 70.

Mr. ROBERT C. BYRD. Mr. President, I think the suggested modification is a very good one. I would accept it. I do not know what the Senate will want to do. However, I would be glad to accept the modification.

The PRESIDING OFFICER. Would the Senate please send the modification to the desk?

Mr. TOWER. Mr. President, I wonder if the Senator from West Virginia would consider accepting an amendment, if he has a copy of my amendment S39 there, starting at the bottom line, line 8, to attempt to provide for the reduction of the age from 72 to 70.

Mr. ROBERT C. BYRD. Mr. President, I have a copy of your amendment S39 there, starting at the bottom line, line 8, to attempt to provide for the reduction of the age from 72 to 70. However, I am opposed to doing it on the floor because if the committee could do it, it could call in actuarial experts and find out the cost. We could protect the social security fund.

It used to be that the fund had a sizable amount of money in it, enough to last for several years. Then under the pressure followed by the Finance Committee, we determined that we ought to have at least a year. We may come to the time when the social security taxes coming in will drop down. If that happens, more people will take retirement and the outgo will increase. We have already dipped below the 1-year reserve. We are down to 70 percent of a year. And here on the Senate floor we have two amendments calling for an expenditure of more than $12,000 or $150 million, with no provision to recover the money for the fund.

There might be a very good reason for changing the age from 72 to 70 as being the age when people could earn all they wanted. However, because I am interested in the soundness and the stability of the system, I think it ought to be done in committee and not on the floor of the Senate.

There is another question that I think should be answered. It is already written into the law that the work test goes up automatically. It is $2,400 now. By 1976, it will be $3,000. By 1978, it will be $3,600. By 1977, it will be $3,000. I wonder if the authors of the amendment are repealing this built-in increase of earnings or if they are proposing that we start at $3,000 and that then in the coming years we increase the ceiling in the law should take effect. If that is the case, we ought at least to know what the figures are for the escalation and the cost of it.

Mr. TOWER. Mr. President, I am not being fooled. I have no hope of winning on these rollcall votes. However, if I was not concerned about the financial stability of our social security fund, I would not raise these points.

I think the time has come when we should return to the principle that if we increase social security benefits, we amend the tax rate.

Mr. President, there is a lot to be said about social security financing. The Finance Committee has not done too well on that. The last two raises or so have been financed by taxing a part of the people only. There was a time when if we increased social security benefits, we raised the rate. The rate was raised and the Social Security base. They both carried part of the load.

That was not a political thing to do. If we refrain from raising the rate and raise the base from $10,000 to $12,000 or from $12,000 to $14,000, then the politicians could go home and say to everybody who makes less than $10,000, 'We have raised your social security under a scheme in which there will be no increase in your social security taxes.'

I believe that all of these added costs should be raised through increasing the rate. However, I do say that part of it should be.

If we believe in our social security system, if we believe that increases in benefits are sound and justified, let us have the courage to say so and to say that it will increase the tax rate so much.

Mr. President, I want the record clear. I voice no criticism of anyone who feels that benefits should be raised, that rates should be lowered, and that beneficiaries should be allowed to earn more. I do say that should not be done on the floor of the Senate—not to protect the pride of the position of the Finance Committee, but merely so that the cost could be explored, so that we could add all of the proposals, see what they do to our system, and then try to work out a method of financing.

Mr. President, I have no hopes of winning on this rollcall. I yield the floor.

Mr. TOWER. Mr. President, I recognize the cost of this amendment and, as one who is not concerned with the increasing burden which the social security system is having on lower- and middle-income people, there is a definite need for the Congress to act with a sense of restraint on the pending measure. Nevertheless, this is the type of argument that is more appropriately raised against some of the other amendments to the bill, such as the amendment we approved yesterday on prescription drugs. While that amendment and others as we will consider have merit, they are measures to forestall an already threatened actuarial system.

On the other hand, the amendment I offer is not as vulnerable to such attack. This is so because the liberalization of retirement test is not really an action to expand the system as such. Instead the retirement test is nothing more than a penalty provision—penalizing Americans for staying in the work force—penalizing Americans who already have a vested interest in a retirement benefits. This cannot be said in the case of expanding eligiblity in either the cash benefits area or medicare.
Mr. President, I have talked with a number of elderly people in my State. I will make this true for the majority of them, but a substantial minority of the elderly people feel that increasing the allowable income under the retirement test is actually more important to them than an increase in social security benefits. I hope the Senate will look favorably upon the amendment offered by the Senator from West Virginia, as amended, and will adopt it.

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

Mr. TOWER. I yield to the Senator from Illinois.

Mr. FERCY. I would like to address this question either to the distinguished Senator from West Virginia, the author of the amendment, or the distinguished Senator from Texas:

Even though the cost of this amendment has been outlined as some $800 million, plus $150 million because of lowering the age of applicability as suggested by the Senator from Texas, is it not true that those living below the poverty line, then they are eligible to apply for public assistance, and that these costs come out of the same pocket—the taxpayer's—in the long run? And is it not true then, that it would be much more dignified for those people who have worked all their lives, or who are widows or spouses, of men who worked all their lives, to have assistance in the form of a restoration of the income tested under social security, rather than being forced to go the degrading route—which many of them refuse to—of the welfare check?

Mr. TOWER. The Senator from Illinois is certainly correct. And as an added note to that, the gerontologists tell us that elderly people who are engaged in work are more likely to maintain good health. In that my mother is one of the healthiest women of her age I have ever seen—and she is engaged in work, I think I can give first-hand attestation to that. I think it is a verity, and could be considered as something that might conceivably offset the additional cost to the Government, the fact that people who are engaged in employment, working at some constructive pursuit, are more likely to be in good health than those simply sitting around and not having that opportunity.

Mr. FERCY. I thank the distinguished Senator for his comment, and would simply like to state, as the ranking Republican member of the Senate Select Committee, that we have found a great many of the elderly who are malarious. They are eligible for Federal assistance for hospital and medical costs, but the doctors tell us that the best way to keep a person healthy later in life is for him to have adequate nutrition.

Mr. TOWER. That is right.

Mr. FERCY. It is only when they do not have adequate nutrition, and then times that they become sickly and weak, and must resort to expensive medical care.

It is perfectly all right for them to get their medical costs out of one hand, but we are reluctant to give the cost of preventive medicine—of adequate nutrition—out of the other, when it all comes from the same source anyway.

We have had many people testify before the committee that they will not go the degrading route of asking for public assistance, they simply make do with less resources; but, when you have fixed incomes and an increase in fixed costs, there is no place to make up the difference except in the flexible items such as food costs.

I think it is well for us to recognize that one of the things that live on $2,600 a year, and that to take away a part of social security after a retired person earns that much, to me, is penny wise and pound foolish. I do not believe these are real, net costs. They may be gross costs, but not net costs, and for that reason I firmly support the principle of the amendment of the Senator from West Virginia, as modified by the Senator from Texas.

Mr. TOWER. I thank my colleague from Illinois, and would simply say I believe his logic is unassailable, and that he has contributed a great deal to this debate.

Mr. THURMOND. Mr. President, on October 30 of this year, I introduced S. 2637, a bill which would completely eliminate the Social Security Act limitation upon the amount of outside income which an individual may earn while receiving social security benefits.

As the law now stands, social security benefits under the age of 72 have their benefits reduced by $1 for every $2 they earn in excess of $2,100 per year. This is the so-called retirement test or earnings test.

Mr. President, the reasons which motivated the institution of this test in 1935 are not valid today. The policy of discouraging older workers from working past the arbitrary retirement age of 65 originated during the depression when it was necessary to make job opportunities for younger workers. Such a restrictive measure is totally unnecessary in today's high-employment economy.

There can be no doubt as to the natural income limitation. Many older persons are pressured into not working for fear of losing their benefits.

As a result of this, a vast pool of valuable skills acquired through years and years of honest work are totally lost to our country.

Mr. President, such a limitation flies in the face of a fact widely accepted by the Federal Government, gerontologists, and others concerned with the health of the elderly. The limiting and retention of older workers in all aspects of the economy is very "good medicine" for the elderly. It should be encouraged in every way possible, and removing this limitation is one way to do precisely that.

In my opinion, this aspect of the social security program is illogical and inequitable. Income from investments is not taxed; and, I believe, whether benefits shall be reduced. Thus, a rich man who has thousands of dollars in dividends and interest coming in every year can sit back and collect his full check every month. On the other hand, the poor man who never had the time, much less the money, to enter the world of investments, and who might need to continue working as a matter of economic survival for himself and his family, cannot work without being subject to this penalty. This is simply not right.

Mr. President, I still believe that the earned income limitation should be completely removed from the social security laws. However, I also realize, as a practical matter, that the Senate is not likely to take this very next session. While the present structure of the social security laws, such action would simply be too expensive. Nevertheless, I am committed to the principle that barriers to work should be removed, and thus it is my pleasure to amend the Tower amendment. I ask a companion of the Tower amendment to accomplish this purpose.

I might say, Mr. President, that I have previously joined the Senator from Texas (Mr. Tower) on an amendment similar to this one of Senator Robertson C. Byrd of West Virginia.

The amendment is a step in the right direction and I urge my colleagues to join in this effort to bring this meaningful reform to the social security system.

Mr. BUCKLEY. Mr. President, I subscribe wholeheartedly to the reasoning both of the Senator from Texas (Mr. Tower) and the Senator from South Carolina (Mr. Thurmond). By the way, I would like to say that I favor the Tower amendment as signaling the direction in which we should move. I would like to take this occasion, Mr. President, to urge the Finance Committee to consider how best we can phase in the reduction of the earnings test in a way that there would be no restrictions whatever on the ability of social security recipients to continue to earn what they were capable of earning.

I believe the present system is arbitrary. I believe it is destructive of the best interests of the aged.

I am, however, much taken by the force of the arguments advanced by the Senator from Texas (Mr. Tower) and the Senator from South Carolina (Mr. Thurmond). We cannot operate in a fiscal vacuum. I share his concern over the possibility that we may bankrupt the social security system. I, therefore, will not offer my amendment No. 734. Although I will vote for the Tower amendment as signaling the direction in which we should move. I would like to take this occasion, Mr. President, to urge the Finance Committee to consider how best we can phase in the reduction of the earnings test in a way that there would be no restrictions whatever on the ability of social security recipients to continue to earn what they were capable of earning.

I declare now that I will introduce my amendment in formal terms of a bill, independently of this debate, and will ask that it be considered seriously by the committee.

Another aspect that concerns me, and is relevant to the financing of social security, is the question of how much we should treat social security income and how one should treat earned income.

I believe that if we were to consider classifying social security income as taxable while providing for an exemption equal to the higher amount of the social security receipts, or the personal income
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tax exemption that is provided in the Internal Revenue Code; if we were to do that, weekly on social security by the elderly and above social security receipts would be taxable and therefore would go to the Federal Treasury.

In other words, such a system would impose no additional burden on those living on social security, but would accelerate the tradeoff between the expenses to the social security system caused by eliminating restrictions on earnings and the moneys flowing into the Treasury.

Mr. HELMS. Mr. President—

The PRESIDING OFFICER (Mr. PEARSON). The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I think the most interesting aspect of this discussion this afternoon has been that everyone agrees with everyone else. Certainly, the Senator from Nebraska (Mr. CURTIS) is eminently correct in his warning that the social security system can sustain a complete overhaul.

On the other hand, the Senator from West Virginia (Mr. ROBERT C. BYRD) is right on target with his proposal, and the Senator from Texas (Mr. TOWER) is right on target with his proposal. I think that what we are doing is admitting that social security is in a mess and needs a complete overhaul. It has reached the point that it is regarded by many citizens as a boondoggle and a bleak heritage for the young and today who will have to pay, throughout their lives, for our failure to do our duty.

It is high time that Congress took a look at the whole system.

If these two amendments are agreed to, I intend to withdraw my amendment No. 740. I confess that I did not submit it with the idea that it would be approved by this Senate; I submitted it purely for the purpose of calling attention to the grave problem with social security and the fact that we are imposing upon elderly citizens a burden that they should not bear; namely, the burden of idleness, particularly in a time when their services are needed, when they could legitimately and without additional revenue to offset the ravages of inflation.

I have another amendment, which I shall call up presently. It relates to the whole problem of social security and as it pertains to inflation. Inflation is the reason why the political football called social security is being kicked around the floor of the Senate at every session of Congress. If we cannot bring inflation under control, then our problems with social security will also be brought under control. The only way we can bring inflation under control in this country is by balancing the Federal budget. And that is the purpose of the amendment which I shall call up presently.

Mr. TOWER. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent at this point that the following be the sponsors of the amendment. They are Senators RANOLPH, ALLEN, AIXEN, DOMINICK, THURMOND, HELMS, BIDEN, PERCY, STEVENS, CRUHCE, TOWER, BARTLETT, BUCKLEY, DOLCE, BAYH, GRAVEL, HARKER, CANNON, SCHWEIKER, WILLIAMS, HOWE, PERRY, and RUSKIN.

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

Mr. DOLE. Mr. President, I wish to express my support for the amendment offered by the distinguished Senator from West Virginia and to withdraw my amendment.

The amendment would raise $3,000 the amount of additional wages which can be gained by a social security recipient before he receives any reduction in his social security benefits. It would also lower from 72 to 70 the age above which the income limitation has no impact.

I have joined as a sponsor of this amendment that for the amendment be approved. It is unreasonable for the Social Security System to continue the penalize our older citizens merely because they wish to continue employment and maintain an earning potential beyond the age of 65. If an individual has worked the required number of years to become eligible for social security benefits, he should be able to enjoy them in full even if he wishes to continue employment.

Social security payments are not gratuities made available by the Federal Government. They are simply a repayment of our own earnings which we have deposited in trust as a regular contribution from our salaries. They are payments we have contributed along with our employers.

The earnings ceiling logically makes no sense because the funds are our contribution in the first place. But even more shocking is the fact that the beneficiaries most often penalized by the income limitation is the individual who has the greatest need for more income than his social security benefits can provide. Individuals who have worked most of their working lives, who have accumulated some wealth prior to their retirement and who usually do not have 65 for additional income are not affected by the income limitation. As a result, a vast pool of valuable skills acquired through years and years of hard work are totally lost to the economy. This loss, bold and iconic, is insensible, when compared to the loss an older person feels when realizing his new status. In today's world has a most disadvantageous impact on citizens which motivated restrictions on outside earnings have their roots in the depression era. In fact there were the years in which this legislation was initiated. The idea was to force out older workers, leaving jobs open for younger wage earners supporting families.

The impact of this restriction to today's world has a most disadvantageous effect. Many older persons are pressured into not working for fear of losing their benefits. As a result, a vast pool of valuable skills acquired through years and years of hard work are totally lost to the economy. This loss, bold and iconic, is insensible, when compared to the loss an older person feels when realizing his new status in our society is equivalent to the loss of an "automobile." Mr. President, I have received many letters from elderly citizens in New Mexico carefully detailing the effect of the present very low outside earnings. The people who have worked all their lives and have contributed their share of social security taxes. They have placed a high value on the work ethic. They have been concerned with contributing rather than with taking.

Now that it is time to "take," the benefits are eliminated by unreasonably low restrictions on outside earnings.

Beyond these obvious facts, it is obvious to me that the poor who suffer most from outside earnings limitations. If our senior citizens are willing and able to work, it seems to me that they should not be penalized for doing so.
I would even be willing to consider the removal of all earnings limitations. This amendment to raise the earnings limitation and to lower the age limit is certainly a step in the right direction.

Mr. ROBERT C. BYRD. I announce that the Senator from Wyoming (Mr. McCyney), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), the Senator from Texas (Mr. Bennett), the Senator from Iowa (Mr. McGovern), and the Senator from North Dakota (Mr. Young) are necessarily absent.

The Senator from Idaho (Mr. McClure) and the Senator from Oregon (Mr. Packwood) are absent on official business.

I also announce that the Senator from Missouri (Mr. Stymn) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McCyney) and the Senator from Iowa (Mr. Clark) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baxa), the Senator from Virginia (Mr. William L. Scott), and the Senator from North Dakota (Mr. Young) are necessarily absent.

The Senator from Idaho (Mr. McClure) and the Senator from Oregon (Mr. Packwood) are absent on official business.

I also announce that the Senator from Mississippi (Mr. Simmons) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. Clark), and the Senator from Wyoming (Mr. McCyney) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baxa), the Senator from Utah (Mr. Bennett), the Senator from Virginia (Mr. William L. Scott), and the Senator from North Dakota (Mr. Young) are necessarily absent.

The Senator from Idaho (Mr. McClure) and the Senator from Oregon (Mr. Packwood) are absent on official business.

The Senator from Wyoming (Mr. Ensen) and the Senator from Ohio (Mr. Saxe) are detained on official business.

The result was announced—yeas 74, nays 13, as follows:

Mr. ROBERT C. BYRD. I announce that the Senator from Wyoming (Mr. McCyney), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya) lowering the age from 72 to 70, at which there is no limit.

Mr. BAYH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAYH. Is this an appropriate time to ask the name of cosponsors?

The PRESIDING OFFICER. It is. The Chair will advise it is proper by unanimous consent.

Mr. BAYH. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of amendment No. 783 and the pending amendment: Senators Bayh, Hartke, Cannon, Kennedy, McGovern, Humphrey, and Collier; and that the name of Senator Church be added as a cosponsor of the pending amendment.

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

On this amendment, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll. The result was announced—yeas 83, nays 13, as follows:

The Senator from Wyoming (Mr. Byrd), the Senator from Iowa (Mr. Clark), the Senator from New Mexico (Mr. Montoya) are necessarily absent.

I also announce that the Senator from Mississippi (Mr. Stymn) is absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. Clark), and the Senator from Wyoming (Mr. McCyney) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baxa), the Senator from Utah (Mr. Bennett), the Senator from Virginia (Mr. William L. Scott), and the Senator from North Dakota (Mr. Young) are necessarily absent.

The Senator from Idaho (Mr. McClure) and the Senator from Oregon (Mr. Packwood) are absent on official business.

The Senator from Wyoming (Mr. Ensen) and the Senator from Ohio (Mr. Saxe) are detained on official business.

The result was announced—yeas 83, nays 1, as follows:

Mr. ROBERT C. BYRD. I announce that the Senator from West Virginia (Mr. Byrd), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), the Senator from Texas (Mr. Morris), the Senator from Texas (Mr. Bennett), the Senator from Iowa (Mr. Exen), and the Senator from Iowa (Mr. Clark) are necessarily absent. The慷慨的学长的提案。
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The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

AMENDMENT NO. 732

Mr. HELMS. Mr. President, I call up my amendment No. 732 and ask that it be read.

The PRESIDING OFFICER. The amendment is as follows:

Section 1. Beginning with the fiscal year 1976, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

Sec. 2. (a) Beginning with the fiscal year 1976, the President shall submit a budget pursuant to the Budget Act of 1961, as amended, in which non-trust-fund expenditures do not exceed non-trust-fund revenues for each fiscal year.

(b) The provisions of this section may be adjusted to reflect any additional revenues of the United States derived during a fiscal year resulting from tax legislation enacted after the submission of the budget for such fiscal year.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from North Carolina may proceed.

Mr. HELMS. Mr. President, I do not propose to take more than 5 minutes because the amendment is so clear that it does not need much discussion.

Mr. President, we are today considering a piece of legislation of astronomical proportions. Despite the rhetoric we might engage in on this floor and despite all the press releases we may issue to our constituents, the real nitty-gritty of the problem is simple: the inflation that is paralyzing the future of our young people, and frustrating the lives of senior citizens who are left helpless in trying to exist amidst constantly rising living costs.

I simply say that if we do not balance the Federal budget and thereby curb inflation, we will continue to invoke the inequities and unfairness of the Social Security System.

As matters now stand, the dog is chasing its tail, and the young people of this country in future years will have to pay the price for our failure to face up to our duty.

I point out again that the Federal debt limit was raised by the Senate by another $10.7 billion on Tuesday of this week. I am advised that the interest alone on the Federal debt already in existence will be $27.5 billion for the current year.

Mr. President, to reiterate what I have said many times before, this $27.5 billion tab that the American taxpayers pay—in interest alone on the existing Federal debt—each year amounts to $52,000 a minute. Every minute, Mr. President, every time the clock ticks, and this, mind you, is for interest alone on the existing Federal debt.

I say that a remedy such as this amendment sponsored by the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), the distinguished Senator from South Carolina (Mr. SAXBE), and me is absolutely essential if we are really serious about doing something for the older people of this country. And the way to do it is not merely through adjusting the social security law, and increasing the tax burden, but by changing the way of fiscal life in the United States. Our present way of doing things, Mr. President, is simply irresponsible.

Mr. GOLDWATER. Mr. President, will the Senator read the amendment?

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, will the Senator read his amendment?

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I compliment the Senator from North Carolina for his amendment and for his remarks. I would like to be associated with him.

I am reminded in 1928 of the year 1928 when the country of Austria was going through the worst depression at that time. Austria paid no heed to them. The Austrian mark went bankrupt, and the world depression started.

Mr. President, we are operating with dynamics when we spend money that we do not have. I do not care how nice it sounds to the recipient of social security, it will not do him any good if the dollar goes down the tube. The entire social security system is in danger of collapsing if I do not think that it can withstand the type of abuses we are heaping on it today.

I take this opportunity to thank the Senator from North Carolina for pointing out the dangers to the American people. We will do a great disservice to the American people and to the entire world if we risk bankruptcy and spend money that we do not have.

Mr. HELMS. Mr. President, I thank the Senator from Arizona for his remarks.

Mr. President, the amendment of the distinguished Senator from North Carolina is on agreeing to the amendment of the distinguished Senator from North Carolina.

Mr. HELMS. Mr. President, I yield to the Senator from Virginia for his amendment and for his remarks.

Mr. SAXBE. Mr. President, I think the amendment of the distinguished Senator from North Carolina and the pending amendment would help to balance the budget if agreed to. It does not help balance the budget that we are now working on. It would become effective for the budget which will be submitted to Congress next January.

It is long past time, Mr. President, it seems to me, when the Government of the United States should get back to balancing its budget. The amendment offered by the distinguished Senator from North Carolina requires that this be done on the new budget to be submitted to the Congress in January.

I emphasize that this measure would not affect the existing budget. It does not change the budget which Congress is now considering, it is simply an effective for the budget to be submitted for the new fiscal year.

Mr. President, the American people are being subjected to very severe inflation. These huge budget deficits are the major cause of the inflation.

When Mr. William McChesney Martin, the former chairman of the Federal Reserve Board—who is, I think, one of the ablest financial experts in the world—testified before the Senate Finance Committee about this question, I asked, "How can the average citizen—not the wealthy who can protect themselves one way or the other—but how can the average man or woman in this country protect himself or herself against this very severe inflation which is continuing and which, I think, will continue to accelerate?"

Mr. Martin said, "It is very difficult to do. But I think it is important, if inflation is to be controlled that the Federal spending be controlled."

I said: "Would it be accurate to say that perhaps the best way in which the average citizens of our country can protect themselves against inflation would
be to the Members of the Congress, their elected representatives, that they get back to balancing the budget and eliminate these smashing deficits."

Mr. Martin replied that that was the purport of his testimony, that we eliminate these huge deficits and get back to balancing the budget.

The able Senator from North Carolina is seeking to do just that with his amendment. I am pleased to support him.

Mr. HELMS. Mr. President, let me say that I am always encouraged by the remarks of my friend, the distinguished Senator from Virginia, who has been a leader in the fight for fiscal sanity, as was his distinguished father before him.

I am proud at all times to be associated with him.

Mr. LONG. Mr. President, on a considered budget basis, which is the way economists, Democrats and Republicans alike, say that we ought to keep the budget, the administration projects that in this fiscal year Federal Government will take in as much money in taxes as it spends.

Admittedly we will have a deficit on a Federal funds basis, which was the old-fashioned way to keep the budget. However, if we consider the surpluses we build up in our trust funds, we will have a balanced budget. However, we would have a deficit on a Federal funds basis.

The pending amendment would require a big cutback in spending, even though we really have a balanced budget overall.

But at least we are thinking about a balanced budget overall. If it is the point of view of the overwhelming majority of the economists that we are in good shape and have a balanced budget, but under the Senator's amendment we are now required to cut back the Federal spending. From the point of view of the liberals and moderates in this body that is sort of ridiculous on the face of it: a great big cutback in spending even though we have a balanced budget.

Furthermore, Mr. President, because of the energy crisis, we are in grave danger of a recession. This amendment would mean that we could not step up Government spending to keep us from becoming a depression. This is Herbert Hoover economics reincarnated. To cut spending, if we go into a recession, will guarantee the worst depression since 1929, or one deeper than 1929. That is stone age economics.

Mr. President, quite the opposite of this proposal, I have urged that the Administration get their plans ready so that, in the event that this energy crisis, with all the layoffs that are occurring in the airlines, the transportation industry, and elsewhere, becomes worse, it can be offset, if need be, by Government spending to keep this country going. In the depression of 1929 as well as keeping people from freezing around the country, I have some hope that they might do something along that line, to be ready in case we run into that type of emergency.

What kind of sense would it make if we say another Herbert Hoover program of 1929 must be used in the event this energy crisis puts us into a recession?

This will only guarantee that the recession goes deeper than the depression of 1929.

That is what we would be asking for by voting for this amendment. If we go into a recession and Government revenue falls off, we cut spending. As we go farther down, we cut spending more and, as we go farther down, we continue to cut spending, so that Government revenue outweighs every other consideration on the way down. That makes about as much sense as some other things I have seen in Government. Mr. President, but I hope we know better than that. I am always encouraged by the remarks of my friend, the distinguished Senator from Maine (Mr. Muskie), with which we now totally concur, to give us goals where we weight one priority against another, and then make it exceedingly difficult, once we establish that overall ceiling, to break the ceiling—it could only be done in a situation where we would have to set aside the rules, or by putting in a new concurrent resolution which requires us to take an overall, entire look at the picture again—I think that would be a more flexible way, but a reasonable way.

I would hate to see us put ourselves in a straitjacket at a time of economic recession when we had large scale unemployment, when welfare costs were high, and we needed to use the fiscal policy of the Federal budget to stimulate the economy, rather than depress it, to have us in a straitjacket at that time and unable to move.

But again I say I concur with the overall objectives, I take the position of the Senator from North Carolina, I would have to, regrettably, vote against this amendment, but would so vote in the hope that we will move toward adoption of the budget reform bill, which would get at the same problem, and not a pointless deficit spending, particularly in boom periods.

Mr. FONG. Mr. President, may I ask the distinguished Senator from North Carolina a question?

Mr. HELMS. Mr. President, if it is to be offered at all, it would have to be offered on the deficit limit bill, or should be offered on the budget control bill that will be coming along later on, and at an appropriate time I shall move to table the amendment, but I shall withhold that motion now in the event that someone cares to discuss the matter further.

Mr. PERCY. Mr. President, I certainly would not quarrel with the attempt of the distinguished Senator from North Carolina to try to put fiscal responsibility back into the Federal budget. I think we all share that desire, and are trying to work toward that end in different ways.

The objection I would have to this amendment is that it would remove the flexibility that may need in periods of economic recession. The Federal budget is an instrument which has an impact on the economy, and I would respectfully suggest that the distinguished Senator from Maine (Mr. Muskie) carefully study the work of the Government Operations Committee in the budget reform bill that has now been unanimously reported out, of which I am a cosponsor together with Senator Sam Ervin.

I think that bill, and procedures that we have established which, first of all, put backdoor spending under the control of the Appropriations Committee, where it does not now lie, and would also require the establishment of a ceiling on its budget overall before we proceed to expend money—right now our budget ends up being the total of all of our subotal expenditures that we approve in the Appropriations Committees in the course of the year, and that is what leaves us in this deplorable condition where, in heights of prosperity such as the past 4 years, we have run up another $100 billion in deficit spending, we start out at the other end of the spectrum, and take a look at the economy and see what fiscal impact we want on the economy, then establish a ceiling, and then work with the subcommittee arrangement that has been worked out by the distinguished Senator from Maine (Mr. Muskie), with which we now totally concur, to give us rules where we weight one priority against another, and then make it exceedingly difficult, once we establish that overall ceiling, to break the ceiling—this could only be done in a situation where we would have to set aside the rules, or by putting in a new concurrent resolution which requires us to take an overall, entire look at the picture again—I think that would be a more flexible way, but a very reasonable way.

What kind of sense would it make If we say another Herbert Hoover program of 1929 must be used in the event this energy crisis puts us into a recession?

This amendment does not belong on this bill. It is irrelevant to the bill. It is an entirely different matter, Mr. President. If it is to be offered at all, it would have to be offered on the deficit limit bill, or should be offered on the budget control bill that will be coming along later on, and at an appropriate time I shall move to table the amendment, but I shall withhold that motion now in the event that someone cares to discuss the matter further.

Mr. FONG. Mr. President, may I ask the distinguished Senator from North Carolina a question?

Mr. HELMS. The purpose of the pending amendment is to put the Senate on record one way or the other. I have accomplished an ancillary purpose here. I have got the admiral of my friend from Louisiana, stirred up a little bit and to at least we are thinking about a balanced budget and fiscal responsibility in the face of the energy crisis of America.

Mr. FONG. Is the Senator referring to trust fund money?

Mr. HELMS. I am referring to nontrust fund money.

Mr. FONG. What is the Senator's position in reference to trust funds?

Mr. HELMS. We address ourselves only to nontrust fund expenditures, I would say to the Senator.

Mr. FONG. Mr. President, as I understand the present budget system, we are under a unified budget system. Prior to the administration of President Lyndon B. Johnson, we were on a general fund budget, but the Administration, as a result of the related expenditures so much that the President Johnson cut down his deficit by $4 billion to $7 billion, I do not understand.

So, today, we are following a budget system which carries a budget deficit of, probably, another $4 to $5 billion more than the deficit that has been shown to the public. Thus, when we talk about a budget deficit of $12 billion, which

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Mr. HELMS. That is correct.

Mr. FONG. Because we have to add another $6 billion more, for the money that we receive from our trust funds, like money that we receive from the social security program and money that goes into the highway program. By spending that money it comes in, and saying it is part of the general fund, we are just deceiving ourselves.

Mr. President, the program which we are not trying to amend is known as the social security program. It was based on the theory that this was an insurance program and that the premiums paid in by the workingman would some day be used so that he would be able to receive benefits when he retired.

If we were running an insurance company and were running it the way we ask Members of Congress to run it, we would all be in jail.

Mr. HELMS. I am glad to yield to the Senator from Idaho.

Mr. CHURCH. Mr. President, the distinguished Senator from North Carolina is.

Mr. HELMS. I am sorry, but I cannot hear the Senator.

Mr. CHURCH. The Senator from North Carolina has made a very persuasive argument for his amendment—can the Senator hear me now?

Mr. HELMS. Yes, and I like what I hear.

Mr. CHURCH. I am inclined to support it, but I want to make sure I understand it.

As I read the amendment, section 2 states:

"Beginning with the fiscal year 1976, the President shall submit a budget pursuant to the Budget and Accounting Act of 1921, as amended, in which non-trust-fund expenditures do not exceed non-trust-fund revenues for each fiscal year."

As I read that language, if it became law, Congress would merely be instructing the President to submit to Congress a budget in balance. Congress could then consider what parts of that budget it might want to decrease, and what parts it might want to increase. Congress cannot be bound by the President's budget. It would simply receive from the President a budget which was in balance, and then Congress could pass judgment on it. Is that not the effect of the amendment?

Mr. HELMS. The Senator from Idaho is eminently correct.

Mr. CHURCH. I think it is a good amendment. The arguments addressed against it do not seem to me to be convincing. Congress has demonstrated its ability to balance the budget when the President's budget calls for deficit spending. I have not seen that done yet. It will be difficult enough for Congress to vote a balanced budget, if the President has submitted one; but, for years the President has had Congress badly out of balance. It has been quite impossible for Congress to effect reductions of a sufficient magnitude to bring those budgets into balance.

So, I believe that, since we are pretty much all agreed that the state of the economy today calls for a balanced budget, Congress would be well advised to recognize the President to submit one at the opening of each new session.

For these reasons, I find the amendment sound and I intend to support it.

Mr. HELMS. I thank the Senator from Idaho very much. The most we are doing is to put ourselves on record. We are saying to the President, "Send us a balanced budget," and then we must sort out what we have said to him. I think that is the responsibility we should take.

Mr. LONG. Mr. President, let me read the Senator's amendment.

Section I begins:

"Senator from Idaho very much. The most we are doing is to put ourselves on record. We are saying to the President, "Send us a balanced budget," and then we must sort out what we have said to him. I think this is the responsibility we should take.

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Mr. LONG. Mr. President, let me read the Senator's amendment.

Section I begins:
Mr. President, that is as clear as anything I have ever seen, that under the amendment we would not have a balanced budget on a Federal funds basis. According to the current administration budget projections, in fiscal year 1979 we will have a surplus of $15 billion in trust fund items. They project a deficit of $15 billion of Federal funds basis. The point is that if this amendment were in effect at this time—as written, it goes—in effect that this amendment would have to make a $15 billion cut in the budget. The amendment does not talk about committing a plan or going through the intellectual exercise, but about actually spending no more than is taken in—which this year would mean cutting out $15 billion of spending.

We have heard people complaining about some irresponsible cutbacks, particularly those involving expenditures in their States. But they have not seen anything yet, compared to what this amendment would mean—if it were effective next year, a $15 billion cut in our national life. The amendment is not talking about an intellectual exercise. You have to cut the budget down, and you cannot spend one dollar more than you take in. The amendment does not even tell the President how or what to cut, by the way—just take that meat ax and slash away.

Those who complain about some irresponsible cutbacks in their States, such as cutbacks of certain defense installations and defense contractors, just have not seen anything, compared to what this would mean.

Section 1 reads:

Section 1. Beginning with the fiscal year 1978, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

The President would not have to consult Congress, but I just have to take that meat ax and go to work on the budget. That would be a very foolish thing to do now, and it would be foolish to do next year.

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

Mr. LONG. Mr. President, I yield.

Mr. BEALL. I do not quite understand the Senator. I get the same reading out of section 1 that he does, that the expenditures have to equal the revenues. But the Senator is implying that the only way to make this happen is through reduction of expenditures. You could also increase revenues, could you not, to take care of this?

Mr. LONG. Yes, you could increase taxes.

Mr. BEALL. All the President has to do, then, is to submit a budget that is in balance. He does not necessarily have to cut. He could keep everything we have but show us the revenue that will pay the bill. Is that not correct? And Congress could do the same thing. When the legislation raising the taxes is passed and the money comes in; yes. That is what you could do.

But here we have a situation in which committees set up by Members of Senate—Democrats and Republican—have recommended that the budget be kept on a consolidated, overall basis; and that we take the view that if we have a balanced budget on that basis, as long as we are taking in as much money as we are spending, we can safely do business in that fashion. One committee was headed by a very distinguished banker and outstanding Republican, Mr. David Kennedy, a former Secretary of the Treasury.

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

Mr. LONG. I yield.

Mr. BROOKE. Have you read the amendment?

Mr. LONG. I have read the amendment, but I do not see that the nontrust fund expenditures of the Federal Government each fiscal year shall not exceed its revenue, beginning in fiscal 1975. As I understand it, the information that the distinguished Senator from North Carolina gave to the distinguished Senator from Idaho was that the intent of this amendment is merely to instruct the President to submit a balanced budget. I do not get that meaning from the language itself. Could the Senator clarify whether we are merely instructing the President to submit a balanced budget or requiring, as the amendment says—and I think I am reading it correctly—that the nontrust fund expenditures of the Federal Government each fiscal year shall not exceed its revenues? Which is it?

Mr. LONG. If the Senator will read section 1, it says that you cannot spend any more than you take in on a non-trust-fund basis. That is what the language clearly says.

Mr. President, I ask unanimous consent that the text of section 1 be printed at this point in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

Section 1. Beginning with the fiscal year 1978, the non-trust-fund expenditures of the Government of the United States during each fiscal year shall not exceed its revenues from all nontrust sources for such year.

Section 2 says that the President shall submit a balanced budget on that basis.

Mr. BROOKE. Yes; but one cannot read section 2 without reading section 1. Section 1 is an essential requirement. It would appear to me it is a definite requirement.

Mr. LONG. What the amendment provides is two things. I cannot see whether it makes any difference whether the first part is first or the second part is first. What it says is that the President shall submit a balanced budget on a nontrust fund basis and not spend any more than is in that balanced budget. That is on a non-trust-fund basis.

Mr. BROOKE. That is my interpretation. I thought we had a check on it until the question was asked by the Senator from Idaho (Mr. CWRUCH). When the Senator from North Carolina (Mr. HELMS) responded, he seemed to be saying that the President would merely to instruct the President to submit a balanced budget. Is that as far as the Senator from North Carolina intends the amendment to go?

Mr. HELMS. No, indeed; it is not as far as I intend that it shall go. I intend that the Senate be on record as to a balanced budget. On any occasion that we stray from it, we do so overtly, so that the people can see what we have done.

Mr. LONG. Mr. President, I decline to yield for questions. I yield for one or two more questions.

Mr. BROOKE. The Senator has answered the question.

Mr. LONG. It seems to me that the point the Senator insists upon—for a balanced budget, on an old-fashioned basis, such as was in effect 22 years ago—I think I have demonstrated what that means.

I move to lay the amendment on the table.

Mr. CHURCH. Mr. President, will the Senate yield?

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

Mr. LONG. Mr. President, if the Senate wants to adopt the amendment—

The PRESIDING OFFICER. The motion to lay on the table is not debatable.

Mr. LONG. Mr. President, I shall withhold my motion, to allow the able Senator to ask a question. I yield for a question.

Mr. CHURCH. I think that, in a way, we have been chauvinizing our bills in this argument. Section 1, it is true, does call for non-trust fund expenditures to be held in line with non-trust fund revenues. But the effect of the amendment would be to instruct the President, first of all, to send to Congress a budget that conformed to this standard. It is always open to Congress, then, in the exercise of its privilege, to increase the budget or to reduce. Section 1 is not binding—and could not be—on a future Congress. But we can instruct the President to help by sending us a balanced budget, accepting full responsibility for any changes we make thereon. So within the essence of the amendment is as I have discussed it heretofore.

Mr. LONG. There, again, the Senator complains that he would not put us into the position of raising taxes and spending all the money that comes in. I have been in those traps before. The former Senator from Delaware, Mr. Williams, used to set such traps, and I would spend my time trying to get out of them.

I would not worry about that, because we have a Republican President, and I am a Democrat. Usually I can blame all these tricks on the Republicans. But I have found that they often spill over onto Democrats.

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

Mr. LONG. Mr. President, I yield.

Mr. PASTORE. I am sure the Senator knows what would happen as a practical proposition. The President of the United States would submit a budget. He would put a lot of tidbits in it and say, I suggest you increase the tax on cigarettes 50 percent. The revenue from that would be billions of dollars. Therefore, I am balancing the budget. The cat is right on your beck.

You get ahead and raise taxes by 50 percent. Otherwise, you will have to begin to chop out all the tidbits I have put in.

Mr. LONG. Otherwise, the ones who stand well with the President will not be cut with a meat ax, while those who do
Mr. BELLMON. Mr. President, I have an amendment at the desk. I ask that it be reported for consideration.

The PRESIDING OFFICER. The Senator has two amendments. Will the Senator give the number, please?

Mr. BELLMON. Amendment No. 736, as modified.

The PRESIDING OFFICER. The clerk will read the amendment.

The second assistant legislative clerk proceeded to read amendment No. 736, as modified.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. BELLMON. Amendment No. 736, as modified, is as follows:

On page 122 of the bill, after line 24 insert the following new section:

Sec. 165. The Secretary of Health, Education, and Welfare shall conduct a study of the health care delivery system in the public schools operated by local or State educational agencies, as defined in sections 801(1) and 801(k) of the Elementary and Secondary Education Act of 1965, in order that students may be afforded access to school libraries without public transportation, or be transported through public means of conveyance not further than to the appropriate school nearest their residence.

Mr. BELLMON. Mr. President, this amendment was before the Senate not long ago. It was tabled, and I imagine that a motion to table this amendment will be made this afternoon.

I would simply reiterate that a vote to table this amendment is a vote to continue to waste millions of gallons of gasoline for the unnecessary, unwise and disruptive purpose of the forced busing of schoolchildren.

I have offered this amendment this afternoon because Senator and I have told me if they had to do it over again, they would support the amendment this afternoon. I am giving them that chance. If this amendment is rejected today, I intend to bring it up again.

Mr. ALLEN. Mr. President, would the distinguished Senator from North Carolina yield to me?

Mr. HELMS, Mr. President, I ask the Senator from North Carolina if he will agree to list my name as a cosponsor of the amendment?

Mr. ALLEN. Mr. President, I ask unanimous consent that, at the next printing of the amendment, the names of the Senator from Alabama (Mr. ALLEN) and the Senator from Florida (Mr. QUERRY) be listed as a cosponsor. I am delighted to have them join in its sponsorship.

Mr. HELMS. Mr. President, the amendment was before the Senate not long ago. It was tabled, and I imagine that a motion to table this amendment will be made this afternoon.

I would simply reiterate that a vote to table this amendment is a vote to continue to waste millions of gallons of gasoline for the unnecessary, unwise and disruptive purpose of the forced busing of schoolchildren.

I have offered this amendment this afternoon because Senator and I have told me if they had to do it over again, they would support the amendment this afternoon. I am giving them that chance. If this amendment is rejected today, I intend to bring it up again.

Mr. ALLEN. Mr. President, would the distinguished Senator from North Carolina yield to me?

Mr. HELMS, Mr. President, I yield to the distinguished and able Senator from Alabama.

Mr. ALLEN. Mr. President, I ask the Senator from North Carolina if he will agree to list my name as a cosponsor of the amendment?

Mr. HELMS. Mr. President, I ask unanimous consent that, at the next printing of the amendment, the names of the Senator from Alabama (Mr. ALLEN) and the Senator from Florida (Mr. QUERRY) be listed as a cosponsor. I am delighted to have them join in its sponsorship.

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

(Several Senators addressed the Chair.)

Mr. HELMS. The PRESIDING OFFICER. The Senator from North Carolina has the floor. Mr. ALLEN. Mr. President, may I have the floor in my own right? Did the Senator yield the floor?

Mr. HELMS. Mr. President, I did not yield the floor. I yield to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from North Carolina.

Mr. President, our people are face to face with the prospect of gasoline rationing. I am confident that the average citizen is willing to assume inconveniences and even hardships if necessity compels us to such drastic action. However, it will be a mistake to discount the commonsense of reasoning which governs their reactions to crises of this nature. They are going to insist that rationing of gasoline on other faults must conform to standards of basic fairness and reasonableness.

Mr. President, fairness and reasonableness demand that gasoline supplies be conserved by the elimination of wasteful and unnecessary consumption. Each of us can identify separate prime targets.
of unnecessary consumption. However, no example of waste in the consumption of gasoline is more blatant than the artificial demand resulting from arbitrary, unrealistic, and unreasonable forced busing plans for racial balance which have been imposed by Federal court judges. This waste must stop.

Mr. President, in Alabama the annual consumption of gasoline for operating school buses has increased tremendously in the last 5 years. At a time when the American people are called upon to tighten their belts to make sacrifices in the interest of conserving energy resources, it is incomprehensible that Federal judges should persist in pursuing a course which can lead only to massive discontent, and increased hostility to the judicial oligarchy which has assumed power over the lives of the citizens to order busing of their children in accordance with revealed truth of a bankrupt social science.

Mr. President, commonsense and reasoning must prevail over the judicial oligarchy. Nothing would be more reasonable and rational than to restore the law of the Constitution which protects every child the privilege of exercising their constitutional rights to attend their neighborhood schools along with others similarly situated. "You must take these children whom you denied the privilege of exercising their constitutional rights to attend their neighborhood schools along with others similarly situated, and transport them to schools located elsewhere for the purpose of decreasing the number of children of their race in the neighborhood school or increasing the number of children of their race elsewhere." I ask the Senator from Alabama if that does not violate the equal protection clause. Mr. ALLEN. It certainly does. I agree with the Senator from North Carolina.

Mr. ERVIN. If that does not violate the equal protection clause as interpreted in the Brown case a second time in that it denies the children the privilege of exercising their constitutional rights to attend their neighborhood schools admission to their neighborhood schools solely on account of their race. Mr. ALLEN. It certainly does. I agree with the Senator from North Carolina.

Mr. ERVIN. We are not only confronted by decisions of courts which are repugnant to the constitutional provision they profess to interpret, but in this time of shortage in energy we are also concerned with the energy consumption which is absolutely essential to the welfare of the country, for a purpose which is absolutely inconsistent with any proper interpretation of the equal protection clause.

Mr. ALLEN. I agree with the Senator from North Carolina. I thank the Senator from North Carolina. Mr. ERVIN. I ask the Senator from North Carolina if, when a Federal court hands down a decree requiring the busing of children for the purpose of integration, it does not say to the school board, "You must permit some of the children residing in your zone or district to attend their neighborhood schools. However, you must deny to other children residing in your zone or district the right to attend their neighborhood schools," that requires the school board to treat children similarly situated in a different manner, and therefore clearly violates the equal protection clause.

Mr. ALLEN. That is certainly true. And that was the reasoning of the original Brown decision, from which the Supreme Court has deviated 180 degrees away. Mr. ERVIN. I will ask the Senator from Alabama if it is not true that when a Federal court says to a school board, "You may permit some of the children residing in your zone or district to attend their neighborhood schools. However, you must deny to other children residing in your zone or district the right to attend their neighborhood schools," that requires the school board to treat children similarly situated in a different manner, and therefore clearly violates the equal protection clause.

Mr. ALLEN. I certainly agree with the Senator from North Carolina.

Mr. ERVIN. I ask the Senator from North Carolina, when a Federal court hands down a decree requiring the busing of children for the purpose of integration, it does not say to the school board, "You must take these children whom you denied the privilege of exercising their constitutional rights to attend their neighborhood schools along with others similarly situated, and transport them to schools located elsewhere for the purpose of decreasing the number of children of their race in the neighborhood school or increasing the number of children of their race elsewhere." I ask the Senator from Alabama if that does not violate the equal protection clause as interpreted in the Brown case a second time in that it denies the children the privilege of exercising their constitutional rights to attend their neighborhood schools admission to their neighborhood schools solely on account of their race. Mr. ALLEN. It certainly does. I agree with the Senator from North Carolina.

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Mr. ALLEN. It certainly does. I agree with the Senator from North Carolina.
Mr. NELSON. If there is any such language in there, I do not read it. All it says, as I read it, is that the President is going to save 35 percent of the energy consumption in America by limiting the transportation of students to the nearest school. That is the way the plain language reads to me. I just say it cannot be done, apart from the fact that I do not agree with its purpose.

Mr. President, I am prepared to make a motion on an amendment.

Mr. JAVITS. Mr. President, if the Senator will yield to me, this is the second time this matter has been up within a very short time. The Senator from Wisconsin has already pointed out the basic imperfection in the amendment in terms of its drafting. I would also like to point out another imperfection in terms of its drafting. It has been stated in answer to a question by the Senator from Colorado (Mr. Domonic) that the limitations on busing are not necessarily nearest the child's residence. But assuming all this would be perfected, Mr. President, and Mr. HELMS makes the differences by changing the language, the substance of the amendment is the same. That is an energy emergency truly to pour gasoline on the fires of racial misunderstanding, and to continue pouring gasoline on that fire, Mr. President, I would simply emphasize again, just before the motion to table, that Senators who vote to table will be voting to continue to waste millions of gallons of gasoline each year for an unworthy, unworthy, destrucive purpose.

The distinguished Senator from New York, who knows of my admiration for him. He is a gentleman. He made the same eloquent argument on the previous occasion when I submitted this amendment. He said that one should not throw gasoline on the fires of racial misunderstanding, or words to that effect.

I do not know how to square his appraisal of that situation with various polls which have been made available to me, polls showing, as I recall, that over 80 percent of the parents of black children of this country resent just as deeply as anyone else the forced busing of their children across the county for no purpose at all except to satisfy the whim of some Federal judge or Federal bureaucrat.

So I simply say, just prior to the motion to table which I understand is coming, that any Senator who votes to table the amendment will be voting to continue to waste millions of gallons of gasoline on forced busing of students.

Mr. THURMOND. Mr. President, I rise in support of this amendment.

In his first place, the amendment is so drawn that it would encourage school children to walk to school if possible without accepting any kind of assistance, thereby saving fuel, where they live close enough to the school. In the next place, if they are transported, it provides through public means no further than the appropriate school nearest the child's residence. It simply means that a child can attend the school nearest his home.

Now the polls which have been taken all over the country show clearly that members of the white race and members of the black race are against busing the children nearest their residence. It simply means that a child can attend the school nearest his home.

I say that only to indicate that though I am by no means satisfied, I think existing conditions have reduced tensions, unlike the mover of the amendment, and I think it would be unwise, in the interest of Senator NELSON, to bring this issue to the fore by an amendment of the kind which this represents.

If we want to maintain employment with respect of energy conservation, which we do, and if we want to retain egalitarianism—and that is why so many of us were voting against the most egalitarian way in which to meet the problem—we certainly do not wish to give new cause for profound public tension in an area which has been tension-ridden enough, and in which we need invite no more.

So I hope very much that Senator NELSON's motion, which will imminently be made, to lay the amendment on the table will prevail.

Mr. President, I do not believe there is any use taking up a lot of time to discuss this issue. We are all familiar with it.

I hope that the Senate will see fit to adopt the amendment.

Mr. NELSON. Mr. President, I move to table the pending amendment.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. HUICHES), the Senator from South Dakota (Mr. McGov), the Senator from South Dakota (Mr. AUSBEA), the Senator from Wyoming (Mr. TICTA), and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMMING) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McGee) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. EAKER), the Senator from Utah (Mr. BRIGGS), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent because of illness.

The Senator from Idaho (Mr. McC-
think, quite clear. For example, because of their low income, many of the aged, blind, and disabled live in areas characterized by high crime rates. Consequently, there is a very real problem with these persons' checks being stolen from their mailboxes.

When this occurs or when a check is delayed in the mail it is often nothing less than a catastrophe for many of these people who are completely dependent upon their Government checks to buy their groceries, pay their rent, and take care of the other basic necessities of life. In the past it has been impossible for the States to make emergency payments to an aged, blind, or disabled person in these circumstances because the old assistance program was administered by the States.

It is important, I think, in launching this new federally administered program of assistance to the aged, blind, and disabled, that we continue to make it possible for the States in such emergency situations to immediately pay these people the money they must have. The bureaucracy can afford to wait while the stolen or lost checks are recovered or otherwise accounted for. But the aged, blind, or disabled recipient cannot wait. I have been told by the Governor of my State that if this amendment becomes law he will immediately move to implement within Washington State the arrangements it authorizes for emergency payments. He also informs me that in his discussions with other Governors he has learned that the need for such a provision in the law is widely recognized and that he is confident it would be quickly implemented in other States as well.

Mr. President, in closing, I would note that this is a very simple way to make Government more responsive to the needs of its citizens and strongly urge its adoption by the Senate. I think this is an amendment that the Senator from Wisconsin and the Senator from Louisiana are speaking to and the Senator from Oregon and the Senator from Mississippi should accept it.

Mr. CURTIS. Mr. President, it seems to me the amendment has merit. I have no objection to it. I would ask one question. The whole procedure is subject to the discretion of the Secretary, and he could work it out. Is that correct?

MR. CURTIS. Mr. President, in a way that will protect the Government. Mr. MAGNUSON. Yes; all this does is to allow the Secretary to work this problem out with the States so that the aged, blind, or disabled recipient will not suffer if his check is lost or stolen.

Mr. CURTIS. And it has only to do with those people who are on the rolls to get a check and something happens to the check.

Mr. MAGNUSON. That is correct.

Mr. CURTIS. It does not affect the ability to place people on the rolls.

Mr. MAGNUSON. No.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

S 21462

CONGRESSIONAL RECORD—SENATE

November 29, 1973

MR. HELMS. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

MR. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment, ordered to be printed in the Record, is as follows:

AMENDMENT No. 763

At the end of the bill add a new title as follows:

(o) The term "labor organization" means any organization of any kind, or any agency or employee representation committees or plan in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. The term "strike" includes any strike or other concerted stoppage of work by employees (including a stoppage by reason of expiration of a collective-bargaining agreement).

Mr. HELMS. Mr. President, a number of Senators oppose my amendment, and I am going to take the position that I intend to be voting to use tax funds for the food stamp program, and I do not think that the Senator from North Carolina and the Senator from Minnesota, across the aisle, who has not been present during this debate, recognize that any Senator who votes to table this amendment will, in effect, be voting to use tax funds for the provision of food stamps to people who deliberately and purposefully walk out on their jobs, thereby requiring the taxpayers to finance, in part, a strike.

This amendment simply provides that food stamps should not be made available to those who walk out willingly on their jobs.

I see my distinguished friend, the junior Senator from Minnesota, across the aisle. I anticipate a very favorable response from the Senator that any Senator who votes to table this amendment will, in effect, be voting to use tax funds for the provision of food stamps to people who deliberately and purposefully walk out on their jobs, thereby requiring the taxpayers to finance, in part, a strike.

Mr. THURMOND. Mr. President, three times in the past 4 years I have introduced a bill which would prohibit food stamp distribution to a household when...
the head of the household is engaged in a labor strike.

This bill was referred to committee, and the full Senate has not yet had an opportunity to vote on it.

Today I am pleased by the fact that Senator Morse is offering an amendment, one of which I am a cosponsor, to the social security amendments with the same objective in mind.

Mr. President, I do not believe that the majority of the people know that striking workers can receive food stamps.

When the taxpayers realize this fact, they are outraged because their tax dollars are being used to help one side in a labor dispute.

To provide strikers with food stamps is to allow the Government to take sides in the dispute. This is not the purpose of the food stamp program. The purpose of the food stamp program is to assist those who are unable to work or to find employment and, therefore, cannot support themselves or their families.

I am not at all convinced that the food stamp program is to assist those who voluntarily refuse to work, but should be used to help those who are genuinely in need.

Mr. President, the time has come to reevaluate our priorities in regard to the food stamp program. It is time that we in the Senate take a stand on this issue and urge my colleagues to vote favorably on this long overdue measure.

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

Mr. TEURMOND. I yield.

Mr. Aiken. I was just wondering whether if 83 percent of union members who were on strike, and 46 percent were not, the Senator would be entitled to food stamps.

Mr. TEURMOND. A man does not have to go out on strike unless he wants to. If he goes out on strike, he has a right to do so. If he does, I do not think he is entitled to food stamps.

Mr. Aiken. Does the Senator mean that those who are opposed to the strike should not be entitled to food stamps?

Mr. TEURMOND. If they participate in the strike.

Mr. HELMS. Mr. President, I ask unanimous consent that the distinguished Senators from Arizona. (Mr. Gougeon) and Mr. Flanders be added as co-sponsors of my amendment.

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

Mr. HUMPHREY. Mr. President, since the distinguished Senator from North Carolina has mentioned my name, I may say that I am opposed to the amendment.

Mr. LONG. Mr. President, I have a great deal of sympathy for the amendment. I have voted for it on occasion. At a time when it appears that we have a chance to do something along the line the Senator is advocating, I expect to vote for it again.

But we have before us a bill that has a very decided prospect of a Presidential veto, as the bill now stands. I hope that we can lay before the President a bill that will contain items which have been agreed to by the Senate and the House by a vote of 70 or 80 percent, including a social security increase to help the poor beyond the point where the President is willing to go. So if we have to make efforts to override a veto, we will have a bill which we will be able to pass over a presidential veto.

With all of the things that are in the bill now, it would not take a great deal of dilatory tactics to prevent the bill from becoming law.

When we have a chance to pass a bill of this type, where where we might get a clean vote on this issue, up or down, and where we may have some prospect of getting something, I will be willing to cooperate to help the Senate provide an answer, but for now we just would not achieve it. All we would do is defeat good provisions in the bill which deserve to become law between now and January 1.

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

Mr. Aiken. I yield.

Mr. HUMPHREY. I think another point needs to be made, which the Senator from Vermont was attempting to make, and which he made very well; namely, that in some of these strikes situation, there are, in sense, innocent victims. It is wrong to deny them, if want is there, of some provision for their care. After all, many times strikes take place when the vote to strike is not unanimous, but by the established labor law, those people have to go out on strike.

There are honest differences of opinion on this matter. I do not question anybody's motives. It just seems to me this question deserves special consideration and should not be attached to a bill which, as the Senator has said, is going to have as much trouble getting by as this.

Mr. LONG. If we resolve this issue, it would be because of this amendment. It would be by something that will say that those who are actively engaged in a strike will be denied food stamps, but not those who are not crossing picket lines or those persons who, as the Senator suggests, have no involvement in the strike but are merely denied the opportunity to work because one union in an assembly line walks out on strike, with this result that, because one particular function is not being performed, there is no other work for anybody else.

This, in my judgment, is not the best amendment along that line. Even if it were in a worthy position to support it at this time, I would have to ask to keep it out of the bill, because I am satisfied that if we had the amendment the best possible form the Senate could put it in is the best deal of consideration and modifications, we would still have an issue that, would, in my judgment, make it impossible to take this bill to the President and make it law.

We have a very strong threatening by a veto because of some provisions in this bill which have passed the Senate by a vote of more than 80 percent from time to time, and which are likely to see a lot of good things in this bill fall of enactment because we insist on adding to the bill an item that the President favors, but which would dictate that we could not override the President's veto.

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

Mr. LONG. I yield.

Mr. Aiken. I would think that any- thing resembling food stamps would go before the Committee on Agriculture and Forestry. It has, anyway, in the last generation or so.

Mr. LONG. That is another problem we would have to contend with.

Mr. Aiken. If it got to the House, it would be held to be nongermane. If we had anything in a bill affecting the food stamp law and it went to the House, it would be held to be nongermane over there and might be disastrous to the entire bill.

Mr. LONG. I thank the Senator. I think it might lead to the Agriculture Committee members in the House objecting to the bill going to conference, and, therefore, impeding the bill.

For those reasons, Mr. President, I move to lay the amendment on the table. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendment of the Senator from North Carolina (No. 742). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Anderson), the Senator from Iowa (Mr. Muskie), the Senator from Wyoming (Mr. McGovern), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I further announce that the Senator from Mississippi (Mr. Byrd) is absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McGovern) would vote "yea."

Mr. GRISWOLD. I announce that the Senator from Colorado (Mr. McClellan) and the Senator from Oregon (Mr. Packwood) are absent on official business.

The result was announced—yeas 56, nays 32, as follows:

[No. 531 Leg.]
Mr. CHURCH. Mr. President, I ask unanimous consent that the record so indicate. This amendment is substantially the same provision adopted overwhelmingly by Congress as title XV of S. 2146, 87th Congress, 1st Session, and subsequently signed into law—Public Law 93–45. "When I originally authored the "conscience clause," the language was such that it applied to recipients of Federal funds, but I asked that the record so indicate. This amendment is necessary if we are to protect the religious beliefs of all health care personnel who receive Federal assistance, and I ask the Members of Congress that this recent enactment of law was not intended to be discriminatory, and that this protection should be extended to providers of medicare and medicaid programs.

When I initially authored the "conscience clause" last spring, I cited a case, Taylor against St. Vincent's Hospital, whereby a Federal district court in Montana has issued a temporary injunction compelling a Catholic hospital, contrary to Catholic beliefs, to allow its facilities to be used for a sterilization operation.

The court-based its jurisdiction upon the fact that the hospital had received Hill-Burton funds. On October 30, 1973, the Federal district court issued a decision on their previous decision and ordered that the preliminary injunctive relief issued by the court be dissolved. In this decision, the court based their decision on the provisions of Public Law 93–45, 87th Congress, section 401(b)—the conscience clause of the provision of the Public Health Service Act.

Mr. President, I ask unanimous consent that the court opinion and order be printed in the Record at the conclusion of my remarks.

The PRESIDENT pro tempore of the Senate, after extending the time, said: The PRESIDENT pro tempore of the Senate, after extending the time, said: The PRESIDENT pro tempore of the Senate, after extending the time, said:
manager of the bill will see fit to accept the amendment. In view of the fact that it is with few technical changes identical to the amendment that was overwhelmingly passed by the Senate and is now the law, and consistent with that earlier judgment reached by the Senate, I would hope the distinguished Senator from Wisconsin will find it possible to accept the amendment.

Mr. NELSON. Mr. President, we are prepared to accept the amendment.

Mr. CHURCH. Mr. President, the distinguished senior Senator from Delaware has asked that his name also be added as a cosponsor of this amendment.

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

The question is on agreeing to the amendment (No. 664) of the Senator from Idaho.

The amendment was agreed to.

EXHIBIT 1

[In the U.S. District Court for the District of Montana, Civil No. 1090]

CONGRESSIONAL RECORD—SENATE S 21463

October 2, 1973

To show that the solicitor of the Sisters of Charity of Leavenworth, a private corporation, when it operated St. Vincent's Hospital, the Trustees of Sisters of Charity of Leavenworth advised local obstetricians and trustees of the Billings Deaconess Hospital that sterilizations performed at St. Vincent's Hospital were only lawful and permissible in the opinion of the solicitor to the extent permitted by state law.

The plaintiffs, James and Gloria Taylor, a married couple who were expecting a second child to be delivered by Caesarian section and who were advised by their doctor that they wished Mrs. Taylor to be sterilized by tubal ligation at the time of the Caesarian section, and who further alleged that the infringement was committed under color of state law, the prayer asked for injunctive relief, not only for the Taylors, but also for "other persons similarly situated in the State of Montana.


"Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable at the suit of such person in the Supreme Court of the United States, and in the Courts of any State, for the redress thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable at the suit of such person in the Supreme Court of the United States, and in the Courts of any State, for the redress thereof to such person, or in equity, or other proper proceeding for redress.

38 U.S.C. § 1943 reads in pertinent part:

"The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

"(3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any person of color or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens of the United States.

Essential to the plaintiffs' invocation of jurisdiction in this cause is that the defendant, in its alleged violation of the plaintiffs' constitutional rights, acted under color of state law. The plaintiffs' assertion that the defendant is acting under the color of state law is grounded primarily on the fact that Hill-Burton grants have been used to defray expenses of hospital planning and construction over the years. In fact, this court, in its order dated October 27, 1973, held that the complaint states a cause of action under the receipt of such funds by the defendant.

However, on June 18, 1973, the President signed into law the Health Programs Extension Act of 1973. Title IV, Section 401, of that Act, provides in part:

"(b) The receipt of any grant, contract, loan, or other financial assistance under the Public Health Service Act, the Community Mental Health Centers Act, or the Developmental Disabilities Services and Facilities Construction Act, or any entity or entity part of such an organization, or any person or group thereof, does not authorize any court or any public official or other public authority to require—:** * *

"(c) such entity to—:"" make its facilities available for the performance of any sterilization procedure or abortion if the performance of such procedure or abortion in such facility is prohibited by the entity on the basis of religious beliefs or moral convictions . . . ."

Public Law 93-46, 87 Stat, 91, Section 401(b). By its plain language, this Act provides that a hospital which receives Hill-Burton funds is prohibited from performing any sterilization procedure or abortion if such action would be contrary to religious beliefs or moral convictions.

In a recent memorandum filed in this action, the plaintiffs attack the Constitutionality of Section 401(b). Specifically, the plaintiffs argue that such an amendment to the Hill-Burton Act as being contrary to the establishment clause of the First Amendment. However, the question of the Constitutionality of Section 401(b) is not before the court. Furthermore, the case law relied upon by plaintiffs relates to parochial schools and is distinguishable from the instant case.

Nor does Section 401(b) present any question of retroactive application. It simply limits the remedies the court may grant. It does not create new rights but only changes the forum to which the plaintiffs may come. It simply serves to suggest that it applies only in situations where receipt of the public fund occurred after the effective date of the Act. To apply it today to an action based on contracts entered into prior to that date would be inconsistent with the bizarre result that hospitals which have received Hill-Burton funds prior to June 18, 1973, may now refuse to perform sterilizations and abortions while those which received such funds after June 18, 1973, could not. This was not the Congressional intent.

Furthermore, there can be no doubt that..."
Section 401(b) which restricts the power of inferior federal courts to a valid exercise of Congressional power. Under Article II of the Constitution, Congress can establish such inferior courts as it chooses. No power of inferior federal courts can impair that power to invest them with such jurisdiction as it deems appropriate for the public. Lack- erly v. Phillips, 319 U.S. 366 (1943); and it is proper for the Congress to legislate with respect to remedies for inferior federal courts may grant. Acta Life Ins. Co. v. Havorth, 390 U.S. 86, 90 (1968).

For the foregoing reasons, it is hereby or- dered that the plaintiffs be denied all relief. It is further ordered that the preliminary injunc- tion issued by this court on Octo- ber 27, 1973, is dissolved.

The clerk of this court is directed to enter judgment accordingly.

Done and dated this 26th day of October, 1973.

EXHIBIT 2

(In the U.S. District Court for the District of Idaho, Civil No. 1—73—171)

MEMORANDUM DECISION AND ORDER

(William E. Watkins, M.D., plaintiff, versus Mercy Medical Center, et al., defendants)

The plaintiff brought this action for injunc- tive relief against the defendant hospital and its Board of Directors, contending that he had been denied medical staff privileges in order to effectuate a policy of the hospital’s administration to exempt, on the basis of his religious beliefs, any physician or religious directives under the Code of Ethics for Catholic Hospitals as not in keeping with the mission of the hospital for staff privileges within the hos- pital, and that such a denial was a violation of his right to freedom of religion and due process of law. The court, upon review of the evidence herein viewed, in the light thereof, concludes that the court did not err.

Briefly, the facts as stipulated are that Dr. Watkins was denied reappointment to the medical staff at Mercy Hospital Center for failure to submit a proper application, re- appointment to the staff coming on an annual basis. In his application of December 1, 1972, Dr. Watkins did make an exclusion of his agreement to abide by, the ethical or religious directives under the Code of Ethics for Catholic Hospitals as not in keeping with the mission of the hospital for staff privileges within the hos- pital, and that such a denial was a violation of his right to freedom of religion and due process of law. The district court, upon review of the evidence herein viewed, in the light thereof, concludes that the court did not err.

On June 18, 1973, the President signed into law the Health Programs Extension Act of 1973. Title IV, Sec. 601 of that Act, provides in part:

“(b) The receipt of any grant, contract, loan or loan guarantee under the Public Health Service Act; 42 U.S.C. § 291 et seq.

The district courts shall have original jurisdiction of all civil actions wherein the matter in controversy exceeds the sum of $50,000, exclusive of interest and costs, and arises under the Constitution, laws, treaties of the United States.

1983, 638 (4th Cir. 1970); Citte v. Delaware Valley Hospital, 313 F. Supp. 301 (D.C. Penn. 1970); Taylor v. St. Vincent’s Hospital, Civ. No. 1000, D.C. Iowa, Oct. 21, 1965, is a recent case which effectively revokes the ability of a court to find state action on the part of a hospital which receives Hill-Burton Act funds.

It is further ordered that the preliminary injunc- tion issued by this court on Octo- ber 27, 1973, is dissolved.

The clerk of this court is directed to enter judgment accordingly.

Done and dated this 26th day of October, 1973.

The meager evidence adduced by Dr. Wat- kins would not support any monetary relief against defendants.


For reasons more fully de- veloped in this opinion, this Court finds Dr. Watkins is not entitled to the relief which he requests.

In order to state a claim for relief under 42 U.S.C. § 1983, it must be shown that the action or inaction of a person under color of state law is the proximate cause of injury to the plaintiff. Davis v. Passman, 442 U.S. 228, 242 (1979).

Upon review by the Court of Proposed Legislation.

By its plain language this Act prohibits any court from finding state action on the part of a hospital which receives Hill-Burton Act funds and using that finding either for re- questing the hospital to make its facilities available for the performance of sterilization procedures or abortions. The above sections were specifically aimed at such a result as evidenced by the legislative history. Sec. H.R. No. 93—227, 1973 U.S. Code Congressional and Administrative News, 1973 and 1974.

In essence, what Dr. Watkins has asked this Court to do is require Mercy Medical Center to make its facilities available for the performance of sterilization procedures or abortions. The above sections were specifically aimed at such a result as evidenced by the legislative history. Sec. H.R. No. 93—227, 1973 U.S. Code Congressional and Administrative News, 1973 and 1974.

June 27, 1972, is dissolved.

The Clerk of this court is directed to enter judgment accordingly.

The clerk of this court is directed to enter judgment accordingly.

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The clerk of this court is directed to enter judgment accordingly.
November 29, 1973

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The hospital was not trying to require Dr. Watkins to adopt their religious beliefs, for it is to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the use of the facilities for those purposes.

By similar analysis, Dr. Watkins’ general conclusion that the respondents have violated his First and Fourteenth Amendment rights is without merit. It is unquestioned that the prohibition against abortion is not a violation of the first exercise of religion is wholly applicable to the states through the Fourteenth Amendment.

According to the position that the fact a hospital receives Hill-Burton funds does not authorize a finding that the hospital action was contrary to his religious beliefs or moral convictions respecting sterilization procedures or abortion.

In the case of Mercy Medical Center, by way of its application for staff privileges, was requiring Dr. Watkins to agree not to perform sterilization services in the hospital. The hospital was not trying to require Dr. Watkins to adopt their religious beliefs, for it is to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the use of the facilities for those purposes.

By similar analysis, Dr. Watkins’ general conclusion that the respondents have violated his First and Fourteenth Amendment rights is without merit. It is unquestioned that the prohibition against abortion is not a violation of the first exercise of religion.

However, despite supporting a finding that such activity is contrary to the individual’s religious beliefs, that section speaks only in terms of racial discrimination. In conclusion, even assuming the requisite state action in this matter to support a claim a religious beliefs, that section speaks only in terms of racial discrimination.

Plaintiff’s claim under 45 U.S.C. § 2000d is without merit. The hospital was not trying to require Dr. Watkins to agree not to exercise his religious beliefs or that he had been denied due process of law, he must show that his religious beliefs or moral convictions respecting sterilization procedures or abortion.

Since the hospital does not constitute legal basis for a judicial or administrative order requiring an individual to adhere to the religious or moral beliefs or that he is free to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the use of the facilities for those purposes.

But, at the same time, the hospital cannot discharge a staff member who religiously or morally believes that such procedures should be performed. The legislation is aimed at protecting the religious rights of both the hospital and the individual. The hospital can prohibit sterilization procedures or abortions if the hospital has the right to adhere to the religious or moral beliefs which support the hospital’s policy as a condition of employment or extension of privileges.

In the case of Mercy Medical Center, by way of its application for staff privileges, was requiring Dr. Watkins to agree not to perform sterilization services in the hospital. The hospital was not trying to require Dr. Watkins to adopt their religious beliefs, for it is to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the use of the facilities for those purposes.

In conclusion, even assuming the requisite state action in this matter to support a claim of religious beliefs, that section speaks only in terms of racial discrimination. In conclusion, even assuming the requisite state action in this matter to support a claim of religious beliefs, that section speaks only in terms of racial discrimination.

Plaintiff’s claim under 45 U.S.C. § 2000d is without merit. The hospital was not trying to require Dr. Watkins to agree not to exercise his religious beliefs or that he had been denied due process of law, he must show that his religious beliefs or moral convictions respecting sterilization procedures or abortion.

Since the hospital does not constitute legal basis for a judicial or administrative order requiring an individual to adhere to the religious or moral beliefs or that he is free to believe that sterilization services should be offered and performed, but the hospital also has the right to believe that such services should not be performed and the use of the facilities for those purposes.
In life when those affected can least lifetime reserve. In some cases, provided for persons who must utilize, their reducing the coinsurance charge from tersclned to require this care, Second, by medicare for individuals who are de-
number of covered hospital days under care coverage for these persona. First, it constructive means for Improving medi-
stitutionalization. And all too often, these is sand dollars in hospital bills, much of total, 25,000—or 1 percent=- exhausted the 0 days of covered care regularly who had been hospitalized since the pro-
nearly 12 million medicare benefIciaries hard work, and diligence.
served strengthened protection against theitous and disabled— as well as their families—de-
sée strengthened protection against these potentially catastrophic expenditures, which can in a matter of weeks or months obliterate a lifetime of savings, hard work, and diligence.
Unfortunately illness strikes with far greater frequency and severity at a time in life when those affected can least afford it.

This is especially true in the case of hospitalization. As of 1972 there were nearly 12 million medicare beneficiaries who had been hospitalized since the pro-
gram began. More than 130,000 of these individuals were forced to draw upon their lifetime reserve after exhausting the 50 days of covered care regularly available during a benefit period. Of this total, 25,000— or 19 percent — exhausted their lifetime reserve.

These individuals, it should be pointed out, have typically incurred several thousand dollars in hospital bills, much of which has been paid from their own resources. The harsh reality is that the threat of bankruptcy by hospitalization is all too real for aged and disabled Medicare recipients with lengthy institutionalization. And all too often, these are the individuals who can least afford it.

But my amendment would provide a constructive means for improving medi-
care coverage for these persons. First, it would increase from 150 to 210 days the number of covered hospital days under medicare for individuals who are de-
t ermined to require this care. Second, by reducing the coinsurance charge from one-half to one-fourth of the hospitalization deductible, major savings could be pro-
vided for persons who must utilize their lifetime reserve. In some cases, this amount could exceed $1,000.

During the past Congress, the House and Senate approved a portion of my amendment. For example, the House-passed bill of 1971, which ultimately became the 1972 Social Security Amendments—would have increased the medicare lifetime reserve from 60 to 120 days. Moreover, the House bill would have provided a daily coinsurance amount equal to one-eighth of the inpatient hospital deductible for persons hospitalized from 31 to 60 days.

This latter provision was later deleted by the Senate. By contrast, the Finance Committee pro-
posed to reduce the coinsurance amount applicable to the lifetime reserve from one-half to one-fourth of the hospitalization deductible.

In conclusion, then, all three provisions were eliminated.

So, in one form or another, either the Senate or the House has put its stamp of approval on the provisions of this amendment.

Today many Americans believe that medicare pays for almost all of the hospital and medical bills of the aged and disabled. But they should know better. In fact, medicare covers only about 42 percent of their health care expenditures. This is especially true in the case of sick persons.

Yet if the institution in which they...
reside is determined to be a skilled nursing facility, they are denied the Medicare benefits available to persons fortunate enough to be able to remain in their own homes.

When this matter came to the attention of the Congress in 1967, it was thought that the provision of 60 lifetime reserve hospital benefit days would solve the problem.

However, in my judgment this has not proved to be an adequate and equitable solution.

In the first place, the copayment for lifetime reserve days is now $36 per day—a considerable burden on many elderly people. If the proposal by the Senator from Maine (Mr. Muskie) to freeze the hospital deductible for 1 year is not enacted into law, that copayment will rise to $42 per day in 1974.

Second, even those lifetime reserve days may be exhausted. In the last year, at least two instances have come to my attention of nursing home residents who have used both the hospital care available during a single benefit period and the 60 lifetime reserve days. The people, who will be confined to nursing homes for the remainder of their days, will have no further hospital insurance benefits under Medicare.

It is my understanding that the law is written as it is because there is concern that if a benefit period could be broken in the case of a nursing home resident by a 60-day period during which he or she was certified as receiving a level of care lower than skilled nursing the result would be an artificial shifting of patients back and forth between levels of care for the purpose of qualifying them for additional Medicare benefits.

Whether or not this could or would happen, I do not know. But I believe the answer is not to deny all nursing home residents the opportunity to renew their eligibility for hospital insurance benefits but to use an acceptable test for determining whether a person is actually receiving long-term personal or custodial care as opposed to skilled nursing care.

Therefore, my amendment provides that a person residing in a skilled nursing facility may end a spell of illness with the close of the first period of 180 consecutive days on each of which he was receiving neither skilled nursing care nor rehabilitation services and the nursing home was not receiving payment for skilled nursing services provided him under the Medicare program.

My amendment, I want to make clear, is not designed to provide Medicare coverage for long-term custodial care. Under current law reimbursement for such care is specifically exempted from Medicare.

My amendment is designed simply to enable persons who require personal or custodial care to have the same Medicare benefits as are available to others.

I urge the adoption of this amendment.

Mr. NELSON. Mr. President, I do not have any objection to the amendment. The objection is sound. I am prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 727 of the Senator from Missouri.

The amendment was agreed to.

AMENDMENT NO. 722 AS MODIFIED

Mr. EAGLETON. Mr. President, I call up an additional amendment No. 722, and ask that it be read.

The PRESIDING OFFICER. The amendment No. 722 of the Senator from Missouri will be stated.

The legislative clerk reads as follows:

At the end of part C of title I of the bill, insert the following new section:

DIGEST, UNDER MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM, OF SOCIAL SECURITY INSURANCE INCREASES AND OF OLD-AGE SURVIVORS, AND DISABILITY INSURANCE INCREASES

SEC. 128. For purposes of determining, under section 212(a)(3)(C) of Public Law 93-66, the amount of any income of any individual for any month referred to in such section, there shall be disregarded (1) in the case of any individual, so much of any supplemental security income benefit payable under title XVI of the Social Security Act to such individual for such month as is attributable to any increase in supplemental security income benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives a monthly insurance benefit to which he is entitled under title II of such Act, so much of any increases attributable to any increase in social security benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title).

Mr. EAGLETON. Mr. President, I ask unanimous consent, in addition to the original cosponsors as listed on the amendment, Senators Ribicoff, Hatfield, Brockman, Stephens, Cranston, and Humphrey be added as cosponsors of this amendment.

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

Mr. EAGLETON. Mr. President, the purpose of my amendment is to assure that those persons who will be receiving mandatory State supplementary payments under the supplemental security income program will receive the cost-of-living increases proposed in this bill without having those increases deducted from their State supplementary payments.

H.R. 3153, the bill before us, provides two increases in social security benefits and supplemental security income payments in July 1974 to help the aged and disabled living on fixed incomes cope with the ever-increasing cost of purchasing the essentials of life.

Social security beneficiaries would, under this bill, receive a 7-percent increase in benefits for the month during which the bill is enacted. A second 4-percent increase would be effective for the month of June 1974.

Where SSI payments levels were to have been raised $130 for the individual and $155 for a couple beginning in January, these initial payment levels would be $140 for an individual and $210 for a couple. In July 1974 payment levels would be increased to $140 for an individual and $219 for a couple.

Under these provisions of the bill, those persons who receive only a social security benefit, those persons who will receive only an SSI payment, and those persons who will receive a combination of social security and SSI will have cost-of-living increases in 1974.

But, Mr. President, we must not overlook the fact that there is a third group of aged, blind, and disabled persons who may be denied any increase in income in 1974. I refer to those persons who will be receiving State supplementary payments under the SSI program.

This group itself is composed of two categories.

First, there are those aged, blind, and disabled persons who are now receiving assistance through State public assistance programs and who will be transferred to SSI in January.

Second, there are those persons who will be newly eligible for assistance under SSI.

For the latter group, a supplementary payment by their State is strictly optional. A State may choose whether or...
Mr. President, when we consider people who will receive State supplementary payments we are not talking about people with lavish incomes.

If the State Division of Welfare puts that number at 85,000—or about 70 percent of current adult assistance recipients in Missouri. Whatever the reason for the discrepancy, the Missouri Division of Welfare puts that number at 85,000—or about 70 percent of current adult assistance recipients in Missouri.

Mr. President, we are now taking the unusual step of reconsidering our previous decision on a social security increase next year. We have moved, by evidence of the severe impact of inflation on the earnings of the neediest households, to provide a larger and an earlier increase than was authorized last summer.

We have the authority, and I believe we have the responsibility, to guarantee some amount of protection to dependent children. APDC—by requiring the States to disregard 5 percent of social security income effective with the month in which the social security increase is received. My amendment simply provides, through a different mechanism, a “pass-thru” for persons currently receiving old age assistance, aid to the blind, and aid to families with dependent children. APDC—by requiring the States to disregard 5 percent of social security income effective with the month in which the social security increase is received.

Mr. President, when we consider people who will receive State supplementary payments we are not talking about people with lavish incomes.

If the State Division of Welfare puts that number at 85,000—or about 70 percent of current adult assistance recipients in Missouri.

Mr. President, the Senate amendment has not been available to me, and I do not think it has been available to anybody else, because he sent it to the desk as modified. I am not trying to impede him on that score. We will get it provided, but I believe that we understand it, and I should like to ask him this question with respect to New York and 9 other States—10 altogether—of the so-called high benefit level States, whether they would be deferred from what they otherwise would have been by the amount of the social security and SSI increases.

The result: 85,000 aged, blind, and disabled persons in Missouri will be deprived of any increase in income in January.

I want to make it clear that this indicates no particular perversity on the part of the States of Missouri that will happen under the State law which is in compliance with the requirements of section 212 of Public Law 93–86. And it will result in an automatic savings of several million dollars in Federal funds.

The only way to prevent that it does not happen is to include in this bill a provision requiring the States to disregard these cost-of-living increases.
Mr. CRANSTON. Mr. President, I offer the following new clause:

"(C) in the case of any month, the amounts which supplement supplemental security income benefits of the type involved were increased by section 210 of Public Law 93-80, as amended by section 121 of the Social Security Amendments of 1973."

Mr. EAGLETON. Mr. President, without losing my right to the floor, I yield to the Senator from California such time as he may desire to explain the modification.

Mr. CRANSTON. Mr. President, I think all I need to say is that the original form of the Eagleton amendment federally mandated that nine States, from whose already limited resources, would have to pay to all present adult recipients the cost of the federally mandated cost-of-living increase. My amendment corrects that obvious inequity. It seems eminently appropriate that the Federal Government pay for Federal generosity with Federal money. That is what my amendment would do.

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

Mr. CRANSTON. I am delighted to yield.

Mr. CURTIS. What we are talking about here is the SSI benefit. Is that not true?

Mr. CRANSTON. I beg the Senator's pardon.

Mr. CURTIS. We are talking about the SSI benefit for the aged, blind, and disabled. Is that correct?

Mr. CRANSTON. That is correct.

Mr. CURTIS. That program goes into effect January 1.

Mr. CRANSTON. That is correct.

Mr. CURTIS. And it is a program that heretofore has had Federal and State matching. Is that not correct?

Mr. CRANSTON. That is correct.

Mr. CURTIS. And under the new program the Federal Government pays the entire check.

Mr. CRANSTON. Yes; except for the federally mandated supplementation the States must pay to all present recipients if the present benefit levels exceed the SSI payment level—which is the case in the nine States that my amendment covers.

Mr. CURTIS. Well, they pay the entire check according to the schedule set forth in the Federal statute, but beyond that would mean a per diem in payment to some individuals, the Federal Government has demanded as a quid pro quo for taking over the whole load that the States make a mandatory supplemental payment so that no one gets less than what they got this year. Is that correct?

Mr. CRANSTON. Yes; that is the intent.

Mr. CURTIS. Now, as a matter of fact, the nine States the Senator is talking about are still coming off better than they were before the SSI program was enacted. Is that correct?

Mr. CRANSTON. No; that is not true.

Mr. CURTIS. Well, I think it is.

Mr. CRANSTON. The responsibility of the States and the numbers of recipients under the new program will extend beyond what is now covered, and that responsibility to meet that situation—for that reason, it will fall upon the State rather than the Federal Government.

Mr. CURTIS. I am afraid my question was misunderstood. At the present time those States have certain sums to the blind, disabled, aged, and they are going to be relieved of that. Is that correct?

Mr. CRANSTON. In part, but not wholly.

Mr. CURTIS. The part they are relieved of will end up spending less money for these three programs than they are spending now.

Mr. CRANSTON. The Federal Government is mandating an increase in the number of people covered, it has not extended hold harmless to cover benefit increases since 1972, and yet it has mandated that the States, in supplementing SSI, do so up to December 1973 levels; no; in many States we will not be spending less.

Mr. CURTIS. I am talking about the whole expenditure, not just the mandated; the total expenditure made for these programs by the State of California will be less than it is now.

Mr. CRANSTON. That is not true because the Federal Government is mandating who is eligible. There is a vast expansion of adult recipient eligibility;
and that, combined with other factors, will increase the cost to the State of California and to many other States.

Mr. CURTIS. I do not believe that is a correct statement of the situation. What is happening at the present time is that every check that people in these three States will receive will be partially funded by and part Federal money; and up to the limit of the Federal new program it is all Federal money. Now, even though you do have to make a supplement, I think you are coming out ahead.

Mr. LONG. Mr. President, what we have here is a federally financed cost-of-living increase for all States except nine, including California.

This amendment, cosponsored by Senators KENNEDY, JAVITZ, BROOKS, and CASH, is designed to insure that certain SSI recipients are not denied the benefit of the Finance Committee provision which provides that the new supplemental security income program guarantee increases for all States—California, New York, New Jersey, Wisconsin, Massachusetts, Nevada, Hawaii, Michigan, and possibly Rhode Island—SSI recipients will not receive these increases. The States will pass these increases on to recipients in those States.

The House Ways and Means Committee did include such a provision. It is only effective for 1 year, but it will be deleted from the House bill during extensive and rather confusing floor debate.

As the distinguished chairman of the Finance Committee so well knows, the entire process has been very complex and difficult. I will try, for the benefit of my colleagues to put it as simply as possible.

The key issue during the debate surrounding the passage of the Social Security Amendments of 1972—H.R. 1 in the last Congress—was the conceptual and practical difficulty of reconciling the wide disparities of 50 State welfare programs into a single national program. We all felt at the time, I believe, that while solidifying 50 distinct adult welfare programs into one equitable and uniform bill was going to be almost impossible, it was time to take the first big step forward.

Nearly everyone agreed that a national "minimum income floor" was needed in lieu of the varying percentage matching arrangements already in existence. The primary question was how to establish such a floor without hurting recipients who were receiving more than that income floor—such as in the nine States I mentioned above. This then led to the related issue of Federal fiscal responsibility for such recipients once the States were "out of the picture"—that is, responsibility for setting eligibility requirements, Federal/State cost sharing, and administration of the newly Federalized program.

The present hold harmless provision added by H.R. I then became the vehicle for reconciling all of these issues. Hold harmless was clearly a key provision of the legislation; without it, it would very likely be no SSI program today.

It was never intended that the hold harmless provision would be a means of freezing payment increases by the Federal Government for those States that, in good faith, supported H.R. 1. Rather, hold harmless was, as I understand it, designed to provide States with protection against cost increases which were proximately caused by the newly Federalized program because of the expanded Federal eligibility. Hold harmless also was to serve as an incentive for States to turn over their programs to the Federal Government for administration not only of the Federal floor, but also the State supplementation under rules set by the Federal Government.

I should add here, parenthetically, that my own State, because of certain legal difficulties, will not be able to turn State supplementation over to the Federal Government until sometime this January after the new program. Under any other circumstances, the incentive for this turn-over was, of course, the Federal Government's fiscal responsibility under the present "hold harmless" provision to underwrite future increased caseload costs that were incurred as the result of the new Federal program.

The bill before us today, without the House Ways and Means Committee provision, changes the rules of the game. The whole question of the Federal/State relationship is clouded with regard to the future. If the 50 States were "out of the picture"—that is, the Federal provision was "out of the picture"—then the SSI "harmless" provision would be a means of underwriting future increases in costs that were incurred as the result of the new Federal program.

What will occur is that a federally funded cost-of-living increase for SSI recipients will be approved—in all but nine States, nine States in which something like 40 percent of the SSI population resides.

Mr. President, I do not believe that 40 percent is a parochial, "my State" issue. What we have here is a situation wherein those States which in the past have made the greatest fiscal effort on behalf of the poor, there will be no 100-percent federally financed cost-of-living increase.

I would most strongly urge my colleagues to join in supporting this amend-
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jority of the people can be benefited, particularly those of us who are in the poorer States, who need the money as much as they do. If they can do that, maybe we will vote with them. But it absolutely insults the intelligence of people who come from 40 States to think that we would vote for something of this sort. I should be able to get the amendment laid on the table. If a Senator wants to make a speech, I am willing to wait and let him speak, but I think we will vote this amendment down.

Mr. Chairman, I have one comment to make. The Senator from California would consider himself a sap if he did not seek to have his amendment agreed to.

Mr. LONG. I would say that the Senator is a genius if he can put this amendment over. He would be one of the most effective statesmen we have had in this body for a long time.

Mr. President, I move to table the amendment.

Mr. JAVITS. Mr. President, will the Senator withhold that motion at this time? Any of you can move to table lots of things. Does the Senator mind?

Mr. LONG. I withold my motion.

Mr. JAVITS. Mr. President, before we take the amendment out of the report, and Mrs. Cranston of the House, changed her position? Do you understand the Senator includes in his indictment the House Ways and Means Committee, or was it reserved exclusively for Senators?

Mr. LONG. Do not have me say something I did not say. Going down this list of States—New York, California, Michigan, Wisconsin, New Jersey, Massachusetts, and others—they have more representatives than Senators. They may have put this in a bill in the House Ways and Means Committee, but when they voted on the House floor they still did not have a majority. That is why they voted it down.

I am not accusing anybody of being a sap. But I wonder if there is one Senator who comes from any State other than these six States who is going to vote for this amendment. If there is, I would leave my statement to call him something other than a sap.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the Senator include me in that category, because I am going to vote for it, and I am not in the top nine.

Mr. LONG. Well, the Senator had not heard the explanation prior to this time. I feel when one understands what this amendment does he might feel differently about it. But the Senator is accepting an amendment to an amendment offered by him. I assume the amendment he offered was a good thing for the State of Missouri, and there should be enough of a sweeter in the Eagleton amendment to justify agreeing to accept the Cranston amendment as a modification of his amendment.

Mr. President, to those of us who do not see anything in it for our States that we would be very ill-advised to vote for the amendment. I personally think, speaking for myself—I think I can speak for this body—I would be a sap to vote for the amendment. Maybe somebody else would find some good reason to vote for it.

Mr. President, I am led to believe that we will have the Eagleton amendment offered in its other form in the event that it is not agreed to in this form. I would hope that we can vote on it. If there is no objection, I am going to move that this amendment be laid on the table. If a Senator wants to make a speech, I am willing to wait and let him speak, but I think we will vote this amendment down.

Mr. CRANSTON. Mr. President, I have one comment to make. The Senator from California would consider himself a sap if he did not seek to have his amendment agreed to.

Mr. LONG. I would say that the Senator is a genius if he can put this amendment over. He would be one of the most effective statesmen we have had in this body for a long time.

Mr. President, I move to table the amendment.

Mr. JAVITS. Mr. President, will the Senator withhold that motion at this time? Any of you can move to table lots of things. Does the Senator mind?

Mr. LONG. I withhold my motion.

Mr. JAVITS. Mr. President, will the Senator include in his amendment the House Ways and Means Committee, bearing in mind that the House Ways and Means Committee included in its report that there are less people around.

It is fine if you can get away with it. But the Senator is accepting the amendment as he might feel differently if he does. If he does, I will amend it in his stringent indictment—and some people are going to call him something that pay benefits above what the United States supports, and for many reasons. In the industrial States, the cost of living is higher. They have higher taxes in the United States. For instance, California is the seat of many industries, and so forth. We are interconnected. That is why we should do our utmost to understand the other fellow’s problems, and we should not try to act any other way.

Every once in awhile on an issue a Senator will get up and say, “You can’t win, because nine States are involved.” Supposedly that is the reason that a Senator who would be voting for this amendment would be a sap. They have been wanting to adhere to a standard, which is a decent standard, as far as their people are concerned, we are not, going to be unfair to them when it comes to increasing benefits all along the line. We are not going to deny it to them because their States have proceeded in a different way.

That is what it comes down to. I have very grave doubts as to whether New York State can scrounge up $40 million for this. We are in lots of trouble in my State, and many other States in the list are essentially the same position.

What will happen? Our beneficiaries will not get the increase that the Americans in the other 49 States get. And if that is the way the United States wants to operate, that is all right. These are facts and not hyperbole. I do believe that the Senate ought to understand the facts before it votes.

I appreciate very much the Senator from Louisiana (Mr. Long) affording me the courtesy of allowing me to express my views, because the Senator could have cut us off.

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

Mr. JAVITS. I yield.

Mr. CRANSTON. Mr. President, is it not true that while we may be talking about nine States, I believe that we are talking about something like 40 percent of all of the welfare recipients, since they live in these nine States. It is a far broader thing than to say simply that nine States are involved.

Mr. JAVITS. And, while I have not tolled it up, I have little doubt that the inhabitants of the nine States between them, pay at least half of the income taxes in the United States.

I am aware that we cannot get parochial about this matter. New York is the seat of a great many of the heavy industries, California is the seat of many industries, and so forth. We are all interconnected. That is why we should do our utmost to understand the other fellow’s problems, and we should not to try to act any other way.

Every once in awhile on an issue a Senator will get up and say, “You can’t win, because nine States are involved.” Supposedly that is the reason that a Senator who would be voting for this amendment would be a sap. They have been wanting to adhere to a standard, which is a decent standard, as far as their people are concerned, we are not, going to be unfair to them when it comes to increasing benefits all along the line. We are not going to deny it to them because their States have proceeded in a different way.

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What will happen? Our beneficiaries will not get the increase that the Americans in the other 49 States get. And if that is the way the United States wants to operate, that is all right. These are facts and not hyperbole. I do believe that the Senate ought to understand the facts before it votes.

I appreciate very much the Senator from Louisiana (Mr. Long) affording me the courtesy of allowing me to express my views, because the Senator could have cut us off.

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

Mr. JAVITS. I yield.
That should be the only criteria, how many States will get the benefit and how many will not, and that therefore, that we should vote it down?

Mr. LONG, Mr. President, in addition to the Senator from six wealthy States of the Union, the amendment does not do any justice. It has no equity. And it really does not make good sense. For example, the way things would stand in these States and the States we are talking about, the people under present law will get $130 a month under SS1. If a State adds $20, their people will get $180. Now, when the $130 is raised to $140, all the States have to do is to continue to put up $20, and those people would get $180.

What these States would like to do is save the money while they still give their people more than everyone else gets. They want it on both ends, a double dip that no one else gets.

It is unfair. And it only benefits six States.

Mr. President, I move that the amendment be laid on the table.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Missouri. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Anosovets), the Senator from South Dakota (Mr. McGovern), the Senator from Wyoming (Mr. Moss), the Senator from New Mexico (Mr. Monsen), the Senator from New Jersey (Mr. Williams), the Senator from Iowa (Mr. Hughes), the Senator from Colorado (Mr. Haskell), the Senator from Hawaii (Mr. Inouye) the Senator from Alabama (Mr. Dole), and the Senator from Mississippi (Mr. Fant) are necessarily absent.

I also announce that the Senator from South Dakota (Mr. Anosovets) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Delaware, the Senator from South Dakota (Mr. Young), and the Senator from North Dakota (Mr. Young) are necessarily absent.

The Senator from Idaho (Mr. McClellan), and the Senator from Oregon (Mr. Packwood) are absent on official business.

The result was announced—yeas 57, nays 27, as follows:

[No. 532 Leg.]

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Mr. MANSEFIELD. Mr. President, will the Senator yield to me?

Mr. EAGLETON. I yield to the Senator from Montana.

Mr. PASTORE. May we have order now, Mr. President?

The PRESIDING OFFICER. The Senator will be in order.

Mr. MANSEFIELD. Mr. President, what I would like at this time is to get an idea as to how many more amendments will be offered to the pending legislation.

First, I understand that the distinguished Senator from New York (Mr. Javits) will have an amendment on which I intend to suggest to the Senate that a time limitation of 1 hour to be equally divided, be subscribed to. Then the Senator from Missouri (Mr. Eagleton) has an amendment now pending—

Mr. MANSEFIELD. Fifteen minutes.

Mr. MANSEFIELD. The Senator from Rhode Island.

Mr. MANSEFIELD. The Senator from Rhode Island.

Mr. MANSEFIELD. Then there is the Senator from Connecticut—the Senator from Connecticut, the Senator from Delaware, the Senator from California—

Mr. PASTORE. The Senator from Rhode Island.

Mr. MANSEFIELD. Then, Mr. President, I ask unanimous consent that when the amendment of the Senator from New York (Mr. Javits) is called up, there will be a time limitation of 1 hour with something away from the bill rather than add more to it. I should like to make the clear.

Mr. MANSEFIELD. That will be the only criteria, how many States will get the benefit and how many will not, and that, therefore, that we should vote it down?

Mr. 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.

Mr. Eagleton's amendment is as follows:

At the end of part C of title I of the bill, insert the following new section:

DISRUPTON UNDER MANDATORY MINIMUM SECURITY INCOME BENEFITS PROGRAM OF SUPPLEMENTAL SECURITY INCOME INCREASES AND OF OLD-AGE, SURVIVORS, AND DISABLED PERSONS' INCOME BENEFITS INCREASES Sec. 125. For purposes of determining, under section 212(a) (3) (C) of Public Law 93–58, the amount of any income of any individual who for such month receives any supplemental security income benefit payable under this title attributable to any increase in social security income benefits payable under title XVIII of the Social Security Act to such individual for such month, there shall be disregarded (1) in the case of any individual, so much of any supplemental security income benefit payable under this title attributable to any increase in social security income benefits payable under title XVIII of the Social Security Act to such individual for such month, as is attributable to any increase in supplemental security income benefits payable under such title resulting from the enactment of section 310 of Public Law 93–58 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives any annuity or pension thereunder by reason of any increase in social security income benefits payable under title XVI of the Social Security Act to such individual for such month, so much of such monthly benefit as is attributable to any increase in social security benefits resulting from the enactment of section 301 of Public Law 93–58 (or any provision contained in the preceding provisions of this title).

This is an effort to deal with the unemployment compensation trigger which has affected many States. It is the one opportunity we have to deal with this which originates with the Finance Committee and then goes to the Ways and Means Committee in the other body.

Mr. LONG. Mr. President, I am not planning on a motion to table, but I do not want to agree to that, as I do not want to start that kind of precedent. If we can agree to a limited time, when
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the time for debate is over, Senators can do whatever they want to. The Senator from New York can talk as long as he wants to on his amendment. At the moment, I am not saying that I will make a motion to table, but I do not like to start that kind of precedent on unanimous-consent agreements.

Mr. JAVITS. I can appreciate that. In view of the fact that I agreed to a unanimous-consent request on that ground, I object.

THE PRESIDING OFFICER. Objection is heard.

Mr. PASTORE. Mr. President, I realize that the attempt here is to help the elderly of our country. We are talking here about an 11-percent increase. I realize the nobility of many of these amendments which are being proposed here, but I question whether, in the conference, any one of them will survive. I am wondering whether, therefore, instead of trying to do justice, we are not doing a grave injustice here. I realize that many issues raised here today have been raised before. We have taken votes on them. I am perfectly willing to stay here until midnight, or all night, if we have to, but if we go by 8 o'clock tonight, I believe we should stay here all night and finish this bill.

I should like to inquire of the distinguished majority leader, how long are we going to stay here tonight, so that we can call up our families or tell the and finish this bill.

Mr. MANSFIELD. Well, I would say—where is the Senator going to get the fuel?

Mr. PASTORE. Well, for the time being, it is there. [Laughter.] Later on, according to Senator Jackson, it may not be there, but the fact is, United will be there.

AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3152) to amend the Social Security Act to make certain technical and conforming changes.

Mr. MANSFIELD. Mr. President, I would suggest to the Senate that when we dispose of the Eagleton amendment we call it a night, go home, and have dinner with our families.

Mr. PASTORE. I want to thank the distinguished majority leader. [Laughter.]

Mr. EAGLETON. Mr. President, this amendment has a 15-minute time limitation on it. It is not my intention to consume the 7½ minutes allotted to me.

This amendment is the Eagleton amendment once again, but this time not perfected by the Senators from California and New York.

This amendment is in its pristine, original form and, in the words of the Senator from Alabama a few moments ago, this amendment is also unique. It does not add 10 cents of Federal money to the bill. It does not cost the U.S. Treasury one dime.

This amendment does this, with respect to the aged, blind, and disabled, if these increases increase in the bill go into effect, initially the 7 percent increase and later on the 4 percent increase, the Eagleton amendment provides that the States cannot cut back their payments so as to absorb the increases which we have decided as a matter of national policy are vitally necessary.

What this amendment prevents is a windfall profit to State treasuries so that "When the Lord giveth"—and in this case it is the U.S. Congress—the 50 State Capitols do not take it away. That is the case in all this. It says that the benefits we think are just and to which the aged, blind, and disabled are entitled shall go forward, and that the States shall not sabotage the benefits by a pro rata cut in benefits at the State level, so that the individual is no better off tomorrow than he is today.

Mr. President, I reserve the remainder of my time.

Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, this amendment works in exactly the opposite direction to that in which the committee sought to move. The amendment is on the wrong basis. In the first place, it would treat those already on the rolls in December 1973 more favorably than those who are newly eligible. There is no justification why those previously on the rolls should be better off than those who later on come onto the rolls.

This amendment would also penalize those States which have been generous in their assistance level for the aged, blind, and disabled, by making them spend additional funds over and above present expenditures, while the States which have had low assistance payments are not so penalized and, in fact, would probably be relieved of most of their current costs.

Moreover, this amendment would be contrary to the basic concept of the SSI program. The Federal Government establishes a nationally uniform minimum income level for the aged, blind, and disabled, which is fully Federal in funding and leaves the States free to add to these levels as they see fit, and with fully State funds.

In other words, Mr. President, as the bill states, the committee fully anticipates that in January, when the SSI program goes into effect with a Federal funding program, the States will have a windfall in almost every State in the Union unless those States want to use that money to advance the income of their aged people well beyond that which their aged people have had prior to this time.

I know that in the State of Louisiana, practically all the aged people, for example, would receive a very large increase in their payments. Thus the State of Louisiana, looking at that situation could say, "We expect to save about $30 million here. That $30 million can best be spent to help the little children, because what we have provided for them is so little compared with the tremendous benefits we now would be paying to our aged. We would think it would be an unfair double standard to take that $30 million and put it in the program for the aged, rather than putting it in the program for the little children, where there is more need." So Louisianans would put its money into helping the children. If it did not, its second priority would be the health program.

Eagleton amendment would require that there be a windfall, we might say, for the aged. So even though the State did not think it was a good idea to continue to supplement to the same extent that it had supplemented before in the past, it would raise the income of each of these people already on the rolls, it would have to do so.

In effect, it would compel us, and would compel the States, to spend the money in the way they do not think is wise, in the way that, frankly, we on the committee do not think is wise.

That being the case, we think this is not a very wise amendment. It is a windfall. It is a discriminatory windfall, because it would discriminate in favor of those who are presently on the rolls and against the great number of people—in most States, an equal number of people—who will be added to the rolls. Their needs should be considered on the same basis. But this amendment would compel you to consider those already on the rolls in a far more favorable fashion than the others.

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

Mr. LONG. I yield.

Mr. CHILES. Does the Senator believe it would be discriminatory to the blind, to the aged, to the disabled?

Mr. LONG. What we are talking about is this: Let us say that at a level of $200, the State is paying $100 in State funds for a blind person or for an aged person. We come in with the new Federal program and say we are going to guarantee that person under the SSI, a monthly income of $130. This bill now makes it go up to $140. So we are going to guarantee the State is paying $100 in State funds and the State will provide $60 more to keep him at his previous level of $200.

In addition to all that, this amendment would require the State to add $10 on top of that, to make it $210. But this would not go to people already on the rolls. Under the amendment, new people coming onto the SSI rolls could be left at the $200 level or even less. The changes made by the SSI program will make many new funding programs. In most States, including my own, which is a very generous State, it would just about double the number of people on the rolls. Their needs should be considered on the same
basis as all the other people on the rolls. So as between two old people, they should be considered on the same basis.

Mr. CHILES. Has the Senator seen how a blind person lives on $210 a month?

Mr. LONG. I am talking about the poor. I am not discriminating between two blind people.

Mr. CHILES. Is the Senator talking about one blind person who has outside income and plenty of funds but still, because he is blind, is getting some help, and talking about another blind person with no assets, no help, getting a little pittance from the State, a few dollars from the State, and is the Senator saying that he has to give that money back to the State? I have been in one of those State legislatures where they took the money back from them every time, and I say it is ridiculous to say that.

Mr. LONG. I do not think the Senator understands the amendment.

Mr. CHILES. I understand how a blind person lives on $210 a month, and they cannot do it today. To say that they are being discriminated against and that something is being taken away from them is ridiculous.

Mr. LONG. We are talking about a situation in which the State is paying $200 now to a blind person. When the new SSA program goes into effect with a Federal payment of $149, the State may want to add $60 so that that blind person will continue to get $200. And the State would provide the same $200 for those States that do not become blind until after the new SSA program goes into effect. Those States would get the same level of income. But this amendment would mean that the State must pay $210 to the person already on the rolls who is now getting $200 while the other man would only get the $200. The needs of the two people who are blind would not be considered on the same basis. The people who are newly made eligible would be discriminated against.

The PRESIDING OFFICER. The time available to the Senator from Louisiana has expired. Three minutes remain to the Senator from Illinois.

Mr. EAGLETON. Mr. President, have you listened with great interest to the Senator from Louisiana, who is an expert in these matters, as well as to his exchange with the Senator from Florida; and I am mystified as to whether we are discussing the same amendment.

Let me make it crystal clear, Mr. President, that this bill will not cost the Federal Treasury 1 dime.

All this amendment treats of is that once we vote these increases—a 7 percent cost-of-living increase next January and an additional 4 percent next July—once we decide on this floor, as a matter of national policy, to provide these increases, the Eagleton amendment says that we mean that the people who were to get that money will in fact get it; that Governor X, Governor Y, and Governor Z cannot say: "Uncle Sam voted those increases for the aged, the blind, or disabled. The Federal Government has given them that money, but we will take it away. We will cut the State's payment from what it was before, and then we will use that money for some other program in the State."

As the Senator from Louisiana has said, it could be used for the children, or in some other State it might be used to refund some of the federal slack, or to build a new sports stadium—all the uses for that money that Governor X, Governor Y, and Governor Z might find.

By providing the benefit increases in this Haywood Amendment, I put it to them in this time of inflation there is some additional income for the aged, the blind, and the disabled. If Senators vote for this amendment, they are guaranteeing that the 7 percent increase, later to be increased of 4 percent will in fact be the leverage to the people who deserve it. If they do not vote for this amendment, then it is likely that many States—as many as 41 of them—will just reap a savings out of the increase we are voting in this bill. I yield the remainder of my time.

Mr. LONG. Mr. President, I ask unanimous consent that 3 additional minutes be allotted to each side.

Mr. EAGLETON. Mr. President, reserved time to object—and I shall not object—I ask unanimous consent that the names of the following Senators be added as cosponsors of this amendment: Senator Nixon, Senator Hatfield, Senator Brodsky, Senator McGovern, Senator Humphrey, Senator Chiles, and Senator Pastore.

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

Without objection, 2 additional minutes are available to each side.

Mr. LONG. Mr. President, what this amendment provides is that if a person is on these rolls prior to December of 1973, then there will be disregarded the additional SSA benefits of $149 a month, and there will be disregarded the social security increase; that if a person comes on the rolls at any time after that, which will about one-half of those on the rolls, there will be disregarded, so one-half of the poor people are favored, and the other half are discriminated against. The States are denied the right to look at their problems and say which of the poor should get the most help and which of the poor should get the least help. These States are denied any discretion on how to help the poor with money otherwise available to them. But the amendment provides for the Senator from Idaho (Mr. McGovern) and the Senator from Oregon (Mr. Packwood) are absent on official business.

The result was announced—yeas 49, nays 36, as follows:

[No. 633 Leg.]

Mr. Allen—Long
Mr. Allen—McClure
Mr. Bartlett—Franco
Mr. Bartlett—Pulvino
Mr. Buckles—Gordon
Mr. Byrd—Johnson
Mr. Cass—Hansen
Mr. Domenici—Scott
Mr. Curtis—Hansen
Mr. Edgerton—Larsen
Mr. Follmer—Johnson
Mr. Hart—Montoya
Mr. Hartke—Young
Mr. Hart—Scott
Mr. Hart—Stennis
Mr. Hatfield—Wilder
Mr. Hays—Stevenson
Mr. Huddleston—McGovern
Mr. Jackson—Motley
Mr. Johnson—Stevenson
Mr. Jorgensen—Motley
Mr. Jordan—Young
Mr. Klacik
Mr. Koch
Mr. Kuchel
Mr. Kuchel—Stevenson
Mr. Kuchel—Motley
Mr. Kuchel—Young
Mr. Leiberman—Motley

So S. 833, the Social Security Amendments of 1973, was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CRANSTON. Mr. President, I move to lay that motion on the table.

The motion to lay the table was agreed to.

Mr. Hartke. Mr. President, I had an amendment which I discussed with the chairman of the committee, manager of the bill, and which he is prepared to accept. It is an amendment deleting with the blind, which has passed the Senate on one previous occasion. It is one which we need to have a rolloff. We have had rollcalls before. It has been overwhelmingly adopted.
Mr. HARTKE. Mr. President, this amendment liberalizes the provisions of the Federal disability insurance law for blind persons.

On five separate occasions, the proposal has been approved by the Senate during the past dozen years. As an indication of the support which this amendment enjoys, I would note that, whereas I am the only Senator in this Chamber, no less than 61 of my colleagues joined me in sponsoring the proposal as a bill (S. 2359) this year.

My amendment would make it possible for a blind person who has worked for a part or a half in the covered social security quarters of coverage to qualify and draw disability benefits payments so long as he remains blind and regardless of his earnings. The present law requires that a blind person who has worked in covered employment to a total of the last 60 quarters. That eligibility requirement fails to take into account the fact that a blind person finds it difficult to secure work of any kind, however employable he may be on the basis of talents and training.

The amendment liberalizes the provisions of the blind amendment to another hard fact confronting the blind—they must always function without sight in a society structured for sight, and they must work in an economy organized by sighted people for sighted people. As a result, the blind person will need varying degrees of sight to assist him in no matter what he does or how he may be, and the only sure way to get this help is to hire it. The blind person must have the same disability insurance payments to serve as a continuing source of funds to hire sighted assistance.

It is my hope, Mr. President, that this 93d Congress will be known as the most important of all Congresses for blind Americans. It can achieve that distinction if we enact the disability insurance for the blind amendment which I offer today so that, at long last, blind people are given an equal, and elevated to a more equal relationship with their sighted fellows.

Mr. President, I ask unanimous consent that a fact sheet on this amendment, as well as an explanation of it and a list of the cosponsors of S. 2359, be printed in the Record at this point. There being no objection, the material was ordered to be printed in the Record, as follows:

**FACT SHEET: IMPROVED DISABILITY INSURANCE FOR THE BLIND**

A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder.

History

Offered in the 93d Congress by Senator Hubert Humphrey as a floor amendment to H.R. 11885 (Social Security Bill); adopted by voice vote without a dissenting vote; read the second time and referred to the Senate Committee on Finance; amendment liberalization of the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder.

Offered in the 89th Congress by Senator Vance Hartke, as S. 1787; received a majority report from the Senate Committee on Finance; adopted by voice vote with 11 roll call votes; not approved by Social Security conference.

Offered in the 91st Congress by Senator Vance Hartke, as S. 2618; 88 co-sponsors including nine of the 17 member Committee on Finance; adopted by Committee on Fi-
This bill recognizes that a person who tries to function, sightlessly, in a sight-structured world, functions at a financial disadvantage. For whatever a blind man would do, whatever employment or activity he would pursue, he has a right to sight. Sighted family members and friends may be helpful, when the inclination moves them to be helpful, but the blind man must want to work, the blind piano tuner, even the blind housewife who has worked six quarters of covered work, earns as little as $140.00 in a month—about $4,000 a year. Whatever employment or activity he would pursue, he has the need for sight to assist him.

For a blind person who would function self-dependently, a person who would earn a living, who would live self-reasonably, must not only pay the usual daily living costs which his sighted fellows pay, but he must also pay the extra, the bumbling expenses of blindness—the expenses incurred in hiring sight.

By allowing a blind person to draw disability insurance payments so long as he continues blind and irrespective of his earnings, this bill would provide to such blind person a regular source of funds to pay for the expenses incurred in hiring sight. The bill provides such a regular source of funds which can be more readily available than sight which is not only expensive, but which is not available when a blind person has worked six quarters of covered work. The bill recognizes that the person who has the need for sight to assist him. For whatever a blind man would do, whatever employment or activity he would pursue, he has the need for sight to assist him.

The alternative to a blind person who tries to function, sightlessly, in a sight-structured world, functions at a financial disadvantage. For whatever a blind man would do, whatever employment or activity he would pursue, he has the need for sight to assist him.
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<td>$600 to $699</td>
<td>55%</td>
</tr>
<tr>
<td>$700 to $799</td>
<td>65%</td>
</tr>
<tr>
<td>$800 to $899</td>
<td>75%</td>
</tr>
<tr>
<td>$900 to $999</td>
<td>85%</td>
</tr>
<tr>
<td>$1,000 to $1,199</td>
<td>95%</td>
</tr>
<tr>
<td>$1,200 or more</td>
<td>100%</td>
</tr>
</tbody>
</table>

"(2) ADJUSTED SOCIAL SECURITY INCOME.—For purposes of this subsection, the adjusted social security income of a taxpayer who is married (as determined under section 149), for any taxable year is the sum of the amounts determined by this paragraph, minus the amount of personal exemptions to which he is entitled under section 151.

"In the case of a married individual whose spouse receives wages or self-employment income during each year, his adjusted gross income and the number of exemptions to which he is entitled shall be determined as if he were not married.

"(c) Section 1(a) of the Internal Revenue Code of 1954 (relating to the credits of amounts of refunds of social security tax) is amended by striking out the heading and paragraph (1) and inserting in lieu thereof the following:

"(b) Credit for Excess Withholding of Social Security Tax.—(1) In general.—The Secretary or his delegate may prescribe regulations providing for the crediting against the tax imposed by this subtitle of amounts deducted under section 3101 from the wages paid to the taxpayer in excess of the tax imposed on such wages by section 3101, including the amount determined by the Secretary or his delegate to be allowable under section 6411(c) as a special refund of such tax.

"(d) There is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Health Insurance Trust Fund amounts (as determined by the Secretary of the Treasury) equal to losses of revenues of such trust funds resulting from the application of sections 3101(c) and 1401(c) of the Internal Revenue Code of 1954. The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the respective trust funds on the basis of estimates by the Secretary of the Treasury. Proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were greater or less than the amounts which should have been transferred.

"PARTIAL GENERAL FINANCING OF RETIREMENT BENEFITS

SEC. 7. (a) In addition to any other funds appropriated or authorized to be appropriated pursuant to other provisions of law for any fiscal year, there is hereby provided for each of the Federal Old-Age and Survivors Insurance Trust Fund, and in addition to any other funds authorized by other provisions of law for any fiscal year, there is hereby provided for each of the Federal Disability Insurance Trust Fund:

(1) For the fiscal year ending June 30, 1976, an amount equal to twenty-fifths of the expenditures from such fund for such year;

(2) For the fiscal year ending June 30, 1976, an amount equal to one-tenth of the expenditures from such fund for such year;

(3) For the fiscal year ending June 30, 1978, an amount equal to two-fifteenths of the expenditures from such fund for such year;

(4) For the fiscal year ending June 30, 1979, an amount equal to one-tenth of the expenditures from such fund for such year;

(5) For the fiscal year ending June 30, 1980, an amount equal to one-quarter of the expenditures from such fund for such year.

"(b) For the fiscal year ending June 30, 1981, an amount equal to one-fifth of the expenditures from such fund for such year.

"(c) For the fiscal year ending June 30, 1982, an amount equal to one-seventh of the expenditures from such fund for such year.

"(d) For any fiscal year ending after June 30, 1981, an amount equal to one-tenth of the expenditures from such fund for such year.

"(e) Funds authorized to be appropriated under this section shall be used to make such adjustments to the amounts which should have been transferred as may be appropriate to enable the Congress to make the estimates referred to in paragraph (1) of this section.

Mr. HARTKE. Mr. President, the social security payroll tax is the fastest growing tax in the United States. In 1971, payroll tax collections reached $44 billion—27 times the level of 1949. This increase is equal to a compound growth rate of more than 16 percent per year. In terms of total Federal revenues, the payroll tax now brings in 23 percent of all Federal revenues, whereas, in 1949, it brought in just 4 percent.

At least one-and-a-half times the payroll tax is increased over the levels that they do Federal income tax. For the worker with a small family and an income hovering near the poverty line, his effective social security tax rate is about 11.4 percent. The same worker with a $24,000 income has an effective rate of 2.1 percent. Study after study has cited the regressive nature of the payroll tax. The amendment I offered today provides some immediate payback for those workers who are already overburdened by the payroll tax. The amendment I offered today provides some immediate payroll tax relief for low-income workers.

While the bill now before the Senate contains no increase in payroll taxes until 1980, and only modest increases thereafter, I am sure small I am sure that I am sure that workers are already overburdened by the payroll tax. The amendment I offered today provides some immediate payroll tax relief for low-income workers. In the long run, however, I believe that we will have to go even further than this proposal to provide tax relief to many moderate-income workers, as well.
wages is paying an effective social security rate of just over 2 percent, while his income tax rate is almost 28 percent.

Clearly, there are major inequalities in this tax structure. The Finance Committee proposals provide a tax credit for low-income workers with families. There are several major deficiencies in this approach, however. First, it does nothing to make the payroll tax less regressive. Second, it applies only to married workers with families. Third, it is given at the end of the year, although low-income families need relief throughout the year.

The proposal I offer today is free from each of these deficiencies. It is a direct effort to introduce a progressive feature into the payroll tax. Second, it applies to all married workers, with or without children. Third, it provides relief with every payroll check.

Mr. President, my proposal is a simple one: yet long hours of thought and effort have gone into its preparation. What it provides is that a worker with a tax liability of less than one percent pays only 10 percent of his full social security tax. A worker with an income tax liability of 10 to 30 percent pays 15 percent of his social security tax. From that point on, every $50, the worker’s social security tax liability is increased 5 percent, until the tax liability reaches $500. At that point, the worker pays the full social security tax which is normally due.

The reduction applies only to the employee tax; the employer pays his full share of the normal tax on the worker’s salary.

Mr. President, I ask unanimous consent that tables showing the operation of my proposal at various levels of income for single and married workers be printed in the Record at this point.

There being no objection, the tables were ordered to be printed in the Record, as follows:

<table>
<thead>
<tr>
<th>Gross wages</th>
<th>Income tax liability</th>
<th>Full social security tax</th>
<th>Harriet social security tax</th>
<th>Finance Committee credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000</td>
<td>$45.00</td>
<td>$10.00</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
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</tr>
<tr>
<td>$1,400</td>
<td>$63.00</td>
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<td>$4.50</td>
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</tr>
<tr>
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<td>$18.00</td>
<td>$5.40</td>
<td>$5.40</td>
</tr>
<tr>
<td>$1,800</td>
<td>$81.00</td>
<td>$21.00</td>
<td>$6.30</td>
<td>$6.30</td>
</tr>
<tr>
<td>$2,000</td>
<td>$90.00</td>
<td>$24.00</td>
<td>$7.20</td>
<td>$7.20</td>
</tr>
<tr>
<td>$2,200</td>
<td>$100.00</td>
<td>$28.00</td>
<td>$8.10</td>
<td>$8.10</td>
</tr>
<tr>
<td>$2,400</td>
<td>$110.00</td>
<td>$32.00</td>
<td>$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>$2,600</td>
<td>$120.00</td>
<td>$36.00</td>
<td>$9.90</td>
<td>$9.90</td>
</tr>
<tr>
<td>$2,800</td>
<td>$130.00</td>
<td>$40.00</td>
<td>$10.80</td>
<td>$10.80</td>
</tr>
<tr>
<td>$3,000</td>
<td>$140.00</td>
<td>$44.00</td>
<td>$11.70</td>
<td>$11.70</td>
</tr>
</tbody>
</table>

Under the Hartke proposal, a married worker whose spouse is working is treated for purposes of calculated tax liability as if he or she were single.

* Indicates percent of full social security tax for which employer is liable.

** Indicates total annual amount which would have saved under Hartke proposal.

The Finance Committee credit applies only to married workers with at least one child.

* Last of 0.
Mr. HARTKE. Mr. President, let me clarify the modification of my amendment. As originally introduced, it covered all taxpayers paying social security tax. As introduced, the cost estimate was close to $2 billion.

I have modified my amendment to cover only married workers thereby reducing the cost of the amendment to the same as the bill on the floor. The significant difference here is the coverage. Under the Finance Committee bill, only married workers with children are covered. Under my amendment, all married workers are covered regardless of whether or not they have children.

Let me emphasize here that two significant groups of people will be covered by my amendment that are not covered by the bill as reported. Those groups are the newly married individuals who are entering the job market at a low-income level, and those married couples who have raised their children and are now unable to secure employment at a high income because of age, disability, or lack of training. We must not forget those people who will significantly contribute to the economy of this country, nor those people who have already contributed throughout their lifetime. My amendment would bring both of these groups within the payroll tax deduction.

I have further modified my amendment, and struck all changes in medical care and hospital insurance. I have made this modification for one reason. I feel that it is absolutely necessary that the bill we approve here in the Senate provide for relief to the low-income worker. Under my amendment there would be immediate relief to those workers who need it most.

Mr. President, I have notified the manager of the bill, the chairman of the Finance Committee, that this amendment deals with provisions concerning how we alleviate the present burden of the payroll tax. There has been in the bill, under the direction of the chairman, a measure whereby there is tax credit for certain low-income people. This is in direct conflict with that approach. I feel this is a preferable one, but, under the circumstances, in view of the fact that the committee has approved the other provision, I feel we should give the chairman's approach preference. Although I would want to proceed at a later date, in another year, with this approach, and I hope I can convince the chairman to agree with that approach.

Under those circumstances, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

ORDER THAT AMENDMENT NO. 723 BE PENDING BUSINESS ON MORROW

Mr. GRIFFIN. Mr. President, I ask unanimous consent, on behalf of the Senator from New York (Mr. JAVORUS), that his amendment No. 723 be called up and made the pending question to-morrow.

The PRESIDING OFFICER. The clerk will report the amendment. The second assistant legislative clerk read as follows:

At the end of the bill insert the following new section:

Sec. —. (a) Section 303(a) (3) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: "Effective with respect to compensation under the Federal-State Extended Unemployment Compensation Act of 1970, the State may, by law provide that the determination of whether there has been a State "on" or "off" indicator beginning or ending any extended benefit period shall be made under this subsection as if (1) paragraph (1) did not contain subparagraph (A) thereof, and (2) the numeral '4' contained in subparagraph (B) thereof were '4.B.'.

(b) Subsection (f) of section 206 of the Federal-State Extended Unemployment Compensation Act of 1970 is amended to read as follows:

"(2) For the purpose of subsection (d), the term 'rate of insured unemployment' means the percentage arrived at by dividing—

(A) the average weekly number of individuals filing claims for weeks of unemployment with respect to the specified period, as determined on the basis of the reports made by the State agencies to the Secretary, by

(B) the average monthly covered employment for the specified period.

* * * *
AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate resumed the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

The PRESIDING OFFICER. The pending amendment is amendment No. 723.

Mr. LONG. Mr. President, I yield myself 2 minutes.

Mr. MANSFIELD. May we have order?

The PRESIDING OFFICER. The Senate will be in order. Give the Senator from Louisiana an opportunity to be heard.

Mr. LONG. Mr. President, Senators have pride of authorship and justifiably they would like to offer their amendments and have them discussed on the floor and then have the Senate vote individually on each of these amendments.

At the same time, Mr. President, I have studied these amendments and on a number of them I would urge the Senate to agree to accept them. I would like to offer certain amendments en bloc on behalf of the sponsors of those amend-
ments, if those Senators would be willing to permit us to do so.

I think the Senate would agree to the following amendments, and I would like, in due course, to offer them en bloc on behalf of all Senators.

There is amendment No. 640 by Mr. Muskie, amendment No. 644 by Mr. Cranston, amendment No. 645 by Mr. Cranston, amendment No. 731 by Mr. Biden, relating to facilities for emergency care, amendment No. 738 by Mr. Taft, amendment No. 747 by Mr. Cranston, amendment No. 748 by Mr. Cranston, and amendment No. 749 by Mr. Cranston.

Mr. President, I believe the Senate will agree to these amendments. If those Senators would be willing to accommodate the Senate by helping to expedite the Senate by helping to expedite this matter, I believe we can make progress. I know the majority of Senators would be willing to proceed in this fashion—to permit me, as floor manager, to present these amendments en bloc, on behalf of those Senators, and let the Senate agree to them. Most, I believe, would be agreed to by a voice vote. If any Senator wanted a rollcall, he would be entitled to that, of course. But as floor manager, I would be willing to offer these amendments en bloc.

Mr. President, I am not going to make the request right now. I simply state that, in due course, I would like to make the request, although I respect the right of the sponsor of these amendments to offer them in their own right. A Senator has that right morally. Under the rules, I have the right to offer them on behalf of all of them, or on behalf of myself.

If I could offer these amendments on behalf of those Senators en bloc, if they would have no personal objection, then we could accommodate the Senate and move the Senate quite a bit further down the road on this matter.

Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BIDEN. As one of the Senators mentioned, I have absolutely no pride of authorship, and I have no objection to the Senator's proceeding as he has suggested.

Mr. LONG. I thank the Senator. I am sure that the Senate would agree to his amendment. The Senator could make a speech on it. I know the Senate is going to agree to the amendment.

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

Mr. LONG. I yield.

Mr. CRANSTON. I want to say the same thing. I am glad the distinguished floor manager is willing to accept five of my amendments. I am pleased to have him proceed in the way he has stated.

Mr. LONG. I thank the Senator.

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

Mr. LONG. I yield.

Mr. TAFT. I am delighted to have my amendment handled in the way the Senator has suggested.

Mr. LONG. I thank the Senator.

Mr. President, in due course, when other Senators have been informed, I will offer the amendments in that fashion.

Mr. JAVITS. Mr. President, on behalf of myself and Senators Tunney, Brooke, Case, Cranston, Hart, Pell, Ribicoff, and Magnuson, I send a modification of the amendment that I have at the desk to the desk, which modification is germane directly to the amendment as I have presented it.

The PRESIDING OFFICER. Pursuant to the previous order, the modification will be made.

Sec. 203(e)(2) of the Federal State Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: (or, if later, the date established pursuant to State law), the State may by law provide that the determination of whether there has been a State 'on' or 'off' indicator becomes effective or ending any extended benefits period shall be made under this subsection as if paragraph (1) did not contain subparagraph (A) thereof.

Mr. JAVITS. Mr. President—and I hope very much to have the close attention of the Senator from Louisiana, if he can afford me that courtesy—we face a critical problem in respect to unemployment compensation. It is quite a different situation than we have had before, and it becomes really an emergency matter.

The fact is that on December 29, 1973, because of the fact that we will be going back to existing laws from an emergency arrangement which we made, which is effective until December 29, 1973, no State will be able to participate in the extended unemployment compensation program any longer. I am referring to the 1970 program under which an added 13 weeks of unemployment compensation is payable on a matching basis, Federal and State to workers who have exhausted their regular benefits.

So Mr. President, whether the Senate decides that my amendment is the thing to take to conference, or some other amendment, the fact is that something must be done about this.

As I said, we do not believe, at a time when the energy crisis is so critical, that anything less than added assurance on unemployment, rather than its diminution, that we should be left naked in respect of this particular Federal program, which was designed expressly to protect us against such situations.

Mr. President, my amendment, if it were taken and became law, would restore part of the basic permanent law, the 4.5 percent unemployment "trigger"—the other part—the 120 percent "trigger" requirement. The amendment would permit the extended unemployment compensation for those who have exhausted State benefits to be triggered by 4 percent insured unemployment, which normally means 5 percent or more total unemployment, whichever the Secretary of Labor may determine to be the additional requirement of the permanent law that current insured unemployment must be 20 percent greater than the unemployment rate for the same period in the preceding 2 years.

I think the best proof of the fact that the 120 percent on-and-off trigger is invalid under present conditions is the fact that, if we kept it on, no State would qualify.

If the Senate adopts the amendment which I and my colleagues have joined in offering, some 23 or 24 States, according to the forecast of the Labor Department about impending unemployment in 1974, would be eligible for the extended unemployment program provided in Sec. 203. There are over 600,000 workers who are the potential for coverage, according to the best estimates of the Labor Department, and if every State—because this is a matter of State option—took advantage of the relaxed triggers, the aggregate cost would be, roughly, $175 million or $185 million—in that parameter—for the States and the Federal Government.

The experience is that that does not happen; that many States do not opt to take advantage of the relaxed triggers. So based upon that kind of experience, the estimate is that the program is very likely to cost each State and the Federal Government something in the area of $125 million. That is just an order-of-magnitude estimate, but it is a "ballpark" estimate, and we do not believe it should be very much more than that, and probably will be less than that. But one may assume, which is probably $185 million on the part of the Federal Government and $178 million on the part of the State governments, or in that order of magnitude.

That is about the story except for the actual States that would be involved. Mr. President, and I ask unanimous consent that the table cataloging these estimates may be made a part of my remarks. This table, I note, was prepared on the basis of the amendment in the original form introduced, that is, with a 4.5 percent trigger and with exhausted counts. The Labor Department has informed my office that the results under the amendment, as modified, should not be substantially different. I think it would also be useful to have printed in the Record a table prepared by the Labor Department last June, showing its estimates for the fiscal year 1975 had their amendment been enacted into law then.

There being no objection, the tables were ordered to be printed in the Record, as follows:
Assumptions:
The State Unemployment rates are assumed to be the same for FY '64 as they were for FY 73. This implies that the unemployment rates will be higher than would be under the Administration's assumption of continued improvement in unemployment. This assumption was made because of the length of time it would take to make the estimate under the administrative assumption.

2. The average weekly benefit amount is assumed to increase five percent per year. The base is calendar year 1972.

3. The average duration of extended benefits is assumed to be nine weeks except for Puerto Rico where it is assumed to be eight weeks.

4. For those States who do not have a 26 week maximum duration of benefits, the survival rate is assumed to be 95 in calculating the number of beneficiaries who would be claimants under an extended benefit program.

5. The difference between the State and Federal shares occur in those States where the maximum regular benefits are longer than 26 weeks thus these States are sharing some benefits which would be shalable without the trigger.

Mr. JAVITS. The table itself, of course, indicates the States which would be affected, but I would like to relook into the Recom States which the best estimates that are available indicate would be triggered so that they could be in the program in the ensuing year. These are Alaska, California, Idaho, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Utah, Vermont, Washington, West Virginia, and Puerto Rico. That is 22.

As to two States, Louisiana and Wisconsin, there is a little more doubt. They would have been included without question in the amendment as originally drafted, which dealt with the problem of exhaustees—that is, those who had exhausted their benefits. In all logic, that is the way it ought to be, but after consultation with the experts on the Finance Committee and our being advised that that might present more difficulties in...
conference than going to the straight 4-
percentage trigger which is already in the
law, we are only omitting that part which
deals with the 120-percentage historic trigger,
feeling that it would be better and far
more suited in the present situation. So, without attempting to be
obdurate, I have left the exhaustees out.
That makes it more doubtful about those
two States, Louisiana and Wisconsin, actually being in the program, but as to the
other 22, the estimate is clear that
that is what the amendment is providing.
A at a time when all of us are deeply
concerned about the effect on our econ-
omy of the energy crisis and many other
things, it seems only forehanded that
we provide ourselves with this tool of
independent protection.

Mr. President, I notice the Senator
from Connecticut is on his feet. I would
like to say that I have listened care-
fully to the Senator from New York and
the reading of the names of the States
that would now be eligible.

That being the case, I have discussed
with the Senator from New York (Mr. JAVITS) for concurring in that statement, I
would ask the Senators, in all good faith,
whether they do not believe that if we
had a rollcall vote it would represent a
very strong feeling among Senators that
something needs to be done in this situa-
tion.

We are having hundreds and thou-
sands of cur people lose their jobs. Just
this past week Cessna Aircraft was forced
to lay off people, along with Beech Airc-
fleet, Lear, and others.

I am giving the Senate the very best
factual evidence we have as to who
would benefit from this provision of the
law if it were to become the law.

Mr. DOLE. Mr. President, I thank the
Senator from New York (Mr. JAVITS) for concurring in that statement, it
would be when we have a voice vote, the judg-
based on the fact that industry and labor will be in a
a reason not of their own
making.

In the general energy crisis that exists,
the oil supply falls 30 percent from last year's level in view of
ings. If the country is facing and the fact that industry and labor will be in a
a reason not of their own
making.

In the general energy crisis that exists,
the oil supply falls 30 percent from last year's level in view of
ings. If the country is facing and the fact that industry and labor will be in a
a reason not of their own
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In the general energy crisis that exists,
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ings. If the country is facing and the fact that industry and labor will be in a
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making.

In the general energy crisis that exists,
the oil supply falls 30 percent from last year's level in view of
ings. If the country is facing and the fact that industry and labor will be in a
a reason not of their own
making.
proposed new trigger will make a State eligible when insured unemployment reaches 4.5 percent, including the number of persons who have exhausted their benefits. Under the present law, the State must exclude the number of ex-haustedees when calculating the unemployment rate.

This change would mean that California would meet the trigger test for participation in the extended benefits program. Under the present act, California cannot meet the trigger test because we cannot count the substantial numbers of workers running out of benefits in calculating the insured unemployment rate.

These changes in the Unemployment Compensation Benefits Program are necessary and I will vote for them.

Mr. JAVITS. Mr. President, am I going to act upon the right instinct, which is to let the matter rest at this point, the amendment having been accepted.

Mr. TUNNEY. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. TUNNEY. I would just like to associate myself with my distinguished colleague from New York in cosponsoring the amendment. I am delighted to join with the distinguished senior Senator from New York in cosponsoring this amendment.

California continues to suffer from high levels of unemployment. Many unemployed men and women, through no fault of their own, find themselves out of jobs and out of unemployment compensation benefits and will benefit from passage of this amendment.

During the last month for which data are available, more than 16,000 Californians exhausted their unemployment compensation benefits. These people represented just over 8 percent of all those receiving such benefits.

Furthermore, in ordinary circumstances, more than a quarter of a million Californians could be eligible for extended unemployment compensation in 1974.

Unfortunately, Mr. President, the advent of the energy crisis will throw many additional thousands of Californians off the unemployment rolls. We can thus safely anticipate that the number of unemployed Californians exhausting their benefits in 1974 will rise substantially above the quarter million level. The urgency of this amendment, is, therefore, greater than ever before.

Chairman WILBUR MILLS of the House Committee on Ways and Means Committee has indicated his support for the substance of this amendment.

In view of the widespread recognition of the necessity for extension of unemployment compensation benefits and the favorable prospect for immediate passage, I urge the Senate to approve this amendment without further delay.

I think the amendment is absolutely essential to thousands of workers who are going to be dropped from the unemployment compensation rolls as a result of having exhausted their benefits. I know that the distinguished Senator from Louisiana has indicated great concern in the past regarding this matter.
ter, and I want to thank him for indicating here today that he will accept the amendment. I think there are tens of thousands of workers who will be appreciative of the action that will be taken today, so that they will get back on the unemployment compensation rolls and will not be subjected to a situation where they will have to go on welfare if they have no other means of income.

Mr. JAVITS. I thank my colleague very much.

Mr. President, I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. BARLOW). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the bill by which the amendment was agreed to.

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

The motion to lay on the table was disagreed to.

Mr. JAVITS. Mr. President, if I could have the attention of the Senator from Louisiana and the staff, a question has arisen in respect of the social services matter which we have already disposed of in this situation with relation to the following situation: Where it can be demonstrated to the satisfaction of the Secretary of HEW that if an allotment is made of money which is not otherwise extended under social services ceiling and appropriation, the amount will be, in the language appearing at page 78, line 8 of the committee bill "utilized so as to produce a significant cost benefit," I ask the manager of the bill whether in any case or in any other State would be eligible, under that proviso, in the event that any amounts are left in the fund, to receive more than its regular entitlement under the fund.

Mr. LONG. The answer is "Yes."

Mr. JAVITS. I thank my colleague very much.

Mr. President, I am generally pleased with the committee's action in including in this measure a new authority for the conduct of our essential social services programs.

As Members know, through a series of steps this year, the administration has sought greatly to restrict under present authority of the existing regulations the current social services programs; they have done so by a series of regulations and modifications thereto over the course of this last year.

Senator Mondale and I, and a number of other Members of this body, have at the same time, sought to have these questions cleared up legislatively.

To that end, with 43 Senators, we introduced Senate Resolution S. 1250 to limit the authority of the Secretary to impose regulations. In response to that initiative and to its credit, the Finance Committee postponed the implementation of the regulations until November 1 and the President signed that provision into law as a part of the Renegotiation Act Amendments of 1973.

On October 3, 1973, with 38 cosponsors, I joined with Senator Mondale in introducing S. 2528, the social services amendments, establishing a legislative charter for the program, basically along the lines of the manner in which it has been conducted under the law prior to the Secretary's proposals for new regulations.

As the November 1 deadline approaches, Secretary Weinberger modified his regulations again, meeting a number of our concerns, but unfortunately not all of our goals.

The Finance Committee has now acted and, while they are not exactly what we proposed in S. 2528, they are substantially in response to our concerns and are a fair attempt to lower living standards.
Eleanor H. Kirk, president of the State Association of Child Care Councils for the State of New York, wrote a letter indicating opposition to the regulations.

**Human Resources Administration**

**New York, N.Y., November 30, 1973.**

**J. K. JAVITS, U.S. Senate, Washington, D.C.**

Dear Senator: As you know, HEW's social services regulations became effective November 1, 1973. While these regulations are more than three years old, the New York City Department of Social Services is still in the process of studying them carefully, making changes in the rules and procedures as the need arises.

New York City is one of the 50 States that has accepted Title XX, the Medicaid program. The department's study will be of concern to me. I will be happy to brief Long on these issues as they arise.

Mr. President, I ask unanimous consent that the amendments be printed in the Record at page 3528 and your efforts to rescue the House-Senate Conference Committee receives S 3153, to which S 2528 is attached, swift approval will be given.

We are grateful for your continuing concern for human services.

Sincerely,

**J. M. Sugarman,** Administrator.

State Association of Child Care Councils,


Hon. J. K. JAVITS, Chair, State Office Building, Washington, D.C.

Dear Senator Javits: The New York State Association of Child Care Councils heartily endorses Amendments 640, 645 and your efforts to rescue the House-Senate Conference Committee receives S 3153, to which S 2528 is attached, swift approval will be given.

We are grateful for your continuing concern for human services.

Sincerely yours,

**Eleanor H. Kirk,** President.

Amendments Nos. 640, 645, 652, 731, 738, 747, 748, and 749.

Mr. LONG. Mr. President, I have indicated previously that I was going to offer, on behalf of various Senators, their amendments, which I would urge the Senate to accept. I am submitting the following amendments, which I have submitted at the desk, to be laid before the Senate and considered en bloc:

Amendment No. 640, by Mr. MUSKIE. Amendment No. 645, by Mr. CRANSTON. Amendment No. 731, by Mr. BISCH. Amendment No. 738, by Mr. TAYT. Amendment No. 747, by Mr. CRANSTON. Amendment No. 748, by Mr. CRANSTON. Amendment No. 749, by Mr. CRANSTON.

I ask unanimous consent that the amendments be printed in the Record at this point and considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered, and the amendments will be considered en bloc.

Mr. MUSKIE's amendment No. 640 is as follows:

At the appropriate place in the bill, insert the following new section:

**LIMIT OF MEDICARE INPATIENT HOSPITAL SAVINGS.**

Sec. 21511. (a) (1) Section 1819(b) (1) of the Social Security Act is amended—

(A) by striking out "840" and inserting in lieu thereof "672"; and

(B) by striking out "1969 and inserting in lieu thereof "1976".
As things now stand, this increase is mandatory because the law requires the deductible to be determined statistically as the ratio of average per diem hospital costs covered by Medicare. Under section 1813(b) of the Social Security Act, each year the Medicare inpatient hospital deductible for the following year is set—in multiples of $5—at $5 more than the average per diem inpatient hospital costs, for the previous year compared to the average per diem cost for 1965. For instance, the deductible for 1974 is set in 1973 based upon the costs incurred in 1972.

My amendment would declare a 1-year moratorium on the ever-increasing hospital deductible and coinsurance charges. The amendment requires that the deductible remain at $72 for 1975, thus also freezing coinsurance at current levels. In addition, the amendment modifies the cost increase formula by providing that increases from the $72 level would be based on the percentage increase in the average per diem rate for hospital services since 1972.

The amendment requires that the deductible and coinsurance for 1975 would be set during 1974 based on hospital cost increases in 1973. By in effect changing the base year in the formula, my amendment would freeze the amount of future increases, so that the deductible and coinsurance would be 15 percent less than under current law.

This temporary relief for Medicare recipients can easily be borne by the hospital insurance trust fund. The estimated additional cost of the amendment would be $103 million for 1974, but in that year the hospital insurance trust fund is projected to have a surplus of $3.5 billion even under the provisions of Title III of the amendments. Medicare's increasing surpluses in later years under H.R. 3153: $10.1 billion in 1975, $11.3 billion in 1976, $12.7 billion in 1977, and $14.3 billion in 1978. The cost of my amendment in such later years would be slightly over $100 million. It would not significantly reduce the ratio of assets to outgo, which would remain at about the 75-percent level. My amendment thus would short-term and long-term actuarially balance or safety of the trust fund, and would require no further financing.

Finally, there is no policy justification for allowing the Medicare deductible and coinsurance to increase. Hearings before the House Committee on Ways and Means indicated that the cost of Medicare care was increasing much more rapidly than hospital costs as a whole. Inflation in hospital costs appears to have been related largely to the increased use of physicians' services associated with the increased use of hospital facilities.
AMENDMENT NO. 644—T0 ALLOW INDIVIDUALS AGED 60 TO 64 TO "BUY-IN" TO MEDICARE

Mr. CRANSTON. Mr. President, my amendment No. 644 is identical to S. 919, which the distinguished Senator from Florida (Mr. Gurney) and myself introduced on February 30 of this year. Joining me as cosponsors of this amendment are the original cosponsors of S. 919—the Senators from Florida (Mr. Gurney), Maine (Mr. Hathaway), South Carolina (Mr. Hollings), Iowa (Mr. Hughes), Wyoming (Mr. McGee), Minnesota (Mr. Mondale), Utah (Mr. Moss), Rhode Island (Mr. Patrie), West Virginia (Mr. Randolph), and Illinois (Mr. Stevenson). In addition, as a new cosponsor, I am pleased that the distinguished Senator from South Dakota (Mr. McGovern) is joining as a cosponsor on this important measure. Amendment No. 644 is designed to enable certain individuals who have not yet reached 62 to "buy into" parts A and B of Medicare by the payment of equal-to-cost premiums at no additional cost to the American taxpayer.

The need for this amendment stems from the fact that Medicare eligibility does not begin until age 65—except for those disabled social security beneficiaries to whom Medicare coverage was extended as the result of Public Law 93-53. Older persons lose their group health coverage when they retire before the age of 65. They are forced to enroll in high cost individual health policies reflecting extremely limited and inadequate coverage and even those are almost never available to individuals over 60 years old—or to forego any coverage whatsoever, gambling that they will stay healthy at least until they reach 65 when they become eligible for Medicare.

This is an intolerable situation, Mr. President, and I believe that we can effectively counteract it through the enactment of the measure I am proposing today. During the 2nd session of the 92d Congress, Senator Gurney and I both introduced amendments to H.R. 1, the "Social Security Amendments of 1965," which were subsequently incorporated in substance in the Senate-passed version, of the bill, directed at providing adequate health insurance to people 60 through 64. Senator Gurney's amendment provided that if one spouse was over 65 and enrolled in Medicare, the other spouse, if at least 60 years old, could enroll in the program and receive equivalent benefits at cost. In discussing the benefits afforded by his amendment, Senator Gurney and I agreed that, at still no cost to the American taxpayer, these benefits could be made available to an even broader range of older Americans—those already receiving social security or railroad retirement benefits.

Consequently, I offered an amendment to H.R. 1, which was cosponsored by Senator Gurney, to include, in addition to those covered by the Gurney amendment—first, social security old-age beneficiaries, those disabled persons, and widows and widowers from the age of 60, second, a wife 60 or older or widow 60 or older; fourth, a dependent husband 60 or over, or a widower who has attained age 60; and fifth, dependent parents of a deceased worker.

At the time my amendment was offered it was established that, unless they had reached age 65, wives, widows, and widowers could not be eligible for Medicare; however, since that time Medicare coverage has been extended to individuals retired on social security disability—regardless of age, as the result of the 92d Congress. Since those individuals are required to wait a period of 2 years before establishing eligibility for Medicare. Under the amendment I am offering today, in order to cover these individuals during these 2 years, retirees on social security disability will be allowed to buy into Medicare. Both amendments offered by Senator Gurney and myself were adopted in committee by the Senate Finance Committee and retained in the Senate passed.
version of H. R. 1. The Senate Finance Committee report on H. R. 1 (S. Rep. No. 92-1230, p. 58) stated:

MEDICARE COVERAGE FOR SPOUSES AND SOCIAL SECURITY BENEFICIARIES UNDER AGE 65

PRESNT LAW

Under present law, persons aged 65 and over who are insured or deemed to be insured for cash benefits under the Social Security or Railroad Retirement programs are entitled to hospital insurance (part A). Essentially all persons aged 65 and over are eligible to enroll for medical insurance (part B). The House bill includes a provision that would permit persons aged 65 and over who are not insured for cash benefits under a social security or railroad retirement program to enroll in part A, at a premium rate equal to the full cost of their hospital insurance protection ($33 a month through June 1976).

PRoBLEM

Many additional Social Security cash beneficiaries find it difficult to obtain adequate private health insurance at a rate they can afford. This is particularly true if they are of an advanced age, say, age 60-64. Frequently, these older beneficiaries—retired workers, dependents, and survivors of beneficiaries—for example—have been dependent upon their own group coverage or that of a related worker, who is now deceased, for health insurance. They are of an advanced age, say, age 60-64, and I feel this legislation goes a long way toward alleviating this problem.

Given the Finance Committee's positive response to this provision last year, and the continued need of well over 3 million people, I am offering today a measure which incorporates the basic provisions as contained in the Senate bill.

The "buy in" procedure I propose today is similar to that allowing States to buy into Medicare on behalf of their retired public employees 65 years or older. This extension of Medicare coverage was authorized by Public Law 92-603. In light of this expansion of the Medicare program, I believe it is only fitting that we concern ourselves, too, with the health care needs of the individuals who would be covered by the provision.

Mr. President, my proposal would allow these individuals, at an estimated cost of approximately $33 per month in the first year of operation and perhaps as low as $32 per month thereafter—to enroll in part B of Medicare—hospital insurance benefits if they are or become eligible during a 90-day period following receipt of notice of eligibility from the Social Security commissioner. Because the enrollment period is limited to a specific number of days—a reasonable period of 90 days after the recipient receives notice of eligibility—the opportunity for adverse selection of coverage is very much reduced, thereby promoting to keep premiums charged to the absolute minimum.

Our amendment would allow these individuals to enroll in part B of Medicare—medical insurance benefits within the same 90-day period. The premium for part B coverage would be 200 percent of the regular part B premium—one half of which the government presently provides for Medicare beneficiaries—which is presently $8.30, as the result of the H.R. 1 increase last July 1. Individuals may opt out of either part A or part B at any time, but automatically cease to be eligible for part A if they drop part B. All of these beneficiaries of course, would be eligible for the regular Medicare program when they reach age 65.

Mr. President, adequate health care coverage is a matter of the greatest concern to Americans reaching retirement age. This legislation addresses that concern and provides a mechanism for a substantial number of particularly hardpressed older Americans to take full advantage of the benefits under the Medicare program.

AMENDMENT NO. 645

Mr. Domenici. Mr. President, I would like to say a few words in support of amendment No. 645 to S. Res. 1163, the social security measure we are debating today. This amendment was originally a part of S. 503, as introduced by Senator Cranston this year as the new Senator from New Mexico. I felt at the time I cosponsored this legislation that it represented an acknowledgment of the need for all our elderly citizens to obtain adequate health care at a reasonable cost. Today many older persons are unable to buy health insurance, primarily because of their age and I feel this legislation goes a long way to help alleviate that situation. Amendment No. 645 affects some 3 million persons between the ages of 30 and 65 who are members of retirement families to purchase badly needed Medicare coverage. These people are either the surviving spouse of a social security retiree, or the spouses of persons retired under social security.

Many of these individuals live on limited retirement income and, as retirees, are more vulnerable than most people suffering from serious illness. The most reasonable solution to their problem is to bring them under the umbrella of Medicare. The additional cost to the program at $33 per month for which people would buy this insurance at cost which has been estimated to be $31 per month. This cost would assure a spouse or survivor of the exact same hospital and physician cost insurance as anyone else covered by Medicare.

Given these people reach age 65, regular Medicare, with its higher Federal contribution will automatically come into effect and the cost will drop to approximately $3.80 per month.

The spouses to be eligible must have a spouse who has enrolled in the Medicare program and must herself be at least 30 years of age. Widows or widowers would simply have to have social security eligibility in order to qualify for the right to purchase benefits.

In short, then, this amendment would assure adequate medical coverage to many other needy individuals at little cost to the taxpayers. With these facts in mind, I urge my colleagues' support for this amendment today.

Mr. Cranston's amendment No. 645 is as follows:

At the end of the bill, add the following new section:

1) By inserting "or was a recipient of a monthly payment of annuity or pension under the Railroad Retirement Act of 1973 or any successor Act" after "entitled to monthly insurance benefits under title II of such Act"; and

2) By inserting "or (in the case of a recipient of such a monthly payment of annuity or pension) the increase in such payment, after "increase in monthly insurance benefits under title II of such Act".

AMENDMENT NO. 646—PROHIBITION AGAINST LOSS OF MEDICARE ELIGIBILITY AS A RESULT OF THE 50-PERCENT INCREASE IN RAILROAD RETIREMENT BENEFITS

Mr. Cranston. Mr. President, I am pleased that the distinguished Chairman of the Government Operations Subcommittee, Mr. Hathaway and Mr. Sauerbrey are joining me as cosponsors of amendment No. 646. I would like to take a moment to point out what I believe to be a typographical error in the Finance Committee summary. It states that my amendment will cost $20 million. I think that should read $3 million. The amendment is identical to S. 503, a bill which I introduced on January 3, 3 of this year. It is designed to amend section 249E of Public Law 82-603 (H.R. 1), to include recipients of railroad retirement benefits—in the same way as is presently the case for social security recipients—in the clause which mandates the States to deem eligible for medicare those public assistance recipients also receiving social security who would have lost eligibility because the 50-percent social security income ceiling would result in their income above the maximum allowable.

We all remember the somewhat chaotic circumstances under which we operated in the concluding days of the last Congress when the Railroad Retirement Amendment for the larger issues reflected in the consideration of the Social Security Amendments of 1972. It seems understandable that there were several unfortunate oversights contained in the
final version of H.R. 1 as signed by the President. Having served as chairman of the Subcommittee on Railroad Retirement in the 91st and 92d Congress, I am pleased to offer this amendment, which I believe to be one of a technical amendment—to correct one such oversight which adversely affects railroad retirees. I have been advised by the Finance Committee that had the issue been raised, railroad retirees would have been included in the amendment of section 249B of H.R. 1. In recent years benefit increases in social security and railroad retirement have been linked with a comparable railroad retirement increase following closely behind each social security increase.

The 20-percent increase in railroad retirement benefits contained in Public Law 92-460, enacted on October 4, 1972, was necessary and desirable in order to keep pace with the 20-percent increase in social security benefits contained in Public Law 92-460, enacted on October 4, 1972. Simple equity requires that we provide railroad retirement annuitants with similar protection against the inadvertent loss of Medicaid coverage which we provided in H.R. 1 for Social Security recipients. Section 249B provides for social security recipients who is also a recipient of aid to the aged, blind, or disabled, shall lose his or her Medicaid coverage because of the 20-percent increase in social security benefits. In summary, Finance Committee report on H.R. 1 (No. 92-1230) the committee stated:

As a result of this increase an estimated 100,000 aged; blind, and disabled persons will lose their eligibility for cash assistance and will be moved off the cash assistance rolls.

Concurrent with the loss of public assistance entitlements is frequently a loss of eligibility for medical benefits. The railroad retirement board estimates that there are approximately 30,000 railroad retirees in addition to the 100,000 Social Security beneficiaries who have been moved off the cash assistance rolls as the result of the 20-percent increase in their entitlements. The unfortunate side effect is the loss of Medicaid coverage. The Railroad Retirement system is a vital income maintenance program for the over 984,000 current beneficiaries and 611,000 active railroad men and women who are now contributing to the system and are relying on its stability at the time they qualify for benefits. In my own State of California, there are some 75,000 railroad pensioners and approximately 60,000 active railroad employees.

In my capacity as ranking majority member of the Subcommittee on Aging, I have been greatly concerned about the plight of our retired citizens who have already contributed their productive lives to the economic growth of this nation and who should be entitled to live with dignity and a reasonable assurance of an adequate retirement income in their later years.

During the 92d Congress, we were able to enact a 20 percent railroad retirement increase over a Presidential veto—reflecting a very real responsiveness by Congress to the very real needs of hundreds of thousands of elderly Americans. I am pleased that we will be equally responsive to the inequities that resulted in the oversight I have discovered. I am now—almost a year after enactment of the 20 percent railroad retirement increase—we have in the Senate approved extension of protection against loss of Medicaid Eligibility to Railroad Retirement Act recipients.

Mr. President. In closing, I ask unanimous consent that a letter I received from the Honorable Wright Patman, a very distinguished Member of the House of Representatives be inserted in the Record at the conclusion of my remarks, followed by the text of amendment No. 645.

In his letter, Mr. Patman asserts his strong conviction that there is a need for a remedial measure to correct the disadvantage and inequities of Medicare recipients of aid to the aged, blind, or disabled persons.

There being no objection, the letter was ordered to be printed in the Record, as follows:


Hon. Alan Cranston, Chairman, Senate Finance Committee, Washington, D.C.

DEAR MR. CRANSTON: It recently came to my attention that railroad retirees have been somehow discriminated against as a result of Section 248B of the Social Security Amendment of 1973 which disregards last year's social security benefits when determining eligibility for Medicaid purposes, without according similar treatment to the increase in railroad retirement benefits.

Needless to say, I was pleased to note that you have introduced legislation, S. 505, which would correct that inequity and I wanted to let you know of my strong support for your bill and of my desire to be of assistance to you in your efforts. Please let me know if you feel that I can be helpful in any way. With kindest regards and best wishes, I am

Sincerely yours,

Wright Patman.

Mr. BIDEN’s amendment (No. 731) is as follows:

At the end of the bill, insert the following:

SEC. 6. (a) Section 1861(e) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following: “The term hospital also includes an immediate care facility (as defined in subsection (aa)), but only with respect to immediate care facility services” after “care and services”.

Mr. ROTH. Mr. President, I submitted an amendment to Section 1861(e) of the Social Security Act in the name of my colleague, Mr. Patman, which reads as follows:

“(aa) The term ‘immediate care facility’ means a public or nonprofit private institution, as meeting the standards established for such institution;

“(b) The term ‘immediate care facility services’ means services, furnished to an individual by an immediate care facility, which—

“(1) is primarily engaged in providing, by or under the supervision of physicians, to outpatients immediate care services for the diagnosis, treatment, and care, of injured, disabled, or sick persons;

“(2) maintains clinical records on all patients;

“(3) provides twenty-four-hour nursing service with a licensed practical nurse on duty at all times; and

“(4) has a physician in attendance at all times.

“(5) In the case of an institution in any State in which the State or applicable local laws provide for the licensing of such nature, (a) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for the licensing of such institutions, as meeting the standards established for such licensing;

“(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under Section 1860, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours) after such patient is admitted to such institution;

“(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution, for services, be discharged or transferred to a hospital;

“(8) has in effect an overall plan and budget that meets the requirements of subsection (a); and

“(9) meets such other requirements as the Secretary finds necessary to the interest of the health and safety of the individuals who are furnished services in the institution.”

“Immediate Care Facility Services

“(b) The term ‘immediate care facility services’ (as defined in section 1861(bb)) which are furnished in an immediate care facility (as defined in section 1861(aa))

“(10) of such Act is amended—

“(a) (1) of such Act is amended—

“(1) in subparagraph (B) thereof, by inserting “clause (aa)”, immediately after “care and services listed in”,

“(2) in subparagraph (B) thereof, by inserting “clause (aa)” immediately after “care and services listed in”,

“(3) in subparagraph (B) thereof, by inserting “clause (aa)” immediately after “care and services listed in”,

“(c) The amendments made by this section shall become effective January 1, 1974.

AMENDMENT NO. 731

Mr. BIDEN. Mr. President, I submitted amendment No. 731 to H.R. 3153, which has been adopted by the Senate. I ask unanimous consent that my colleague, the Senator from Delaware (Mr. Rorke), be added as a cosponsor to my amendment.

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

Mr. Taft’s amendment (No. 739) is as follows:

“(2) maintains clinical records on all patients;

“(3) provides twenty-four-hour nursing service with a licensed practical nurse on duty at all times;

“(4) has a physician in attendance at all times;

“(5) In the case of an institution in any State in which the State or applicable local laws provide for the licensing of such nature, (a) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for the licensing of such institutions, as meeting the standards established for such licensing;

“(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under Section 1860, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours) after such patient is admitted to such institution;

“(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution, for services, be discharged or transferred to a hospital;

“(8) has in effect an overall plan and budget that meets the requirements of subsection (a); and

“(9) meets such other requirements as the Secretary finds necessary to the interest of the health and safety of the individuals who are furnished services in the institution.”
At the proper place in the bill, insert the following new section:

**SEC. 233(b).** The Social Security Act is amended by adding to subsection (a) thereof the following new sentence: "If, for any month, an individual is entitled (or was entitled for the month preceding the month in which such person attains the age of 65) to hospital insurance benefits under part A of title XVIII, then the unearned income of such individual shall be treated as an individual who is entitled to such benefits if (A) for such month such spouse is not otherwise entitled to such benefits, (B) such spouse is under a disability (as that term is employed in section 223(c) when applied to such spouse) as otherwise required by this subsection,".

**AMENDMENT NO. 728**

Mr. TAFT. Mr. President, I would like to call up an amendment which should be noncontroversial, but which will provide needed assistance for many individuals.

This amendment would add a section to H.R. 3153, the pending social security bill to provide extra Social Security benefits for totally dependent and disabled spouses of disabled Medicare recipients. While it is true that the situation covered by this amendment is rather uncommon because both husband and wife would have to be disabled, it is particularly true of the toughest imaginable and those involved are unquestionably in need of Government assistance. The Government should certainly be willing to grant "Part A" Medicare eligibility to such people, who are likely to have high medical bills as a result of their disabilities and who must depend totally upon a spouse with the same problems and a limited income.

Because of the limited number of persons to which the amendment would apply, its cost would be relatively small. It estimates a $25-$100 million cost, which would be offset to the extent that such people are covered by medicaid.

Yet I know of at least one constituent family, in Cincinnati, which is in desperate need of the assistance on this very day. The wife will soon be forced to enter a hospital because of a very serious illness and without this amendment the family may not be able to pay for adequate medical care.

Mr. Cranston's Amendment (No. 747) is as follows:

**SEC. 233(b).** The Social Security Act is amended by adding to subsection (a) thereof the following new sentence: "If, for any month, an individual is entitled (or was entitled for the month preceding the month in which such person attains the age of 65) to hospital insurance benefits under part A of title XVIII, then the unearned income of such individual shall be treated as an individual who is entitled to such benefits if (A) for such month such spouse is not otherwise entitled to such benefits, (B) such spouse is under a disability (as that term is employed in section 223(c) when applied to such spouse) as otherwise required by this subsection,".

**AMENDMENT NO. 747**

Mr. CRANSTON. Mr. President, this amendment, Amendment No. 747—

At the end of part D of title I of the bill, insert the following new section:

"EXCLUSION FROM INCOME OF CERTAIN EDUCATION EXPENSES PAID FOR BY GRANTS, SCHOLARSHIPS, OR SCHOLARSHIPS"

"Sec. 2. Section 1612(a) of the Social Security Act is amended by inserting, immediately after the period at the end thereof the following: 'and (3) the value of any resource which has an encumbrance thereof in order to reduce the amount of any reduction under this subparagraph, be reduced by an amount equal to 3 1/2 percent (except that the amount of any reduction under this subparagraph, and the value of any resource which has an encumbrance thereof in order to reduce the amount of any reduction under this subparagraph, be reduced by an amount equal to 3 1/2 percent) for any month to which this Act is effective upon enactment of this Act."

"AMENDMENT NO. 747"
Calif., would prohibit SSI eligibility under HEW's present regulations. But, if a couple said that house, took the few thousand dollars received as a down-payment and purchased a new home—of considerably better quality—for $26,000 in Jackson, Miss., then they would be eligible.

Well, Mr. President, that makes no sense to me. What HEW is saying here is "Not only must you be poor—but you must appear to be poor. You must be as absolutely destitute as we can make you." That, Mr. President, was not the purpose of the creation of the SSI program. SSI is based, I believe, on the clear recognition that aged, blind, and disabled individuals are unable to work because of factors beyond their control, and that a federally guaranteed minimum standard of living is available to them.

I believe that this provision of my amendment will ensure that reasonable portions of a home's value will be taken into consideration in the implementation of SSI.

**ONE-THIRD REDUCTION IN SSI**

The second part of my amendment, Mr. President, relates to section 1612(a) and (b) of the Social Security Act Amendments of 1972. That section provides that when an SSI recipient is living in another person's household and receiving room and board in-kind, rather than attempting to make an evaluation of the dollar value of the in-kind benefit, the SSI grant is reduced by a flat, one-third. HEW has proposed a regulation which states that:

 Such one-third reduction will apply regardless of whether the individual . . . is making any payments, for support and maintenance (room and board) to the person in whose household he is living." (Italics added)

In other words, Mr. President, if an elderly woman from Berkeley who has a receptive family because he does not want to live out the rest of his life in the loneliness of some downtown pensioner's hotel and, in a fully "arm's length" transaction, receives room and board in another person's household, his SSI grant will be reduced by one-third. HEW has proposed a regulation which states that:

Such one-third reduction will apply regardless of whether the individual . . . is making any payments, for support and maintenance (room and board) to the person in whose household he is living." (Italics added)

This puts the elderly woman forced to sell her stove because of their limited property, I think that this may prove to be far more expensive in terms of administrative costs than any proposed HEW amendment. This provision of my amendment pertains to section 1619(c) of the Social Security Act relating to the evaluation of resources. In the October 5 proposed HEW regulations every single item of property that an SSI recipient has would be evaluated for its market value—from the home and furniture, to clothing, sheets, blankets, knives and forks, musical instruments, and so forth. While I think that this may prove to be far more expensive in terms of administrative costs than any proposed HEW amendment, I believe that this provision of my amendment will ensure that reasonable portions of a home's value will be taken into consideration in the implementation of SSI.

**REAL VALUE OF RESOURCES**

The next part of my amendment pertains to section 1619(c) of the Social Security Act relating to the evaluation of resources. In the October 5 proposed HEW regulations every single item of property that an SSI recipient has would be evaluated for its market value. This provision of my amendment provides for an offset in that one-third reduction by the amount paid for room and board, up to the full one-third, or $30. So, if an individual was paying $45 a month or more in room and board, that person's SSI grant would not be reduced at all. Conversely, if an individual's room and board were less than $30, then the SSI grant would be reduced by $10. I believe the modification I propose will retain the essential thrust of this section of Public Law 92-503, while preventing unjustifiably by HEW.

**FINANCIAL AID FOR STUDENTS**

As a practical matter, this proves to be another counterproductive attempt to imitate the "appearance of poverty." For example, let us assume an elderly woman has a wedding ring, some furnishing, maybe a television set, and some clothing equal to $1,475. The month before the SSI check is due, she applies for a supplemental social security income program, she buys a new stove for $350—$25 down and $25 per month. Now it is fair to say that within a few days she can sell it for no more than $25—given the very rapid devaluation that occurs on such items. But she would have to pay the finance company all of the $275 she gained from the sale plus another $50—and have no stove.

The theory behind the HEW regulation is that if an aged, blind, or disabled individual has alternative resources to SSI—those resources should be utilized before governmental support becomes available. I have no argument with that purpose. Federal revenues are not limitless—and assistance should be reserved for those most in need. But HEW's October 3 proposed regulations and the resultant situation which I just described would provide no alternative income. The elderly woman forced to sell her stove to gain SSI eligibility is left with no stove and a $50 debt. That seems to the Government absolutely nothing.

The principle of drawing down on alternative resources before seeking assistance from the taxpayers is a sound one. But, the only resource that a person has when he or she has a loan on a television set or refrigerator or stove, or home is the equity in that item—that is, the unencumbered fair market value of the item in question, whether real or personal.

The equity valve in the only true alternative means of support; that is, what the "means test" is all about. There is no value, no means, represented in the encumbered portion. Thus, under my amendment, the proceeds of earlier would still be eligible for S.S.I. Because her stove would be valued at $25 to her for purposes of totaling the true value of her property resources.

This provision of my amendment would require the Secretary, in determining the value of any resource, to subtract the amount of any incurrence thereon.

**EDUCATION SCHOLARSHIPS AND GRANTS**

Mr. President, the fourth provision of my amendment No. 147 relates to section 1613(c) of the Social Security Act which presently provides an income exclusion for grants or scholarships received by an S.S.I. recipient in the determination of his or her grant. Indeed, there are many young blind or severely disabled students who are attending college, and who seek, through education, to overcome their handicap and to help themselves become taxpaying, productive members of society.

At the University of California at Berkeley, many of these students have organized themselves into a tremendously effective group called the Center for Independent Living. HEW's October 3 regulations, as prescribed in the law, limit the exclusion of scholarship or grant funds in determining an S.S.I. grant to only the amount which is used to pay tuition or fees. Money provided in the scholarship for things such as readers for blind students, school transportation costs, and the often increased basic housing cost—would be considered as available for expenditure for basic subsistence purposes or depreciable regulations. The entire amount provided in excess of tuition and fee costs would thus be used to reduce the grant. Most of these special costs, however, will nevertheless be incurred specially by the S.S.I. recipient as a student. The result will be that the blind or disabled student who is not persuaded to quit school because of the limited exclusion now permitted, will have no financial incentive to work less—probably less—than other S.S.I. recipients merely because he or she is seeking to improve potential abilities and self-sufficiency. That is clearly counterproductive.

This fourth provision of my amendment, therefore, provides that, in addition to tuition and fees, books, supplies, and such other expenses reasonably attributable to education, any Mantainance and living expenses which were not part of the recipient's prior ordinary living expenses will be excluded from the determination of that individual's S.S.I. grant. That seems to the Government absolutely nothing.

Mr. President, I believe that represents a far more reasonable approach. It would
allow HEW to take into account regular subsistence costs, which might be included in a grant or scholarship, but preclude taking into account funds for special expenses which are reasonably part of the cost of education.

PUBLIC HEARINGS

Finally, Mr. President, my amendment corrects an oversight—really, I believe, of a technical nature—in Public Law 92-603. When the new title VI of the Social Security Act was created to provide for service programs for the aged, blind, and disabled, there was no provision for a system of administrative hearings to resolve individual disputes over eligibility or levels of services.

For example, it is through title VI that homemaker and chore services will be still be run by the States. There is no provision for a system of administrative hearings to resolve individual disputes over eligibility or levels of services.

Mr. President, although aged, blind, and disabled assistance programs were federalized with the enactment of Public Law 92-603, the service programs—such as homemaker and chore services—will still be run by the States. There is no provision for a system of administrative hearings to resolve individual disputes over eligibility or levels of services.

For example, it is through title VI that homemaker and chore services will be allowed by the States for those severely disabled poor who can no longer care for themselves. These programs will be institutionalized by continuance of these programs, for the provisions of the amendments which you will propose to the Council of Senior Citizens, would be assured by this amendment.

We support also the proposal that account numbers be assigned to determine AFDC and medicaid eligibility.

Mr. President, I believe this amendment merely clarifies and improves upon the committee's original intent. There are several proposed rules which might be considered, that conform to the letter of the law, even though the intent of Congress was not achieved.

We support also the proposal that account numbers be assigned to determine AFDC and medicaid eligibility.

We support, further, your proposal that account numbers be assigned to determine AFDC and medicaid eligibility. Such an administrative remedy is required by the Social Security Act. Title VI of the Social Security Act does not provide for such a fair hearing process. We consider this a serious oversight.

We are deeply concerned about the restrictive Regulations on Social Services that have been issued by HEW and the proposal of the Council to throw out the provision of Revenue Sharing. With these negative attitudes towards the Social Services, there is no doubt in my mind that the provisions of Revenue Sharing were not made to provide for a system of administrative hearings to resolve individual disputes between the recipient and the State Agency.

The intent of Congress in enacting the Social Security Act of 1972 (P.L. 92-603) was to make the programs of the Social Security Administration as broad as possible, to increase equity without violating the principles of the law or the relationship to other programs.

In particular, Section 1612(a) (2) of the Social Security Act of 1972 (P.L. 92-603) does not provide for a system of administrative hearings to resolve individual disputes over eligibility or levels of services. In the case of Supplemental Security Income program, which was proposed in §416.1125(d) to reduce payment standard, but not as close to parity with other federal human resource programs. We support, further, your proposal that account numbers be assigned to determine AFDC and medicaid eligibility.

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The intent of Congress in enacting the Social Security Act of 1972 (P.L. 92-603) was to make the programs of the Social Security Administration as broad as possible, to increase equity without violating the principles of the law or the relationship to other programs.
person's household this provision will be a step away from dignity and independence for those who pay for their support and maintenance outside another person's household. This provision will be distasteful to better older people. Optimum would be to reduce this process to individual determination until the regulations require this individualized effort.

We urge that this section be reconsidered to provide for individual determination until such time as the basic authority can be amended. Although the individualized determination is administratively difficult, the optimum would be to reduce this process to the absolute minimum, other sections of the regulations require this individualized effort. Arbitrary rules to avoid the complexity of individualized determination fail to provide the human compassion a under-stand of the necessity to maximize the choice of living arrangements available to SSI recipients.

Provisions intended for several difficult decisions which are incorporated in §416.1125 including the decision expressed in subsection (c) that the one-third reduction will apply only if the recipient has another household member other than the individual himself. We believe this provision should be liberalized by the interpretation of the law. In particular, we do not see the rationale for the regulations tend to restrict rather than liberalize the interpretation of the law. In particular, persons on holidays. The Thanksgiving turkey, Christmas tree as income; however, the rules would favor clarification of noncash versus nonconvertible items.

We strongly oppose the home valuation provision on four grounds: (1) a national value limit may represent a modest dwelling in one area but an imposing residence in another, (2) property values vary depending on market conditions, location, basis for evaluation and other judgmental decisions which they subject to variations, (3) arbitrary limits hurt those with unusual or regular medical problem. Even with the above stated opposition to several of the standards for determining the value of allowable resources, we have neither type of regulation in respect to market variations and changing home values. To administer such a provision would be costly, and, needless to say, of questionable benefit in relation to cost. We recommend that the interpretation of the law reflect the "welfare myth."
because of illness or unemployability are cal instruments. This section will particu-
tirely "items used to provide, equip and
ulation is much stricter than current Caii-
would undoubtedly exceed $1,500. This reg-
were to inventory the necessities in an aver-
limitation of $1,500 on all household goods
For example, a refrigerator could be deemed
ents is the failure to take into account the
brances" in the proposed regulations. One of
social Security Administration, U.S. Department of Health, Edu-
no of the public

Secondly, "statements of policy and interpre-
must necessarily dictate that the polioles
such comments. The necessities of making
proposed regulations are published in the
fed to render them almost

NASW therefore recommends that Section 416.1125(c) be deleted.
forms, air

It is greatly unfair to disqualified recipients from
SSA to be a citadel of secrecy

It is my understanding that SSA has prepared a "Claims Manual" for the use of its field sta-
and potèntiaily the most harmful to recipi-
the most negative features of the regulations

WASHINGTON, D.C.

This regulation states that the one-third income reduction for in-kind room and board services "will
applying regardless of whether the individ-
the Medical and Social Service Branch, and

"resource to the extent retained."
1. Section 416—1212(a). Establishment of a

Therefore I must make these

The above-cited regulations proposed by
The following comments are submitted in response to the above-cited regulations proposed by

Those of us who repres.

In its sup-

I am simply and it very difficult to believe that
U.S. Department of Health, Education, and Welfare to include our recommendations in its


ters, the public is being denied its oppor-

First, the regulations are frequently vague and couched in such general language as the
It is my understanding that this document, in many instances, provides fur-
than the total amount of the cash is used to repair or replace such excluded resource within

As-im the end of November, the
the regulations are silent with respect to the

The beginning of a case law's truly is that the

Before discussing the

If so, any pres-

The regulations finally adopted. Since the 301 program

Secondly, statements of policy and interpre-
tions are published in the

Before discussing the

The 5,600-member California Council, National Association of Social Workers has studied the proposed Super-

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the regulation states that such a payment leto be "excluded as a resource provided the

4. Section 416.118. The limitation of one
car only per family will create severe hard-

ship for families or disabled persons. In
order to get to the doctor or to partici-
pat in mandatory rehabilitation programs, many disabled persons must travel in dif-
ferent directions from other family members

San Francisco Neighborhood Lu-
gal Assistance Foundation,
JAMES BERNARD ODELMAN,
Commissioner, Social Security Administra-
tion, U.S. Department of Health, Edu-

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§416.1190 further provides that: "The gross amount [of unearned income] is reduced by any ordinary and necessary expenses incurred in getting or receiving the income. This provides a corollary to the principle embodied in the "actually available" income rule. This corollary means that because only expenses incurred in getting or receiving income, such sums must not be considered in the determination of income because they are not "belonging to the individual" since they have been extended for the purpose of generating income. The regulation goes on to provide an example: "Where an individual receives damages incurred in an automobile accident, the amount of unearned income...is the final settlement amount less ordinary and necessary, i.e., the contant for example, §161 is deducted prior to his receipt of the settlement. An amount earmarked to replace the damaged automobile would be excluded from income. . . ." The next and final sentence of the regulation then turns around and directly contradicts the principles set forth in the statute. It states that: "Personal income tax withheld from unearned income before it is paid to the individual is not a deductible expense and, therefore, is charged against the amount of unearned income to the individual (e.g., income tax withheld from lottery winnings)." [Emphasis added.] Such an exception to the "excludable" income rule as an alternative statement of the conclusive presumption principle. Income which is not in fact currently available but which is presumed to exist, and any evidence to the contrary notwithstanding, is in fact a conclusive presumption of availability. As such, it will always violate due process.  

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someone else, his or her SSI grant shall be reduced by one-third, regardless of the actual value of the room and board received. Section 416.1156(d) goes out just one step beyond the statute—it is ahead of the statute by one-third reduction will apply regardless of whether the individual . . . is making any payment for the room (room and board) to the person in whose household he is living.” [Emphasis added.]

In other words, if an elderly gentleman decides that it is convenient to live alone and he does not want to live out the rest of his life in the loneliness of a downtown pensioner's hotel, and pays, for example, $80 per month for rent and board, his SSI grant will be reduced automatically by one-third. This is absurd. It is not only wholly unauthorized by the statute, because that is limited to individuals “receiving support and maintenance in kind,” it is a gross violation of the constitutional prohibition against conclusive presumptions.

The way to interrupt this regulation is as a conclusive presumption that a person “living in the household of another” cannot enter into a “receiving support and maintenance in kind” agreement for purposes of determining the payment standard will not apply. This seems to be a rather arbitrary bit of generosity granted to such couples. However, since the other 2/3 reduction is in any way applied, it seems generous, it is possible that I have misconstrued the application of the regulation. If such is the case, while I do not contend that I am incorrect in my statement of fact, I have considerable difficulty in understanding their application.

Finally, the regulation provides that in such cases, where one of a couple living apart is living in another person’s household, the exclusion of room and board received in kind shall be determined in the process of establishing an individual’s grant.

In other words, the 2/3 rule in section 1149—71 is still applicable. One such presumption is created that the value of support and maintenance is $3250 per month. In other words, if the recipient can show that the value is less than $3250 per month, then the regulation may be made invalid. It is unclear why SSA has chosen to make the due process requirements implicit in the conclusive presumption line of cases exemplified by USlA v. Murray, whereas only this one instance. In any case, it is commendable. If SSA is truly interested in the due process requirements of such regulations it is to be found in less enviable policies.

(7) §416.1125(b) states that the “2/3 reduction in the payment standard will not apply to any individual who is subject to the provisions of §416.1185. . . . There is no regulation that canstate that only one family member can receive support and maintenance in this series is 416.1180. This seems to be nothing more than an oversight and should be applied by the promulgation of §416.1185.

(8) §416.1131 provides that “prizes and awards” are income in that same section and “the ‘current market value’ of an item is defined as the price it would be worth if it were sold on the open market in the particular market in which the item is to be sold.” This regulation is a complete misrepresentation of the statute.

Clearly, such income is not available to meet the recipient's subsistence needs. The regulation necessarily constitutes a conclusive presumption that the recipient suffers the defect previously discussed in relation to USlA v. Murray. I would propose the following alternative regulation:

"Any portion of a grant, scholarship or fellowship used in paying tuition, fees or other expenses reasonably attributable to the furtherance of the individual’s attended educational goals, expended by an individual or eligible spouse shall not be considered in determining countable income under §416.1111."
November 30, 1973

CRONGRESSIONE RECORD - SATEE 821523

to very close family members, income and re-

ources shall be presumed to be available

whether or not they are in fact so available.

Although self-evident, the regulations

should be clarified to make it absolutely clear

that the limit on resources is available to

to the ineligible family member. If the re-

sources are unavailable to the ineligible

family member, the regulation should be

modified to reflect the fact.

To the extent that the resources must at least be available

because of the close relationship between the

sources and the ineligible family member. If the re-

sources are unavailable to the ineligible

family member, the regulation should be

modified to reflect the fact.

Such a regulation would perform the same

function, save space and reduce prolixity.

I am referring to here is the obvious under-

statement of cooperation with HUD could achieve simi-

lar results. It would be consistent with the regulation and

would provide for such a complication.

First, it should be fully determined by SSA

that it is necessary to include these house-

hold goods and personal effects for some

reason. For example, California, until 1971 wholly excluded these

as follows:

Further, I believe there is no reason why SSA

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the taxpayer." But this sort of rationale has no application to the situation where the resource is non-existent because of an outstanding loan upon it. In short, that rationale rests only on the assumption that an individual has in property. It is only that equity that can be drawn upon as an existing resource. The phrase "a 'means test' is all about. To ignore the existence of the resource merely means that the recipient must divest himself or herself of a portion of that resource in order to be no better off for it. In fact, the recipient, in the example above, no has no store. As far as the government is concerned, she also does not have any more. The courts must draw resources upon which she can live prior to, requesting the aid of the government. Such an absurd policy has no place in an enlightened, or half enlightened, country. The regulation should be promptly corrected by specifying that the determination of the value of resources shall be made after considering encumbrances, in short the equity value of the resource.

(9) § 618.1218(c) relates to the determination of a "car." It states that: "The 'retail market value' of a car is the average price of a vehicle of that particular year, make, and model and condition which actually is sold on market (to a private individual) and in the particular geographic area involved." It is very unclear what this regulation means. It means that the market price of the particular automobile in question shall be evaluated by several used car dealers, for example, and an average is struck of the individual estimates. This may sound fair or even plausible, but it is not. However, the actual value of the particular automobile in question is not the determining factor, but rather, some average notion of the value for automobiles of that general year, make, and model and condition is to be established, then it is quite objectionable. In the latter case, such averages necessarily, by the laws of mathematics, operate to the detriment of individuals whose particular automobile may be worth substantially less than the average. The State of California had a provision for the determination of the value of automobiles based on such average. This was challenged in the case of Lopez v. Cortenson, Second Dist., County of Los Angeles, 1966. The arguments were made: First, recipients argued that the use of such averages violated the due process clause of the Fourteenth Amendment. Second, the regulation is based on the inclusive presumption of value and prevent the introduction of any evidence that the value of the particular automobile in question was less than the market amount. The State of California, rather than defending the action, stipulated to the entry of a permanent injunction restraining the enforcement of the regulation. In its place, the State is reverting to regulations which were in force prior to October 1, 1971, which provided for a procedure an individual is permitted to obtain "quick sale market value." Under this procedure, a car shall be evaluated by several used car dealers, and the value shall then be the average of these three estimates. While such procedures may lack a precise standard for administration, the absence of such procedures necessarily leads to gross inequities to individual recipients. The recipient and the regulation intends to establish something comparable to the California "quick sale market value" system, but it is not. Perhaps, it is clarified in the Items Manual. If not, it should be clarified in the final regulations so as to make clear that individual determination is to be made.

(10) § 618.1220 specifies an additional exclusion of resources relating to "property used in a trade or business."... and property not used in a trade or business but which nevertheless produces income or is otherwise necessary to the self-support of the individual (and spouse, if any)." This latter phrase "otherwise necessary to the self-support" have only an economic meaning. That is, does it mean only something which is necessary to sustain life or render living more normal for the particular individual. For example, does it mean anything more than the usual automobile, house, and other usual needs for which the recipient normally pays. Does that mean that these items will be included in the determination of whether a person has excess resources? Surely, that cannot be the case, since it would not be expected that an individual who owns such property which put him over the limit should go out and divest himself of his iron lung, motorized wheelchair, brelille machine, etc. The regulation should be made absolutely clear that such property is not necessary to sustain life or render living more normal for the particular individual. It is wholly excluded. Surely, Congress did not intend otherwise.

(11) § 618.1229 specifies that: "In determining the resources of a blind or disabled individual there shall be excluded such resources as an approved plan for achieving self-support specifies as being necessary for the fulfillment of such plan for so long as such plan remains in effect." This may be intended to have some meaning but it really does not. Perhaps, again, the Claims Manual provides the necessary statutory to make this meaningful. What are the standards for approval and disapproval of a plan? How is the retention of property to be determined necessary for the fulfillment of such plan? Who is to determine these questions and how are they to be determined?

(12) § 618.1680-1 implements the provisions of Section 1011(g) of Title XVIII of the Social Security Act for the services of home personnel on a general or limited basis, including consideration of the necessary and appropriate number of personal services personnel in comparison with the costs of alternative approaches, such as the use of self-dialysis facilities.

AMENDMENT NO. 755: COVERAGE OF HOME DIALYSIS AIDS

Mr. CRANSTON. Mr. President, I have also been most concerned about a problem facing a number of persons receiving kidney dialysis in their homes, who for a variety of personal reasons—such as death of a family member or friend, or having a family member or friend who no longer has a home who wish to remain in their homes with home dialysis care. These persons must either pay out of their own pockets for a trained aide, or be forced to give up their home dialysis equipment and revert to receiving dialysis at the most costly limited care centers. The current NEHW interim regulations governing the coverage of chronic kidney disease treatment for transplantation and dialysis under medicare do not authorize the use of funds to pay for the services of a home dialysis aide, although the cost of supplies for the machine and for the training of the home dialysis aide are covered. Although I understand that one of the purposes of home dialysis is to lower cost of dialysis by replacing expensive institutional labor with an unpaid side, or by skilled and unskilled workers, I gave serious consideration to the possibility of offering an alternative to those very few individuals who no longer have an unskilled aide available to assist them in home dialysis equipment installed in their homes. In consulting with representatives of the National Kidney Foundation, it was recognized that there would be a number of people with chronic kidney disease and with permanent dialysis equipment installed in their homes.
careful consideration.

I, therefore, today offered amendment No. 749 to H.R. 3153 as reported, to authorize the Commissioner of Social Security to undertake a study to determine the feasibility and appropriateness of making payments under title XVIII for the services of aides for home dialysis patients.

Mr. LONG. Mr. President, I would urge that we vote on the amendments by voice vote.

The PRESIDING OFFICER. Mr. BARTLETT. The question is on agreeing, en bloc, to amendments numbered 640, 644, 645, 731, 739, 747, 748, and 749.

The amendments were agreed to en bloc.

AMENDMENT NO. 751

Mr. MCINTYRE. Mr. President, I call up my amendment No. 751.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MCINTYRE. I ask unanimous consent to strike out the existing amendment and substitute the following:

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

Mr. Mcintyre's amendment (No. 751) is as follows:

TITLE IV—CONSOLIDATION OF REPORTING OF WAGES FOR INCOME TAX AND SOCIAL SECURITY INSURANCE PURPOSES

SHORT TITLE

Sec. 401. This title may be cited as the "Combined Old-Age, Survivors, and Disability Insurance-Income Tax Reporting Amendment of 1973".

PART A—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

VERIFICATION OF TAX DATA AND FINANCING OF THE COST THEREOF

Sec. 402. (a) Title II of the Social Security Act is amended by adding after section 233 (as added by section 107 of this Act) the following new section:

"(g) DISCLOSURE OF INFORMATION TO SECRETARY OF THE TREASURY.

"(1) The Secretary shall make any statements or other documents made available pursuant to subsection (b) of this section, or to any other State, to the Secretary of the Treasury.

"(2) The Secretary shall provide, to the Secretary of the Treasury, any information to the Secretary of the Treasury described in subsection (b) of this section, and any information to the Secretary of the Treasury described in section 101 of title II, or 21 of title IV, or section 203 of title V, or section 204 of title X, of the Social Security Act before the Board of Trustees prescribes the method of making such determinations, shall be made available to the Secretary of the Treasury, in order to insure that each such Act shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII is directed to the Trust Funds into the Treasury—

"(i) the amounts estimated by him and the Board of Trustees of the amount of expenses incurred in connection with the administration of titles II, XVI, and XVIII of this Act, and other amendments of title I, chapter 61 of subtitle F of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954, less

"(ii) the amounts estimated (pursuant to the method prescribed by the Board of Trustees under paragraph (4) of this subsection) by the Secretary of Health, Education, and Welfare, in connection with the administration of the provisions of the Internal Revenue Code of 1954 other than those referred to in clause (i),

Such payments shall be carried into the Treasury as revenue. Such payments, incident to the general fund account for reimbursements under the general fund account for reimbursements for any fiscal year shall be made at the earliest practicable date after the close thereof. Thereafter, to the extent practicable, the amounts, if any, which should be transferred from one to another of such Trust Funds, and the amounts, if any, which should be transferred from one to any of the other of such Trust Funds, and the amounts, if any, which should be borne by the general fund, in the Treasury, in order to insure that each such payment shall be effective with respect to statements reporting income received after January 1, 1974.

(g) Disclosure of Information to Secretary of the Treasury. The Secretary or his delegate is authorized to make available, to the Secretary of Health, Education, and Welfare, any information to the Secretary of the Treasury described in subsection (b) of this section, or to any other State, to the Secretary of the Treasury.
the Social Security Act, an effective information return processing program."

### CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR YEARS

**SEC. 403.** (a) Section 213 of the Social Security Act is amended to read as follows:

"CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR YEARS

..."

**S. 212.** (a) For the purpose of determining average quarterly coverage, and coverage credits with respect to self-employment income derived by an individual during any taxable year which begins before 1950 and ending before 1955, such self-employment income shall be credited to calendar quarters as follows:

(1) In the case of a taxable year which is a calendar year before 1950 and ending before 1955, 25 percent of the amount of such self-employment income shall be credited to such calendar year.

(2) In the case of any other taxable year the self-employment income shall be credited equally to each quarter of such calendar year.

(b) For the purposes of determining average quarterly coverage, any wages, and the amount of self-employment income derived by an individual during any taxable year which begins after 1954 and before 1959, after 1950 and before 1955, after 1945 and before 1950, after 1940 and before 1945, shall be considered as wages for purposes of the computation of coverage credits with respect to self-employment income derived by an individual during any taxable year which begins after 1954 and before 1959, after 1950 and before 1955, after 1945 and before 1950, after 1940 and before 1945, respectively.

(c) The amendment made by subsection (a) shall take effect January 1, 1974.

### QUARTER OF COVERAGE AND COVERAGE CREDIT

**SEC. 406.** (a) The heading of section 213 of the Social Security Act is amended to read as follows:

"QUARTER OF COVERAGE AND COVERAGE CREDIT"

(b) Section 213(a)(2) of such Act is amended to read as follows:

"(2) The term 'quarter of coverage' means a quarter, occurring before 1974, in which the individual has been paid $100 or more in wages or net earnings from self-employment paid after 1964 and before 1965, or for which he has been credited (as determined under section 213) with $100 or more in self-employment income after 1964 and before 1965, except that a quarter of coverage in which self-employment income was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage.

(3) Coverage credits which are credited to him in such taxable year equals $10,800, each calendar quarter of calendar year 1973 any part of which is included in such taxable year, on the basis of the number of months in each such calendar year which are included completely within the taxable year, including as one of such calendar months the month in or with which the taxable year ends, even though only part of such month is included in such taxable year.

The amendment made by subsection (a) shall take effect January 1, 1974.

### CONGRESSIONAL RECORD — SENATE

**November 30, 1973**

...
("(8) Notwithstanding the preceding pro-
visions of this subsection, coverage credits
may not be credited to any individual to any
calendar year any part of which is included in
a period of disability (other than the ini-
tial and last calendar years of which no part
is included in such taxable year).

(9) In the case of any individual entitled
to disability insurance benefits, the year
in which such period began or the calendar
year in which such prior period ended shall be
equal to the calendar year in which such prior
period began or the calendar year in which
such prior period ended, whichever is later.

(10) After the calendar year in which he
attained the age of 62, except that in no case
shall an individual be found entitled to any
coverage credits unless he has at least six
coverage credits.

(11) As the term 'fully insured individual'
means any individual who—

(a) has earned employment income in
each of the twenty years immediately
preceding such taxable year equal to or in
excess of $10,600; or

(b) has earned employment income in
each of the ten years immediately
preceding such taxable year equal to or in
excess of $10,600; or

(c) has earned employment income in
each of the years immediately
preceding such taxable year equal to or in
excess of $10,600.

(12) The amendments made by this
subsection shall take effect January 1, 1976.

(13) 'Fully Insured Status'

Sec. 406. (a) Section 214(a) of the Social
Security Act is amended to read as follows:

"(FULLY INSURED INDIVIDUAL)

(b) The term 'fully insured
individual' means any individual who—

(1) has earned employment income in
each of the twenty years immediately
preceding such taxable year equal to or in
excess of $10,600; or

(2) has earned employment income in
each of the ten years immediately
preceding such taxable year equal to or in
excess of $10,600; or

(3) has earned employment income in
each of the years immediately
preceding such taxable year equal to or in
excess of $10,600.

(4) In the case of any individual entitled
to disability insurance benefits, the year
in which such period began or the calendar
year in which such prior period ended shall be
equal to the calendar year in which such prior
period began or the calendar year in which
such prior period ended, whichever is later.

(5) In the case of any individual entitled
to disability insurance benefits, the year
in which such period began or the calendar
year in which such prior period ended shall be
equal to the calendar year in which such prior
period began or the calendar year in which
such prior period ended, whichever is later.

(c) Section 216(g) of the Social
Security Act is amended to read as follows:

"(g) The requirements referred to in
clauses (1) and (2) of paragraph (C) are
satisfied by an individual with respect to any
day only if—

(1) he had not less than 20 coverage
credits which were credited to any part of
which was included in a period of
disability unless such quarter was a quarter
of coverage; or

(2) he had not less than 20 coverage
credits which were credited to any part of
which was included in a prior period of
which was included in a prior period of
disability unless such quarter was a quarter
of coverage.

(d) The amendments made by this
subsection shall take effect January 1, 1976.

PERIOD OF DISABILITY

Sec. 407. (a) Section 216(f) of the Social
Security Act is amended to read as follows:

"(f) The period is the period after June 30,
1953, or in the case of any individual entitled
to old-age insurance benefits, the year
in which such prior period began or the calendar
year in which such prior period ended shall be
equal to the calendar year in which such prior
period began or the calendar year in which
such prior period ended, whichever is later.

(1) The period is the period after June 30,
1953, or in the case of any individual entitled
which was included in a period of
disability, the year in which he died,
and when used with respect to
a calendar year any part of which was
included in a prior period of
disability (as defined in section 216(f)),
and when used with respect to wages
means—

(i) a quarter (as defined in section 213
(a) (1)) if wages paid to the individual
were reported or should have been reported
on a quarterly basis (a) on tax returns filed
with the Commissioner of Internal Revenue
under title II of the Social Security Act or
regulations thereunder, or (b) on infor-
mation returns filed by a State pursuant to
an agreement under section 218 or regu-
lations thereunder

(ii) a calendar year if wages paid to the
individual were reported or should have been
reported on a yearly basis such tax re-
turns or on such information returns,
or

(iii) the half year beginning January 1 or
July 1 in the case of wages paid or alleged
to have been paid during the calendar year
1960 or thereafter

(c) Section 202(e) (1) (A) of such act is
amended to read as follows:

"(A) if wages paid to the individual
were reported or should have been reported
on a quarterly basis (a) on tax returns filed
with the Commissioner of Internal Revenue
under title II of the Social Security Act or
regulations thereunder, or (b) on infor-
mation returns filed by a State pursuant to
an agreement under section 218 or regula-
tions thereunder

(d) Section 202(e) (1) (C) of such act is
amended by striking out "and" and inserting
in lieu thereof "thereafter on which"

(e) Clause (iv) of section 102(f) (3) (A) of
the Social Security Amendment of 1959 is
amended to read: "(iv) with respect to
whom not less than six coverage credits (as
defined in section 213 of such Act) have been
credited to such year in which such "month occurred," or

(2) The first sentence of such section 102
(f) (3) (B) is amended by striking out "and
with respect to whom not less than six
coverage credits (as defined in section 213,
are quarters of coverage) and inserting in
lieu thereof "and" (with respect to whom not
less than six coverage credits (as defined in such
Act) were credited to the period ending with
the year in which such "month occurred," or

(g) Clause (1) of the third sentence of
such section 102(f) (3) (B) is amended to
read: "(1) if the application is filed by such
individual, for and after the twelfth month
before the month in which the application
was filed by such individual, but in no case
for any month before the day as of which
his six coverage credit in the period after
June 30, 1963, was credited", or

(h) The provisions of this section shall
take effect January 1, 1976.
as amended by inserting after "quarters of coverage" where it first appears the following: "with respect to employment in any calendar year dated before 1976":
(b) Section 6(1)(5) of such Act is amended by inserting "and any coverage credit" after "quarter of coverage".

Sections 6(2) and 6(3) of such Act are amended by changing the period at the end of the second proviso thereof to a comma and inserting thereafter the following: "Except that for any calendar year after 1976, there shall not be excluded from this divisor that number of calendar quarters as equals the number of quarters credited as defined in the Social Security Act, credited to him for such year."

Section 61. The amendments made by subsection (a) of section 960 of this title shall be effective upon enactment. The amendments made by the other subsections of such section 960 shall apply with respect to all amendments under the Railroad Retirement Act of 1937 occurring after 1973; and shall apply with respect to lump-sum benefits under section 941 of such Act on the basis of deaths occurring after 1973.

Mr. MCINTYRE. Mr. President, I ask an unanimous consent that the staff of the Select Committee on Small Business be accorded the privilege of the floor during the debate on this amendment.

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

Mr. MCINTYRE. Mr. President, I offer the amendment for myself and the following cosponsors: Senators Corcoran, Humphrey, McClellan, Farkh, Bayh, McGee, Dominitz, Nunn, Gravel, Nelson, Sibley, Montoya, and Church.

Mr. President, the amendment which I submit today should be noncontroversial.

It is identical to S. 2445 which I introduced on September 15, 1973, cosponsored by 27 Senators, and would amend the provisions of the Social Security Act to consolidate the reporting of wages by employers for income tax withholding and old-age survivors, and disability insurance purposes.

This amendment would change the present quarterly wage reporting system for social security purposes—IRS Form 941—to an annual system utilizing the existing IRS Form W2, it would accomplish this by a series of some 60 technical changes to the present Social Security Act and to the Internal Revenue Code of 1954, as amended.

The main objective which I seek by this amendment is to reduce part of the most onerous of the paperwork forms imposed by the Federal Government. In an NTIS survey it was estimated by about 65 percent of the businesses contacted that their overhead costs could be significantly reduced if this form were changed from a quarterly to an annual report.

Mr. President, the amendment I propose today would accomplish savings to both the business community and the Federal Government which processes over 300 million pages or virtually 70,000 paper forms per year. This work is in progress.

One real opportunity for reducing paperwork in the Federal Government is to work out means of accomplishing this. This work is in progress.

The changes in the reporting of wages to be accomplished by this amendment would not have any adverse affect on the ability of the social security claimant to receive a quick determination of eligibility. In fact, the annual wage reporting system replacing quarterly reporting could utilize demand reporting on a case-by-case basis, thus enhancing the recipient's ability to have a quick determination by the Social Security Administration.

I feel certain that the Administration as well as the business community wholeheartedly urges the reorganization of our quarterly wage reporting system into a simplified annual report.

Mr. President, I ask unanimous consent to have printed in theRecord the letter dated July 20, 1973, from Secretary of the Treasury Shultz.

There being no objection, the letter was ordered to be printed in theRecord, as follows:

The Secretary of the Treasury
Washington, D.C., July 20, 1973
Hon. Thomas J. McIntyre, Chairman, Subcommittee on Government Regulation, Select Committee on Small Business, Washington, D.C.

Dear Mr. Chairman: This is in reply to your letter of April 20, 1973, requesting the Secretary's views on pertinent parts of an attached report of the Senate Select Committee on Small Business dealing with the Federal paperwork burden.

We appreciate the opportunity to review the report.

That as paperwork is increased by statutory complexities, I can assure you that it is the objective of both the President and the Secretary of the Treasury to develop and promote remedial legislation. In this connection, I think you will be interested in the statement that I made on April 30, 1973, to the Senate Select Committee on Small Business in dealing with the Federal paperwork burden.

The other comments of your Committee relate to administrative aspects of the Internal Revenue Service. I understand the Committee has stated in its report that the Secretary of Health, Education, and Welfare will be interested in the views which you have expressed. I am enclosing a copy of my comments.

If you can be of further assistance to your Committee, please let me know.

Sincerely yours,

George P. Shultz

Mr. MCINTYRE. Mr. President, I point out the letter from the Senate Committee on Management and Budget, the Treasury, and the Internal Revenue Service, which are part of the Treasury, of course, are all in agreement that this is a good amendment, and I urge its adoption.

Mr. LONG. Does the Senator from New Hampshire say that the Treasury agrees to this amendment?

Mr. MCINTYRE. That is correct.
Mr. McINTYRE. The manager of the bill said what—$1.5 billion?

Mr. LONG. That is what my understanding is, in referring to amendment No. 751, is that correct?

Mr. McINTYRE. That is the right amendment.

Mr. LONG. I am advised by staff that this amendment would cost $1.5 billion per year in the long run, because it would require us to give four quarters a year of social security credit to individuals who might have worked only during a single quarter of the year, for example, during the Christmas holidays, $400 a year. That would cost—

Mr. McINTYRE. Does the Senator have a paper there that talks about this cost and other things—the $1,250 million, or is it something the Senator has by virtue of getting it from his staff?

Mr. LONG. That was given to us over the telephone. We have not had time to get this in the mail. This amendment was submitted on November 28. This is November 30. It is an amendment that would cost us $1,500 million and could have the result that people would be entitled to four quarters of credit if they only did 1 week's work.

Mr. McINTYRE. My position would be that they would not be entitled to it, either.

Mr. McINTYRE. I would say to the Senator, I cost $1.5 billion. We, of course, would not like to give somebody a great deal of benefit far beyond anything he has earned. We have to concern ourselves about the cost of this program, just as the Senator does as to the cost of those things in the armed services. That is the one in which they are really interested.

Mr. McINTYRE. I included it in the Recora. It is from the Secretary of the Treasury dated July 20, 1973. Let me read the fourth paragraph—if the Senator wants me to, I can read him the whole letter. Let me read the fourth paragraph:

One real opportunity for reducing paperwork is the proposal for limiting the duplication between Internal Revenue and Social Security reports on the wages of individual employees. The Office of Management and Budget has asked the Treasury and the Department of Health, Education and Welfare to work out means of accomplishing this. This work is in progress.

Mr. McINTYRE. Of course. Here it is.

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Mr. McINTYRE. Of course. Here it is.
submitted to the committee in September of this year. I would very much like to push forward on it. It is a shame for the proponents of this amendment to come in and be given a talk, with respect to their plea to adopt this amendment at a cost of $1.25 billion; whereas, for 2 years we have heard no such analysis. If any such analysis had emanated from the Government, this amendment could have been dropped a long time ago. This is what they have told us by telephone. I hope the Senator sees the basis upon which they arrive at that estimate.

I would be glad to give the Senator the assurance he has in mind. I will invite him right now to meet with the Committee on Finance with respect to the other social security bill, on which we should act this year. We should act between now and Christmas. I am led to believe that the House is not going to consider the bill before the Senate until we do act on the other bill. I will try to help the Senator work this matter out, and I hope the committee will go along with us in helping him solve the paperwork problem, without bringing about a large and unintended cost that we really did not intend.

If the Senator will be kind enough to give us the opportunity, I assure him that his amendment will receive every consideration; and we will try to make our suggestions in any way that can be helpful to bring about the result the Senator desires.

Mr. MINTZER. Mr. President, I am willing to withdraw the amendment at this time, with the assurances I have received from the Senator from Louisiana.

I should like to say for the record that this amendment, as we are bringing it up at this time deals with the most burdensome and worst example of paperwork that is foisted on the American public, the consumer, the small businessman, the mom... the amendment we are bringing up at this time deals with the most burdensome paperwork that is polluting this Government.

Mr. President, I withdraw my amendment, with the assurance that we will move other bills later. I have said that it does not result in a cost of $1.25 billion—$200,000, we will have it in the next social security bill.

Mr. LONG. Thank the Senator. I will do the best I can to help him achieve the result he has in mind, consistent with trying to keep the cost of the program within manageable proportions. I will try to do it.

The PRESIDENT PRO Tempore. The amendment is withdrawn.

Mr. CURTIS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDENT. Without objection, it is so ordered; and, without objection, the amendment will be printed. The amendment is as follows:

Strike out sections 101 through 106 and insert in lieu thereof the following:

SEC. 101. (a) Section 201 of Public Law 93—98 is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

Mr. CURTIS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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The PRESIDENT PRO Tempore. Without objection, the amendment will be printed.

The amendment is as follows:

Strike out sections 101 through 106 and insert in lieu thereof the following:

SEC. 101. (a) Section 201 of Public Law 93—98 is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".
The Social Security Act is amended by striking out paragraphs (b) and (c) of subsection (A) of section 201(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) and inserting in lieu thereof the following:

"(b) (1) shall apply only with respect to tax-

able years beginning after December 31, 1985, and before January 1, 2011, the tax shall be equal to 1.50 percent of the amount of self-employment income (as so defined) paid after December 31, 2008, and before January 1, 2017, (2) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2008, and before January 1, 2016, (3) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2015, and before January 1, 2017, (4) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2016, and before January 1, 2017, (5) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2017, and before January 1, 2018, (6) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2018, and before January 1, 2019, (7) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2019, and before January 1, 2020, (8) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2020, and before January 1, 2021, (9) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2021, and before January 1, 2022, (10) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2022, and before January 1, 2023, and (11) 0.90 of 1 percent of the amount of self-employment income (as so defined) for any taxable year beginning after December 31, 2023, and before January 1, 2024.

The preceding amendment of this section by the Social Security Amendments of 1977, the Social Security Amendments of 1979, and the Social Security Amendments of 1980 does not apply.
The Social Security Administration has gained a great deal of experience in preparing for and dealing with these changes. In the case of past benefit increases, SSA has begun a number of the steps necessary to complete the process, from beginning planning to delivery of an increased benefit check, within about 3 weeks.

Step 2. Testing and checking these programs and systems changes require another 3 weeks.

Step 3. A master benefit record must be kept on the 98 million people now receiving checks. Correct benefit payments cannot be made unless it is maintained and updated. Therefore, any complex computer programs and systems changes must be tested to be certain that they do not produce errors in the master benefit record. This step is very important and takes about 5 weeks. Step 4. The actual process of updating the master file and calculating the benefit increases takes place. It is this step that constitutes the two-step process generally used for the delivery of a benefit increase. This step takes about 6 to 8 weeks. The process of preparing regular monthly social security checks goes on routinely, month in and month out. Three weeks out of every month is always devoted to Treasury processing.

Step 5. The checks are mailed by the postal service. This is the quickest step, it only takes about 2 weeks.

To carry out all these steps takes about 6 months.

The Social Security Administration is anxious to deliver proper checks, including new benefit amounts, at the levels authorized in law, as quickly and as accurately as possible. Benefit increases have occurred with some frequency during recent years, and the Social Security Administration has gained a great deal of experience in preparing for and dealing with them. In the case of past benefit increases, SSA has begun a number of the required steps even ahead of actual changes in the law, in anticipation of final action by the Congress. In other words, the agency has anticipated the changes and thus reduced the elapsed time between final enactment of the benefit increase and the delivery of the check. However, it can begin its work only as soon as there is reasonable assurance of the passage of the legislation. Assuming the Congress will complete its action by October 3, I anticipate that the administration will complete the necessary steps in time to begin the first payment increases under the law in time to be delivered in the November check, which will be in error, to the disadvantage of millions of social security beneficiaries.

Mr. CURTIS. Mr. President, I wish to be very frank. There are fiscal reasons for the position taken by the administration. Under the committee proposal for an immediate payment of this increase, even though it would be several months before everyone received his check, it would have a very sizable impact upon the fiscal position of the Government in this fiscal year. So with the committee proposal and the added expense of calculating increases, and making a retroactive payment, one of the reasons for the position of the administration is the unusual burden that would be placed on the Treasury fiscal year.

To compensate and to anticipate the affects of the built-in increases by reason of inflation, the administration would have to the increased amount payable a year from now, so the total package of the administration is a two-step increase, amounting to 15 percent as contrasted to a 2-year increase amounting to 11 percent.

Now, Mr. President, the difference is this: the increase for the people who get the checks I am thoroughly convinced that this amendment should be adopted. I think the administration has gone further in social security increases than many of us felt we were not unmindful of the increases last year, the built-in features; but nevertheless this is their proposal.

I have watched with interest the voting on this proposal on the floor. In the first instance, I do not anticipate that there is any chance of winning on this vote. There appears to be a determinative vote to blow for a social security increase effective now, even though it will take several months for recipients to receive the money; and then there will be the impact on the Treasury and the economy of a multibillion dollar lump sum payment on the law.

Nevertheless, Mr. President, having observed the votes on this bill, on the side of restraint I feel it would not be a good use of time to insist upon a roll-call vote on this amendment. The PRESIDING OFFICER. The amendment is withdrawn.

The Senator from California is recognized.

Mr. GRAMSTON. Mr. President, I would like to take this opportunity to express my general support for the basic provision in H.R. 3162—the legislation before us today—which, in effect, converts the 75-percent Federal matching funds under the social services program presently authorized under Titles I, IV, A, VI, X, XIV, and XVI of the Social Security Act to social services revenue-sharing programs.

This provision, part D of title I of H.R. 3162 as reported from the Finance Committee, is a compromise which reflects the thrust of legislation, S. 2538—a measure which would have authorized new social services regulations limiting expenditures by the States for social services—which, on October 3, I cosponsored with Senator Mondale, the distinguished leader in this fight against the regressive new social service regulations. The administration has been attempting to implement since February. Of other members of the Senate joined in cosponsoring this bill. S. 2538 was introduced in response to the latest set of HEW regulations which were issued on September 10 to take effect on November 1. I am gratified that the Finance Committee has once again strongly rejected the administration's continued attempt to foreclose on this compromise.

The administration has sought, through these regulations, to impose a kind of impoundment by regulation. The Finance Committee and the Congress as a whole have strongly expressed their disapproval of this administration approach—most recently in an amendment to the Reorganization Act, which suspended implementation of regulations proposed on February 16, and the May 1 regulations, which was rejected. The May 1 regulations reflect a revision of regulations originally proposed on February 15.

It is clear, Mr. President, that the administration is determined to press this restrictive approach, and I believe that the Finance Committee has acted most responsibly and appropriately in the face of administration refusal to respond to the will of Congress as expressed in Amendments 17 and 39. Apparently, declaimers at HEW did not garner the full meaning of the Congress' disapproval of the May 1 regulations. Rather, on September 10, HEW proposed a more rehashing of the same restrictive approach which reflected in the other two sets of draft regulations. HEW simply proposes to "outlaw" the Congress, and the people, and to keep attempting to implement these new regulations.

SOCIAL SERVICES PROVISION

Part D of title I of the committee bill is best described by the Senate Finance Committee itself—Senate Report No. 93-265, page 39—which states, and I quote: "This provision is a compromise that reflects the thrust of legislative and regulatory action in the social service area has made clear to the committee that the Department of Health, Education, and Welfare can neither mandate meaningful programs nor effectively run them effectively.

The Committee believes that the States should have the ultimate decision-making role in running their own social services programs within the limits of spending established by the Congress. Thus the Committee bill provides that the States would have the option of using all or part of the matching funds which services they will make available, the persons eligible for such services, the manner in which such services are provided, and only
limitations or conditions on the receipt of such services.

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

The Committee bill provides that States may furnish services which they find to be appropriate for meeting any of these four goals: (1) self-support (to achieve and maintain total independence); (2) living environment (to achieve and maintain maximum independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living); (3) family care (to strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including services for children, the achievement of maximum potential for eventual independent living); (4) family care (to prevent or remedy neglect, abuse, or exploitation of children); (5) community-based care (to secure and maintain community care in the home environment when living at home is not possible). It is the Committee's belief that planning and program development are contingent upon an amount of Federal funding without regard to the number of people potentially eligible, on the number of recipients in the group. The Committee believes that under this reporting requirement, the Department of Health, Education, and Welfare would have the authority to prevent or remedy neglect, abuse, or exploitation of children.

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

The services listed are:

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

Any other types of services not fitting into any of these categories and which the bill includes a list of services which could be furnished. This list is not intended to limit the freedom of the States to provide other types of services.

Mr. President, while I support this basic compromise on social services as reported by the Finance Committee, I am very concerned that part D contains no provision to insure conformity of child-care programs supported under Title IV—A with the Federal interagency day-care standards. Consequently, I sponsored and strongly supported Senator Mondale's amendment adopted by a 97 to 30 vote to this bill to require that such programs meet the requirements of the interagency day-care standards of 1968.

I would also hope that, if fiscally possible under the allotment of funds, States would consider exercising their new flexibility under part D of title I to include services for all eligible handicapped individuals.

The new social services provisions as defined in H.R. 3153 would be effective, thereby nullifying the new regulations which have now been implemented. According to the Finance Committee, the new regulations would cost Federal social services funds not in excess of $1.9 billion, the amount included in the President's budget.

Administration Approach

As I stated earlier, Mr. President, HEW has twice modified its original February proposal, and has now implemented it as of November 15. This latest version of these regulations, as with the previous issuances, is designed to limit which services may be offered and who is eligible for those services. This approach is contrary to the premise underlying the social services program—to help those who can get off welfare, and to help other low-income people avoid the necessity for welfare.

Mr. President, this entire, highly restrictive approach proposed by the administration is counter-productive. The new regulations will have a devastating impact on programs which have been developed out of the belief that 75-percent Federal funding was forthcoming. This after-the-fact restriction on eligible services will place an unbearable strain on already overloaded State and local government budgets.

In California, in particular, the impact will be disastrous—especially in the four California child-care programs which are presently funded under title IV—A of the Social Security Act. California has developed a highly sophisticated level of child-care services—giving it high priority in the State budgetary decisionmaking process. In fiscal year 1973 California had projected the use of some $77 of its social services allocation for child-care programs. Under the new HEW social services regulations, a large portion of this funding allocation will be eliminated or severely debilitated.

State Pre-school Program

As I stated earlier, the California State pre-school program, originally approved for title IV—A funding by HEW in 1964, is for children of nonworking mothers, most
of whom are current welfare recipients, and is designed to provide compensatory health, nutrition, education, and social services. The performance of the program is measured by the extent to which it serves young children from poor and prepare disadvantaged children for regular school. Under the new regulations, this program will lose all Federal financial support. At least 15,000 of the children currently being served will no longer receive developmental care. In all, some $16 million in Federal funding will be lost.

Of the total of 19,000 children in the California preschool program, only about 18 percent have working mothers, which means that the unemployed families of the poverty and prepare disadvantaged children for regular school. Under the new regulations, this program will lose all Federal financial support. At least 15,000 of the children currently being served will no longer receive developmental care. In all, some $16 million in Federal funding will be lost.

Of the total of 19,000 children in the California preschool program, only about 18 percent have working mothers, which means that the unemployed families of the poverty and prepare disadvantaged children for regular school. Under the new regulations, this program will lose all Federal financial support. At least 15,000 of the children currently being served will no longer receive developmental care. In all, some $16 million in Federal funding will be lost.

The need for the State preschool program is just as great as it ever was—probably great. At its present enrollment of 19,000 children, the program is nowhere near meeting the need for good compensatory preschool education in California. This is manifested by a December 1972 study by the State department of education revealing that the need for preschool services extends to some 465,000 low-income children.

CHILDREN'S CENTERS PROGRAM

Mr. President, there are 22,000 children currently served in the California children's centers program. The centers provide day care for children of working mothers or mothers in training for employment who are current, former, or potential welfare recipients. The newest social services regulations would permit continuation of 3-to-1 matching funds for the children's centers, but the eligibility limitations are so restrictive that the participation in the program would be cut by 51 percent—forcing almost 11,000 children out of the program.

These new regulations would rather sharply limit income eligibility for participation in the children's centers program in California to 150 percent of the AFDC standard for free care—which works out to about $5,682 a year for a family of four—with a sliding fee schedule operating under the AFDC standard—about $8,700 a year before taxes for a family of four in California. Thus, the family of four with an $8,700 annual income would be paying the full cost of day-care services—for 1 child over $1,000 a year. The growing need for day-care services hits all income groups. Most parents who want quality care for their children are not now eligible for care that is subsidized—the HEW regulations will elimi-
November 30, 1973

CONGRESSIONAL RECORD—SENATE

Mr. CRANSTON. Mr. President, I call up one amendment which will not take very much time. I call up amendment No. 750.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment, ordered to be printed in the Record, is as follows:

At the end of the bill, add the following new section:

REALLOWS OF CEILINGS ON FEDERAL FUNDS FOR SOCIAL SERVICES

SEC. 1150(b).—The Social Security Act is amended by adding thereto the following new paragraph:

"(3) A State to which an allotment is made under the preceding provisions of this section for any fiscal year shall not be reallotted to any such State an amount which such allotment is greater or less than the amount needed by the State, for uses for which the allotment is made, for such fiscal year and, if so, the amount by which such allotment is greater or less than such need.

"(B) Any amount reallotted to a State pursuant to subparagraph (A), that the amount of its allotment is greater or less than the amount needed by the State, for such fiscal year shall be reduced by the excess of its allotment over its need for such fiscal year. The amount reallocated to any such State for any fiscal year shall bear the same ratio to the total amount available for reallocation for such year as the amount of such State's allotment (determined without regard to this paragraph) bears to the total amount reallocated to all such States for such fiscal year (as so determined): except that there shall not be reallocated to any such State an amount which exceeds the excess of such State's allotment (as so determined) for such fiscal year, if such allotment (as so determined) is greater than such State's allotment (determined without regard to this paragraph).

Mr. CRANSTON. Mr. President, I shall give a very brief explanation of the amendment.

This amendment, effective in fiscal year 1975, would provide federal grants to States for adoption opportunities for hard-to-place children in an amount not less than $5.5 billion social services ceiling—funds allotted to, but unexpended, by some States to be reallocated to other States.
Mr. CRANSTON. Mr. President, this chart shows that many States—17 directly and some 36 very likely—would have been favorably affected by such a reallocation provision. These States were here to retain the present law regarding the purposes for which social services funds may be used, and no State would have been adversely affected.

The amendment, I believe, firmly intends that the full $2.5 billion authorization for the fiscal year 1975—assuming the amendment is carried—be used, and no State would have been adversely affected by the reallocation provision were we to retain the present provisions.

The amendment would be accepted. The amendment is carried. The period of the amendment is set aside.

Mr. President, I ask unanimous consent to insert at this point in the Record a chart which reflects the States' allotments as compared to actual expenditures under the social services program as it was previously constituted.

The amendment is agreed to. The material was ordered to be printed in the Record, as follows:

<table>
<thead>
<tr>
<th>SOCIAL SERVICES, FEDERAL SHARE (EXPENDITURE ESTIMATES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(AFDC and adult)</td>
</tr>
<tr>
<td>Fiscal year—</td>
</tr>
<tr>
<td>1973</td>
</tr>
<tr>
<td>1974</td>
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<tr>
<td>1975</td>
</tr>
</tbody>
</table>

Mr. President, I ask unanimous consent to insert at this point in the Record the following chart which shows the current status of the Social Security Act, as amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training."

| SOCIAL SECURITY ACT AMENDED BY INSERTING "(INCLUDING BOTH SHORT- AND LONG-TERM TRAINING AT EDUCATIONAL INSTITUTIONS THROUGH GRANTS TO SUCH INSTITUTIONS OR BY DIRECT FINANCIAL ASSISTANCE TO STUDENTS ENROLLED IN SUCH INSTITUTIONS)" FOLLOWING "TRAINING."
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(AFDC and adult)</td>
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<tr>
<td>Fiscal year—</td>
</tr>
<tr>
<td>1973</td>
</tr>
<tr>
<td>1974</td>
</tr>
<tr>
<td>1975</td>
</tr>
</tbody>
</table>

Mr. President, I ask unanimous consent to insert at this point in the Record the following section of the Social Security Act, as amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training."

| SOCIAL SECURITY ACT AMENDED BY INSERTING "(INCLUDING BOTH SHORT- AND LONG-TERM TRAINING AT EDUCATIONAL INSTITUTIONS THROUGH GRANTS TO SUCH INSTITUTIONS OR BY DIRECT FINANCIAL ASSISTANCE TO STUDENTS ENROLLED IN SUCH INSTITUTIONS)" FOLLOWING "TRAINING."
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</thead>
<tbody>
<tr>
<td>(AFDC and adult)</td>
</tr>
<tr>
<td>Fiscal year—</td>
</tr>
<tr>
<td>1975</td>
</tr>
</tbody>
</table>
Under this provision, States have contracted with educational institutions for a variety of training programs, including in-service training, educational courses, short- and long-term training for persons employed or preparing for employment in the States' social work programs.

However, the Department of Health, Education, and Welfare presently is developing regulations that would eliminate support for all long-term training, and permit support only for in-service training. Thus, educational institutions, which now contract with States for long-term and other forms of social work training, would not be permitted to receive support for such training.

For many schools of social work, such a curtailment means loss of support for a number of faculty members. Under this program of Federal support, the number of trained social workers fails short of the need for employment of qualified social work personnel.

Approximately $46 million has been appropriated annually by Congress and allocated in the past 10 years for such training. An estimated $12 to $15 million has been spent by the States in contracts with educational institutions for social work training.

The rationale for such support is delineated in the House and Senate Reports on the 1962 Social Security amendments, when Congress authorized an increase from 50–50 to 75–25 matching to the State's contribution for promotional programs at the 75% rate. To the extent that States receive federal help in the costs of providing educational support to persons employed or preparing for employment in the States' programs at the 75% rate, it is important to consider the extent to which the States receive support for such training.

An amendment that I am here offering will ensure that States may continue to use social work training grant money for long-term training or other training under contracts with educational institutions, if they desire to do so. I ask unanimous consent that a list of schools now receiving Federal support for social work training be printed in the Record at the conclusion of my remarks.

The amendment will prevent REV from eliminating by regulatory action Federal support for social work training, which Congress authorized.

Such a program should not be drastically curtailed, in my view, without an adequate evaluation of its merits and the impact on social work and the need for qualified, well-trained social work personnel.

REV's action is apparently another effort to cut the budget without adequate attention to the needs for a program it wants to eliminate.

There being no objection, the list was ordered to be printed in the Record, as follows:

Partial list of schools receiving Federal support for Social Work training, either in graduate schools of social work:

<table>
<thead>
<tr>
<th>Graduate schools:</th>
<th>Federal dollars received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>$700,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>$500,000</td>
</tr>
<tr>
<td>Virginia Commonwealth</td>
<td>$170,000</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$150,000</td>
</tr>
<tr>
<td>Houston</td>
<td>$120,000</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$100,000</td>
</tr>
<tr>
<td>Wayne State</td>
<td>$200,000</td>
</tr>
<tr>
<td>Temple</td>
<td>$200,000</td>
</tr>
<tr>
<td>Michigan</td>
<td>$300,000</td>
</tr>
<tr>
<td>Kansas</td>
<td>$200,000</td>
</tr>
<tr>
<td>Albany</td>
<td>$15,000</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$40,000</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>$90,000</td>
</tr>
<tr>
<td>Arizona State</td>
<td>$24,000</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$300,000</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$100,000</td>
</tr>
<tr>
<td>Marywood, Pa</td>
<td>$125,000</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$700,000</td>
</tr>
<tr>
<td>Louisiana State</td>
<td>$297,000</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$75,000</td>
</tr>
<tr>
<td>Alabama</td>
<td>$400,000</td>
</tr>
<tr>
<td>Texas</td>
<td>$150,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Undergraduate schools:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Western State, Pa</td>
<td>$30,000</td>
</tr>
<tr>
<td>Shippensburg State College, Pa</td>
<td>$15,900</td>
</tr>
<tr>
<td>Lehigh University of Indepen- dent Colleges, Pa</td>
<td>$15,500</td>
</tr>
<tr>
<td>Pacific Lutheran Univ, Wash</td>
<td>$69,500</td>
</tr>
<tr>
<td>Jackson State, Miss</td>
<td>$60,000</td>
</tr>
<tr>
<td>Mississippi College for Women</td>
<td>$32,000</td>
</tr>
<tr>
<td>University of Nevada, Las Vegas</td>
<td>$50,000</td>
</tr>
<tr>
<td>University of Nevada</td>
<td>$50,000</td>
</tr>
<tr>
<td>Shepherd College, W. Va</td>
<td>$21,000</td>
</tr>
<tr>
<td>Concord College, W. Va</td>
<td>$46,000</td>
</tr>
<tr>
<td>University of Okla, Tulsa</td>
<td>$30,000</td>
</tr>
<tr>
<td>New Mexico State U</td>
<td>$30,000</td>
</tr>
<tr>
<td>Winthrop College, S.C</td>
<td>$48,000</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>$48,000</td>
</tr>
<tr>
<td>University of Utah</td>
<td>$48,000</td>
</tr>
<tr>
<td>Union College, Ky</td>
<td>$11,500</td>
</tr>
<tr>
<td>Spalding College, Ky</td>
<td>$35,000</td>
</tr>
<tr>
<td>Pacific Lutheran Univ, Wash</td>
<td>$436,700</td>
</tr>
<tr>
<td>Eastern Michigan U</td>
<td>$24,800</td>
</tr>
<tr>
<td>Western Carolina U, N.C</td>
<td>$7,900</td>
</tr>
<tr>
<td>Eastern Tennessee State</td>
<td>$973,000</td>
</tr>
<tr>
<td>Tennessee State U</td>
<td>$40,000</td>
</tr>
<tr>
<td>Texas Tech, U</td>
<td>$12,500</td>
</tr>
<tr>
<td>Utah State</td>
<td>$31,000</td>
</tr>
<tr>
<td>University of Idaho, Vt</td>
<td>$30,000</td>
</tr>
<tr>
<td>University of Montana</td>
<td>$350,000</td>
</tr>
<tr>
<td>Florida A&amp;M College</td>
<td>$105,000</td>
</tr>
</tbody>
</table>

Both graduate and undergraduate schools:
- University of Hawaii | $48,000
- Portland State University | $16,600
- University of Illinois at Champaign-Urbana | $109,000
- University of Kentucky | $100,000
- Western Michigan University | $106,000
- U. of Minnesota-Duluth | $5,000
- Ohio State University | $70,276
- Case Western Reserve University, Ohio | $193,000

Mr. President, the need for this amendment is dramatically illustrated in the literature of those organizations which seek to peddle tax shelters to investors. A good example is a brochure advertising a tax shelter symposium sponsored by the Illinois Institute for Continuing Legal Education last June 22 and 23. The complete title of this symposium was "Tax Shelters: Pot of Gold at the End of the Rainbow, or Gone With the Wind?" Some of the specific sessions on the program evidently purported to educate the investor to that "pot of gold." They describe tax shelters in enticing terms. One session was titled "Tax Shelter Accounting—A Disneyland World," which was described as covering "accounting or tax sheltered investments in minerals and corporations." Another session on "The Greening of America—or, Wall Street Cowboys and Farmers," covered "on the hoof and in the ground tax shelter deals." The session on "Shipping as a Tax Shelter—No, it doesn't take foreign shipping and domestic shipping—its tax advantages and problems." One of the sessions, at least, points in what I think is the proper direction—It was titled "Future Shock—What Congress Has Done, What Congress Is Doing, What Congress Will Do." The amendment before us today would go a long way toward realizing that last prediction.

Another description of tax shelters comes in advertising for a report sponsored by the National Council of Tax Examiners. The report is titled "Tax Breaks That Lead to Executive Wealth." The letter promoting this report points out that executives "have been badly hurt by taxes and the only way to grow further, before what then?" The letter says the answers are found in the report, which covers topics including "How Profits from Real Estate Investments Can Escape Tax," "How to Reduce Tax Liabilities," "Federal Tax Incentives," and "Tax Savings Through Prepayment of Interest and Taxes."

These tax preferences make it possible for a well-to-do minority to pay less than a fair share of taxes. These effects fall hard and heavy on the vast bulk of low- and middle-income Americans, on the men and women whose only source of income is the wage they work for, or the earnings of small family-owned stores, workshops, and farms. The institutionalized tax dodges allow the wealthy to escape part of that burden.

I have detailed the workings of unfair provisions of the Code which allow for these tax shelter in statements before the Ways and Means Committee and in statements in this Chamber. I have introduced legislation to correct many of these inequities. On December 14, 1973, the Tax Reform Act of 1973. Co-sponsored by Senators Bayh, Haskell, Hughes, Pastore, and Tunney, this bill would raise approximately $18 billion in new Federal revenue in 1974 without increasing the tax burden on low- and middle-income Americans.

I have hopes that thorough tax reform, along lines of the bill I have introduced, will finally be enacted by this Congress. The amendment before us, to strengthen the minimum tax, is a first step.

Under current law, the minimum tax applies to 10 items of tax preference:
First, accelerated depreciation on real property; second, accelerated depreciation on net leased personal property; third, stock options; fourth, depletion allowances; fifth, capital gains; sixth, speculative oil and gas control facilities; seventh, special amortization of railroad rolling stock; eighth, bad debt reserves for financial institutions; ninth, special amortization for job training and child care facilities; and tenth, excess profits tax.

The minimum tax, at a rate of 10 percent, is imposed on these items of preferential income, with three deductions allowed: a $30,000 exclusion; the deduction of all Federal tax payments on the minimum tax; and the carry-forward of any excess of these Federal tax deductions from the 7 previous years.

The amendment we are considering today would repeal what is perhaps the most illogical and sensitive of these deductions—minimum tax: the deduction allowable for "regular" taxes paid. The reason for the minimum tax is that Congress judged that the taxes paid on these preferential items were too low, and lacks basis but is a further escape from the taxation, under the minimum tax, by allowing an unrelated deduction for taxes paid on normal income.

Mr. President, I commend the work of Senators Kennedy and Nelson in bringing this issue before the Senate today, and especially the continued effort of Senator Nelson on the committee level. I urge that the Senate adopt this amendment as a first step toward thorough reform of our tax system.

I suggest that the analysis of the amendment which my colleagues from Massachusetts and Wisconsin will make, demonstrates that the minimal effect on fuel production, will constitute the answer to the question that the Senator from Nebraska will later ask.

I ask unanimous consent that the brochure and the letter earlier in my remarks be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

(From the Illinois Institute for Continuing Legal Education)

**Tax Shelters Pot of Gold at the End of the Rainbow or Gone with the Wind?**

November 30, 1973

9:00-9:45 a.m. Shaping Tax Shelter Investment Structures—or Your Playmate of the Month, OUT!—What to use and how to use it. By Frank Wise, Director of Denver Tax College: General topics, contracts, joint ventures, subchapter S, trusts, section 351 transfers, John S. Pennell, McDermott, Will & Emery, Chicago.

9:45-10:30 a.m. Hot Lines—CATV and Microwave Tax Shelters, Jerry Greene, Televison Communications, New York, N.Y.

11:30 a.m.—12:15 p.m. All That Glitters Is Not Gold—Even on the Silver Screen—An Anatomy of movie deals as tax shelters, by other tax practitioners, like Leo M. Stiglich, Loeb & Loeb, Los Angeles, Calif.

12:15-2:00 p.m. Course Luncheon (In-
November 30, 1973

CONGRESSIONAL RECORD—SENATE

S 21539

and enter my new subscription to the weekly Research Institute Recommendations on business and taxes for one year at the low-tax-deduction rate of just $84 a month, payable annually. Bill me later.

Name —_________ Firm —_________

Address —_________ City —_________ State —_________ Zip —_________

By returning this card at once you receive the extra premium—a copy of Tax-Wise Handling of Expense Accounts Under the New Law.

TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH

Many executives do an excellent job for their companies, but fail to look out for themselves. May we ask you to take a minute out from company affairs and think for a change of your own wealth future through these methods which may cut your income tax sharply?

This Report offers outstanding tax saving plans, novels none of our clients have $300 a year. But you receive Recommendations each week covering any law changes and new developments as they occur.

SO MANY EXECUTIVES HAVE ASKED FOR SPECIFIC EXAMPLES OF THE TYPE OF TAX SAVING METHODS THEY ARE LOOKING FOR.

Here are 4 examples—all gleaned from cumulative works and files of the Research Institute—and included in "Tax Breaks That Lead to Executive Wealth". Here are some cross references. No Indexes. This Report offers the executive outstanding, tax saving methods now available in clear, concise form.

TABLE BONUS

Here's an executive getting a $3,000 yearly bonus and after 10 years has only $2016 to show for it, due to taxes. Yet the same man getting the same bonus over the same 10 years could avoid a tax bill under the plan shown here. That's $18,893 more and all under special low-tax shields.

$3,000

To give his 5-year-old daughter $5,000 at age 18, this man sets aside $500 a year. But this $500 is the entire after-tax interest on $25,000 of bonds he owns. Then he read how the Executive could have her $5,000 from only $72 a month. Now he can keep the other half for his own use.

REAL ESTATE INVESTMENTS

You have to know about this one to reap the sensational tax saving advantage. The tax rules say you must ask for it—It's not automatic. It allows investors in certain rental properties to defer their property and pay no tax on the profits—all matter under the law. The profits are—when they continue re-investing.

OFFICE-AT-HOME

One deduction the taxpayer may overlook is the expense of an "office-at-home". If you meet the two basic requirements of this deduction, simply list it on your tax return. Real estate, depreciation, light, gas, and so on. Here is a particularly good one for salesmen, self-employed or professionals.

TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH

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<table>
<thead>
<tr>
<th>Item</th>
<th>number</th>
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<td>The Family Setup That Pays College Tuition</td>
<td>2</td>
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<td>How Profits From Real Estate Investments Can Escape Tax</td>
<td>3</td>
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<tr>
<td>The Tax Deduction for an &quot;Office-at-Home&quot;</td>
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<td>How to Reduce Tax on Personal Investment Income</td>
<td>5</td>
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<tr>
<td>An Extra Deduction for Small Companies</td>
<td>6</td>
</tr>
<tr>
<td>Club Dues and Spending that Are Tax Deductible</td>
<td>7</td>
</tr>
</tbody>
</table>
TAX BREAKS THAT LEAD TO EXECUTIVE WEALTH

floor amendment to the Debt Ceiling Act. The proposal was labeled by the narrow margin of 49-47, but I am hopeful that a majority of the loophole-holders supports this reform, and I urge that it be approved as an amendment to H.R. 3185.

Earlier this month, in the House of Representatives, a much more comprehensive reform of the minimum tax was proposed. A majority of the floor amendment supports this reform, and I urge that it be approved as an amendment to H.R. 3185.

More to the point, this particular deduction—the deduction for regular taxes paid—could most appropriately be called the "executive suite" loophole, because it allows highly paid executives to use their large salaries to shelter large amounts of tax preference income against the minimum tax. But simply because a wealthy individual pays taxes on his salary just like everybody else, it does not follow that the taxes he pays should give him free entry to the "loophole club," by allowing him to amass large amounts of sheltered income, free not only from the regular tax, but from the minimum tax as well.

In large part, the source of this enormous avoidance problem is the deduction for taxes paid. As the deduction for regular taxes paid entered the revenue laws as an 11th hour Senate floor amendment on the Tax Reform Act of 1969. At the time, the Committee had reported a minimum tax of 5 percent to the Senate, with- out any deduction for taxes paid. Late in the floor debate in December 1969, an amendment was offered to raise the rate to 10 percent and to add a deduction for taxes paid.

The revenue effect of that amendment was negligible, but the tax equity effects were enormous. I led the opposition to the amendment at the time, but it was accepted by the Senate and signed into law as part of the Revenue Code, where it has been a continuing symbol of tax injustice ever since.

As a result, the inequity was compounded by another floor amendment, offered in 1970, which allowed a 7-year carry-forward of the deduction for taxes paid.

Thus, under the minimum tax in present law, a person is taxed at the rate of 10 percent on the source of his income from tax preferences, which include most of the major loopholes, less $30,000 exemption and less the amount of regular income taxes owed, including the carry-forward.

As an attachment to this statement, I have included a detailed summary of the current minimum tax and the operation of this amendment.

Last June, I offered this identical reform amendment, on behalf of Senators Nunn, Byrd, and Muskie, as a Senate

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EXPLANATION

Purpose

Repeal the step in the calculation of the minimum tax which currently allows a deduction for other taxes paid.

The minimum tax was enacted by Congress as an effort to guarantee that persons with substantial amounts of untaxed income would pay at least a modest tax on that income, as reported by the Finance Committee in 1969, a
preciation on personal property subject to a
preciation on real property, accelerated de-
$50,000 to $100,000
$20,000 to $50,000
$5,000 to $10,000
$0 to $5,000

Thus, the overall effective rate of the mini-
mum tax at all on loophole income of $2.2 bil-
lion. Thus, the overall effective rate of the mini-
mum tax on individuals was 2.6 percent.

Mr. KENNECY, Mr. President, I know that arguments will be made here that this amendment will affect in a signifi-
cant and important way the oil deple-
tion allowance. The question will also be raised that this amendment will have an adverse effect on those in this country because it will increase the tax on capital gains.

I think it is important to show, Mr. President, that the best information that the Treasury is unable to justify that view. The Treasury claims that the amendment will produce a 1 point reduction in the depletion al-
lowance, from its current effective level
of about 9 percent, to a new level of 1/7 percent. That minor reduc-
tion would only be a very gentle slap on the wrist to the Nation's oil industry, and the Treasury claims that this amendment will produce a gain of $4 million, and those with over $100,000 in adjusted gross income would pay $299 million.

So it is important that Senators understand where this tax will fall. It will be on those who have incomes over $100,000. They are the ones who will bear the heavy burden in terms of the addi-
tional gain, and that will be approxi-
mate $330 million.

In the $50,000 to $100,000 range, there will be 22,000 taxpayers, and the amount of increase in their taxes will be approxi-
mate $2.2 million. So the real increase will be for the individuals in this coun-
try who are making more than $100,000 in income.

That, Mr. President, is the group of people in this country who are benefiting from this current loophole. It is in the hope of trying to close that loophole that we have advanced this proposal.

Again, I want to reiterate that the burden and dislocation has been car-
ried in the Committee on Finance as well as on the floor of the Senate by mem-
ers of the committee. Senator Long himself deserves credit for recommend-
ing the minimum tax to the Senate without this loophole in 1969. The distinguished Senator from Wisconsin (Mr. Nelson) and I have worked over a period of years to close this loophole, and we have a number of amendments in the Senate today on behalf of ourselves and other cosponsors.

Mr. NELSON. Mr. President, will the Senator yield for questions?

Mr. KENNEDY. I yield.

Mr. NELSON. In reference to preference income, is it not true, that we do not by this amendment in any way change the fact that an individual can have $30,000 of preference income without paying a tax on it?

Mr. KENNEDY. The Senator is correct.

Mr. NELSON. For example, does it not mean that an individual would have to have more than $60,000 of capital gains in order to be required to pay any minimum tax under this proposal? In other words, he would pay on the $30,000, as he does under present law. Then he has a $30,000 deduction, so actually he could have $50,000 of capital gains under this amendment and pay no additional tax under the amendment.

Mr. KENNEDY. The Senator is quite correct. This is a bare minimum of tax reform. As pointed out by this example a person must have a large amount of capital gains, even with this amendment applicable, before he will be affected by it. The tragedy, the inequity, is that there are tens of thousands of Americans who fall into this category, who are able to take advantage of tax preferences, and are able to reap extraordinary tax benefits. That is a fundamental inequity, and it is a sizable loss to the Federal Government. When we consider the increase in the cost of all the items that have been added to the bill even this afternoon, a number of which I have supported, I think it is necessary for us to consider additional ways to finance these measures. This amendment is certainly a responsible measure.

Mr. NELSON. As I recall, from reading the Congressional Record, the only Senator who raised a question in December 1969 to the amendment offered by the former Senator from Iowa, Mr. Miller, was the distinguished Senator from Massachusetts (Mr. Kennedy), who expressed his opinion at that time that the amendment, in fact, would not strengthen the bill but rather would weaken the minimum tax.

The minimum tax was discussed in that context of the items that have been added to the bill even this afternoon, a number of which I have supported, I think it is necessary for us to consider additional ways to finance these measures. This amendment is certainly a responsible measure.

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The minimum tax was discussed in that context of the items that have been added to the bill even this afternoon, a number of which I have supported, I think it is necessary for us to consider additional ways to finance these measures. This amendment is certainly a responsible measure.

Mr. NELSON. There were two amendments, as I recall, offered by Senator Miller. It is these two amendments which really destroyed the objective of this tax.

The first amendment which allowed the taxpayer to deduct from his preferred income not only the $30,000 but all the taxes he paid on other regular income that year; and then a subsequent amendment, in which the taxpayer was allowed to carry forward for the next 12 years any part of any taxes he paid on regular income in the previous 7 years and he used that as a deduction from his preferred income. Is that not correct?

Mr. KENNEDY. The Senator is quite correct.

Mr. NELSON. Was it not also correct, at the time of the minimum tax it was estimated that it would raise about $500 million?

Mr. KENNEDY. As I recall, the original prediction of the revenues that would be brought in by the minimum tax was greatly overestimated, and the error was due in large part to the inclusion of the loophole allowing a deduction for taxes paid.

Mr. NELSON. I wish to add, if the Senator will permit me one moment, to say that it was the intention of Senator Miller to strengthen the bill, as he so clearly explained, to recognize that the two provisions that Congress adopted on the floor without hearings did, in fact, the contrary; that, whereas we thought we were acting on a minimum, and we said to the public we in fact, did not adopt an effective minimum tax; and that is all we are attempting to do here.

Mr. KENNEDY. The Senator is again correct, although I tried to point out on the Senate floor that the effect of that amendment would be to enable large numbers of wealthy executives to shelter large amounts of tax loophole income.

I am pleased that the Senator has reviewed the legislative history. In effect, what we are trying to do is to remedy the distortion placed in the law in 1969. We are trying to go back to the recommendation of the Finance Committee of 1969, to reform the law with regard to creating a minimum tax, and to try to make it work effectively.

The impact of the 1969 amendment has been to create one of the largest and most unique subsidies of the Internal Revenue Code, and its benefits go to individuals of very substantial wealth. One must have substantial income in order to be able to pay the taxes, and therefore to obtain the deduction against preference income. Thousands of wealthy individuals were able to do that in this country last year. In effect, they are frustrating what I think was a creditable attempt by the Finance Committee to close tax loopholes through the minimum tax.

Let me point out again, for the benefit of Senators, that the tax preferences which are not now subject to the minimum tax are not affected by this amendment. We do not touch the interest on State and local bonds, we do not touch drilling and development expenses, or the interest and taxes on real estate during the construction period, or the investment credit, or the gain on property transferred at death, or appreciation in property donated to charity.

Many who have studied the whole tax code believe that there are very sizable loopholes in these areas, but any effort to close them must await a comprehensive tax reform bill.

This is a modest reform. It is important. It will provide extremely valuable revenues. It is one which I am hopeful will be accepted by the Senate this afternoon.

Mr. NELSON. Mr. President, I intend to offer another amendment to strike out the provisions in here repealing the deductibility of the gasoline tax. I just wanted the Senate to be aware of that.

I should like to point out also that when this amendment was managed on the floor by the Senator from Massachusetts on June 27, 1973, it lost only by a 2-vote margin on a motion to table, the vote being 69 to table to 47 against.

Mr. LONG. Mr. President, as Senators have indicated, I hope we can vote on this matter some time soon, so that I would suggest those of us who are in opposition to the amendment be given about 12 minutes to respond to the speeches which may be made, and then a 5-minute amendment that we divide the time—give both sides 5 minutes each to sum up their arguments, at which time we can vote.

Mr. President, I ask unanimous consent that we might do that—let the opposition have 10 minutes, divided 5 minutes each to side.

Mr. BENTSEN. Mr. President, reserving the right to object. I feel very strongly on this and I think I certainly need about 5 minutes.

Mr. LONG. The Senator can have 5 minutes.

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

Mr. LONG. I yield. Does the Senator wish 5 minutes?

Mr. CURTIS. Five minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, I rise in opposition to the amendment. Let us make no mistake about it, this is an amendment the practical effect of which will be to make the fuel crisis greater and more permanent than the amendment the practical effect of which will be to dry up further our supply of petroleum and petroleum products.

Prior to 1969, the depletion allowance for oil production was 25 percent. Congress reduced that to 22 percent. Then, when we applied the minimum tax, it went down to 18.4 percent, and this proposal would reduce it further.

Are there no flaws about this so-called minimum tax? More than 50 percent of the minimum tax paid by corporations is paid by the oil and gas industry, and more than 46 percent comes from one company alone. How do we expect the American people to bear this burden? Can the production of oil and gas be increased by making it less profitable? We ought to have learned something from the exploration and discovery of oil and gas in the United States, since we made this mistake in 1969, has gone down, down, right along.

We ought to take a lesson from the country of Argentina. At one time, Argentina was self-sufficient in petroleum products. Then they had a series of governments that were hostile to the industry...
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key. They even drove it out. Today, Argentine's oil remains in the ground, and they are out competing with the rest of the world for Middleast oil.

There is no reason in the world why the United States should not be self-sufficient in energy. It does not make any difference with whom you are trying to produce milk or tomatoes or corn or cotton or make automobiles. The more profitable it is, the more you will get. The more profitable it is to spend huge sums of money to go out and explore for gas and oil, the more you will get.

Mr. KENNEDY. Mr. President, will the Senator yield on that point?

Mr. CURTIS. I will yield in a moment.

The more the Government attacks by increasing the tax, the less you are going to get. Now, of all times, it is preposterous that the Senate of the United States should take action to further reduce our energy supplies.

Mr. President, the gasoline shortage is greater than we think. We have been sold this argument about the respect to tractor fuel and aviation fuel. Today, my State is facing a crisis because airlines are curtailting service. I live in a small town of 2,600 people who for 68 years have had an unusual Christmas lighting. People have never heard of Christmas lighting. People have never had to come to watch. It is going to be dark this year because of the energy crisis.

Furthermore, there is a great burden that is being placed on the United States to produce all the good we can. If farmers cannot get tractor fuel and propane to pump water for irrigation, if they cannot get the fertilizer, which is a petroleum product, in the amount and during the time they need it—it will cut production by 10 percent—we have rendered a disservice to all mankind.

Mr. President, again I remind Senators that more than 50 percent of the corporate tax paid under the minimum taxes paid by the oil and gas industry, and 8 percent of the amount paid by the corporations represents the depletion allowance.

The PRESIDING OFFICER. The time

The PRESIDING OFFICER. The time if the Senator has expired.

Mr. LONG. Mr. President, I yield 5 minutes to the Senator from Texas.

Mr. BENTSEN. Mr. President, I share the objectives of the Senator from Massachusetts and the Senator from Wisconsin in trying to find a way that those people who have large incomes will pay a fair tax. But this is a strange amendment, indeed, in the way it actually works out.

The distinguished Senator from Massachusetts named those persons who are not affected by this amendment, the so-called preference income that is not touched by it. But the most important gap it does not affect are those people with large incomes who pay no taxes today. Large corporations are getting a break, and we will increase their taxes at all. This is work we ought to be trying to work toward—to see there is a way we can get these people pay their proportionate part of the tax.

It is paradoxical, indeed, when there is a amendment that provides that those persons who today are paying the most taxes will be the ones who will be penalized the most by this amendment, and those people who are paying the least taxes and have the biggest decreases will not be affected. That just does not add up to me, and I do not think that is the way we ought to approach this matter.

This is a highly complex tax situation. We are talking about tax reform next year. It is not that this job can be done in the Committee on Finance. That is where it ought to be done, instead of in a few minutes on the floor of the Senate.

The other point involved here is an important question. Are we going to penalize the capital gains tax. We are having a problem today in getting equity money to go into the stock market, in financing new ventures, in trying to take care of the problem of creating new jobs, with projections of increasing unemployment in this country because of the energy crisis. That source of capital will be diminished if the tax is increased on venture capital by an increase on capital gains.

So believe that this matter has not been given enough consideration, in light of what we are facing in the economy today. The Senator from Nebraska has talked about an energy crisis in this country; and it is a strange time, indeed, to start increasing the tax on the industry and those persons who are trying to add to our petroleum supplies today.

These are the main reasons why I sincerely hope this amendment will be defeated and that we can take it on and study it in depth in the beginning of the new year, and really attack this problem by trying to find out how we can get those persons who have vast incomes and pay virtually no tax to contribute their fair share.

I will tell Senators what this will do and how it will work. Those persons today who are paying high taxes—finding this amendment will give them no credit for the taxes they have paid—will be forced into more preference incomes.

It means that they will go into more accelerated depreciation deals. If they cut 10 percent of their income to "preference income", they would only be able to reduce their tax level to 10 percent and certainly that cannot be the objective of the sponsors of this amendment, but that could well be the result for a high-income individual with a clever tax lawyer. I do not believe that is the objective of the Senator from Massachusetts or the Senator from Wisconsin. I am not confident that it is. But I think that is the practical result of how this amendment would work.

The amendment provides that the man who pays the highest taxes is going to be penalized against his minimum tax. The man with a large income who pays the least taxes is the man who will not be penalized by this amendment. The amendment is confiscatory, and that would not achieve its objective. I hope the Senate will reject the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield myself 2 minutes.

Mr. President, I agree with the Senator from Texas that many of us would like to close the loopholes that exist for those who take advantage of the various preferences. We are unable to do that. This is not a comprehensive tax reform measure.

It is important for us to realize who is able to take advantage of the minimum tax. It is a blue-chip executive loophole. Should the president of a giant corporation, who earns $50,000 in income and perhaps pays $350,000 in taxes, be able to take that $250,000 and use it as a deduction against his preference income?

Where is the justification for this? Where is the fairness or equity in the tax system? It is important for us to realize that for every loophole created the tax will be borne by someone else who is going to pay. It will not be the executives who will pay for these loopholes. Rather, it will be the working people, who cannot take advantage of the loopholes and the other advantages in the tax code. For every loophole, someone has to pay to plug it up and it is the people who pay the taxes after day and year after year and who are unable to take advantage of oil depletions, accelerated depreciation, and all the rest.

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

Mr. KENNEDY. I yield.

Mr. BENTSEN. Does the Senator agree that those persons today who have very large incomes and pay no taxes will not be penalized and those who have high incomes and pay high taxes will be penalized by this amendment?

Mr. KENNEDY. If the Senator's question: Are there still a number of tax preferences not subject to the income tax, the answer is yes. If the question is: Would I like to see the loopholes eliminated so they would all be paying a tax, the answer is yes. If the third question is: Do we treat all the people in the same way, the answer is no.

I would like to deal with the whole problem, but we are not able to have the whole apple. However, we can take a large bite of the apple. If we do not do so, we are creating a loophole which it is estimated by the Treasury Department, is an advantage to 30,000 individuals in this country with incomes over $100,000. When that money is not paid because of tax loopholes, who pays it? It is the people who earn $20,000 a year or under. We are not treating all the people equally, but we are trying to reduce the loopholes in an important and substantial manner, and to guarantee that some of the wealthiest people in the Nation pay their fair share of tax.

Mr. PERCY. Mr. President, will the Senator yield to me for 3 minutes?

Mr. KENNEDY. Mr. President, how much time do the opponents have left?

The PRESIDING OFFICER. The Senator from Louisiana has 5 minutes remaining.

Mr. LONG. I only have 5 minutes. I yield 2 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, I would like to state as a matter of principle that I am very much for the minimum tax. I think it is absolutely unconstonions for people with high incomes to be pay-
ing no taxes. We should find a way to plug those loopholes and to do so as promptly as we can.

Mr. PERCY. I would like to ask the Senator from Massachusetts, if under his amendment the President would have paid more taxes in 1970 or 1971, based on the information we have with respect to the deduction for President Kennedy.

Mr. KENNEDY. The answer will depend on the facts. Since the President apparently paid only a small amount of tax in those years, the removal of the deduction for taxes paid would probably have no effect.

Mr. PERCY. I think we are familiar with what happened. A deduction was taken for Presidential papers in 1970 and 1971.

Mr. KENNEDY. That deduction might be analogous to the deduction for charitable gifts of appreciated property, which is not an item of tax preference. I have no knowledge whether the President had any tax preference income or would be required to pay a minimum tax. I would like to ask the floor manager what the case would have been.

Mr. LONG. The minimum tax would probably not affect the President. His taxes were low in those years because of the deduction for the gift of his papers. But we have changed the law in that respect since then and such gifts are no longer deductible.

Mr. PERCY. I understand this amendment would not have required the President to pay a penny more in taxes because it would not affect anyone who took a charitable gift deduction. For that reason we should not be deluded that this would fill all the loopholes.

I understand the House will begin hearings on tax reform early next year and Representatives Mills intends to go into reform of both capital gains and the minimum tax. I wish to ask the Senator if that is true.

Also I wish to ask a second question. Taking into account that orphans' pension funds and insurance companies represent total assets and millions of holders have an interest in the stock market, what effect in a very depressed stock market today would the passage of this amendment have if it became law?

Mr. LONG. I yield myself 1 minute.

The PRESIDING OFFICER. The Senator is recognized.

Mr. LONG. It would increase the capital gains tax from 36.5 percent up to 40 percent; that is roughly a 10 percent increase. That could not do anything but further depress the stock market and demoralize and discourage the stock market, which is in very bad shape now, as we all know.

With regard to this situation, I think that each Senator who wants to study this matter will probably come up with a different idea as to how this minimum tax should be implemented. The House is studying this and I have every reason to believe they will send us something in this area.

But we have to be careful about this matter. This could be a very unfortunate amendment. It could demoralize those we call upon to find more oil and gas, by placing a heavier tax on them.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. LONG. I yield myself 1 additional minute.

The Chase Manhattan Bank has stated that if we had not taxed away $700 million a year from the oil and gas industry, which included the minimum tax we passed in 1969, we would now have 10 percent more oil than we have, on the assumption that the money would have been plowed back into developing more reserves. In this amendment, this amendment will be very demoralizing to the real estate industry by imposing another big tax increase on them.

A DOWNPAYMENT ON TAX REFORM

Mr. BARTH. Mr. President, the purpose of the minimum tax was to make possible the taxation, to the extent possible, of income by special deductions permitted by the Internal Revenue Code had not been subject to taxation. Income accorded this special treatment is commonly referred to as "tax preference income." The minimum tax is derived by subtracting from total tax preference income the sum of $30,000 plus the amount of any regular income tax paid and then taking 10 percent of the remainder. Not all income accorded preference treatment, however, is subject to the minimum tax. For example, income derived from interest on State and municipal bonds is not subject to any Federal income tax and is not included as a prefer- ence income item. The same is true of charitable contributions of appreciated property, the investment tax credit and intangible drilling costs.

The minimum or additional tax for tax preference income was effective January 1, 1970 and is applied to the following preference items:

First. Accelerated depreciation of real property;
Second. Accelerated depreciation on personal property subject to a net lease;
Third. Amortization of certified pollution control facilities;
Fourth. Amortization of railroad rolling stock;
Fifth. Stock options;
Sixth. Reserve for losses on bad debts of financial institutions;
Seventh. Depletion;
Eighth. Capital gains and gain from disposition of on-the-job training and child care facilities.

When the minimum tax was enacted, it was estimated that it would raise $890 million in Federal revenues from individuals in the first year. In fact, for 1970 it raised only $439 million. The tax on "regular" income is simply unrelated to the tax on excluded items of tax preference. It is illogical to establish a tax on the preferred income escaping taxation, and then allow a deduction for taxes paid on regular income.

The two Miller amendments, significantly reduced the impact of the minimum tax upon individuals who pay some Federal income tax. In the floor debate on the amendments, Senator MILLEr stated that under his proposal the total revenue from the minimum tax would still be $760 million in 1970. In fact the revenue collected has fallen far short of this goal. In 1970, Individual revenue from which statistics are available the total income to the Treasury from both individuals and corporations was only $439 million.

The amendments allowing for the deduction of Federal income taxes paid and for the 7-year carry-over were never considered by any tax-writing committees, but were added on the Senate floor with very little debate as to their merit or effect. The administration has acknowledged that changes in the minimum tax are necessary. In its statement submitted to the Ways and Means Committee on April 30, 1973 by Secretary Shultz and noted that:

Experience with the minimum tax since 1969 reveals that the provision has not been effective in restraining individual taxpayers from paying a reasonable amount of tax based on a substantial portion of his income.

There is a clear need, Mr. President, for much broader, general tax reform legislation. Hopefully, the administration will be able to fully address itself to this urgent yet complex problem early next year.
Mr. President, when we tax capital gains, let us consider the mounting inflation that is a part of each gain.

Mr. President, the minimum tax adopted in 1969 was based on a sound principle—that individuals or corporations should not be allowed to combine tax preferences in such a way as to escape totally their liability for Federal income taxation.

Now let us see what this amendment would do. The amendment would eliminate the potential of combining such preferences.

The proponents of this amendment have circulated an explanation containing an example of taxpayer A and taxpayer B. Both taxpayers have preference income of $100,000 and in addition taxpayer A receives a salary on which he pays $100,000 in tax. Under current law, this is included in the minimum tax calculation and Mr. A pays no minimum tax. Taxpayer B has no salary income and, therefore, pays no ordinary income tax but pays $10,000 in minimum income tax. Now let us compare these figures. Mr. A pays $100,000 and Mr. B only pays $10,000 and the proponents of this amendment say this is unfair to Mr. B, and that A also should pay $10,000 additional.

Mr. President, this argument is ridiculous. The function of the minimum tax is to assure that every taxpayer in the United States makes some minimum contribution to the Government, and it is obvious that $100,000 in income tax meets that function.

The amendment on its face is penal. If a taxpayer has not paid substantial income tax he would not have a deduction that the proponents of this bill are attempting to eliminate.

Mr. President, this is not a so-called loophole closing amendment, but rather a deliberate attempt to penalize certain of the taxpayers of this country. One that would tax taxes paid under the existing minimum tax calculation and Mr. A pays no minimum tax. Taxpayer B has no salary income and, therefore, pays no ordinary income tax but pays $10,000 in minimum income tax. Now let us compare these figures. Mr. A pays $100,000 and Mr. B only pays $10,000 and the proponents of this amendment say this is unfair to Mr. B, and that A also should pay $10,000 additional.

Mr. President, this amendment claim it is intended to reach those few high-income individuals who avoid most or all taxation through skilful use of so-called tax preferences. This is not the case. It imposes a higher tax on those few high-income taxpayers of individual and corporate taxpayers who are now paying the full rates prescribed by law. For example, currently 32,000 individual returns have minimum tax liability. This would rise to 65,000 under the proposed amendment.

Changes in the minimum tax would reduce the effects of such incentives as mineral depletion and accelerated amortization of pollution control equipment. However, this amendment would reduce the tax on capital gains. The Treasury Department has reported that 84 percent of minimum tax revenue from individuals is attributable to the increased effective rate on capital gains.

Changes in the minimum tax formula, such as this amendment, would seriously impede the essential processes of capital formation and investment in productive enterprises. The balance between capital saving and consumption spending is already precarious. Many economists maintain that the existing rate on capital gains represents taxation of capital rather than taxation of real income.

Mr. President, there will be virtually a limitless need for capital investment in the foreseeable future. Let us examine one industry; the timber industry. The effects of proposed minimum tax changes on timber growing could be devastating. The rate of investment in the Nation's forest resources must increase dramatically if we are to achieve levels of productivity sufficient to meet increasing demands. Because of the long growing cycle, the need for sustained yield management programs, and the risks of uninsured casualty losses, investors in the timber property are already handicapped. This disadvantage compared to other investment opportunities. Capital gains treatment is the only tax incentive afforded timber growers to overcome these handicaps, and this incentive is threatened in 1980. Further reductions through the minimum tax or other mechanisms would virtually foreclose the possibility of attracting sufficient capital to meet future needs.

Pressures for hasty action on pending minimum tax legislation should be resisted by those who are concerned with problems of resource supply and productivity capacity. It is foolhardy to say that because of the deduction for taxes paid, we now have an opportunity to escape totally the responsibility for Federal income taxation.

Mr. President, this amendment is not a so-called loophole closing amendment; it is an outright attempt to penalize certain of the taxpayers of this country.

Defenders of this amendment say this is a direct attempt to eliminate the deduction for pollution control equipment.

Mr. President, when we tax capital gains, let us consider the mounting inflation that is a part of each gain.

Prof. Fred Wallich in testimony before the Ways and Means Committee has pointed out inflation reduces the real gains which should be a basis for taxation. Mr. Wallich has stated:

The rate of inflation has been higher. Since the lastest in the taxation of capital gains in 1969, then during any other period in the United States except for major war, from the beginning of the last business cycle through 1978, the cost of living has risen 18 percent. Over the same time period, the Dow Jones index, the most visible symbol of capital gains, rose by 11 percent and the Standard and Poor's index by 16 percent. Over this relatively short period, therefore, inflation has been about equal to the stock market appreciation in terms of both of the indexes.

Mr. President, advocates of this amendment claim it is intended to reach those few high-income individuals who avoid most or all taxation through skilful use of so-called tax preferences. This is not the case. It imposes a higher tax on those few high-income taxpayers of individual and corporate taxpayers who are now paying the full rates prescribed by law. For example, currently 32,000 individual returns have minimum tax liability. This would rise to 65,000 under the proposed amendment.

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Pressures for hasty action on pending minimum tax legislation should be resisted by those who are concerned with problems of resource supply and productivity capacity. It is foolhardy to say that because of the deduction for taxes paid, we now have an opportunity to escape totally the responsibility for Federal income taxation.
which applies only after an individual has $30,000 of preferred income. It is much more equitable way of raising this revenue than by increasing the minimum tax deduction. It also has some value to the average American taxpayer.

One of the few advantages of the complexity of the Internal Revenue Code is that it is not easily understood. The Internal Revenue Code is replete with tongue-twisting technicalities and mind-boggling complexities. If some of the provisions in the Internal Revenue Code were clearly understood they could not be defended by any elected representative. They represent a transgression of the constitutional provision that the tax rates should not be increased beyond the statutory level of 10 percent. A representative who voted for a provision that allowed a $30,000 deduction to every taxpayer before calculating income subject to the minimum tax:

Third, add a single new item of preference income to the base of the minimum tax, for example, intangible drilling and development costs. As has been proposed from time to time.

We propose that the revenue gain from our amendment strengthening the minimum tax be used to pay for the new and very desirable tax credit for low-income families instead of the committee's proposal to pay for the tax credit by repealing the gasoline tax deduction. The gasoline tax deduction is of benefit to average American taxpayers. Individuals with taxable income of $25,000 or less receive 71.1 percent of the benefit of this deduction.

Even with our amendment, the minimum tax would still only apply to wealthy individuals, who have more than $30,000 in preferred income each year, regardless of how much regular income they also have.

These two different approaches to raise the same revenue are not like two ships passing in the night, but rather like ships steamlining off in opposite directions.

We recognize the additional necessary revenue, not by taking already overburdened average American income but by taxing forms of income that escape taxation entirely. Figures clearly demonstrate that the average taxpayer bears the brunt of the tax obligations. Mr. President, I ask unanimous consent to insert in the record the minutes recorded in this Chamber at this time, the most recent data on Federal Individual Income Tax Liabilities by Federal Individual Income Classes.

Mr. President, I ask for the yeas and nays.

Mr. BENTSEN. I yield back my time.

The PRESIDING OFFICER. All time is yielded back or expired. The question is on agreeing to the amendment of the Senator from Massachusetts. The yeas and nays were ordered, and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. Orbison), the Senator from Indiana (Mr. Hart), the Senator from Colorado (Mr. Haskell), the Senator from Iowa (Mr. Hughes), the Senator from Wyoming (Mr. McGee), the Senator from South Dakota (Mr. McGovern), the Senator from New Mexico (Mr. Montoya) and the Senator from Mississippi (Mr. Brown) are necessarily absent.

Mr. BENTSEN. I further announce that, if present and voting, the Senator from Florida (Mr. Orbison) would vote "yea." Mr. GRIFFIN, I announce that the Senator from Tennessee (Mr. Baker), the Senator from Oklahoma (Mr. Bell), the Senator from Utah (Mr. Bennett), and the Senator from California (Mr. Magnuson) are necessarily absent.

Mr. BENTSEN. I also announce that the Senator from Missouri (Mr. McGovern) is absent because of illness.

Mr. BENTSEN. I further announce that, if present and voting, the Senator from Indiana (Mr. Hart) would vote "yea."
November 30, 1978

[No. 637 Leg.]
YEAS—37
NAYS—46

So amendment No. 700, as modified, was rejected.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. Mr. President, I move to lay that motion on the table.

Mr. HANSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PASTORE. Mr. President, I ask unanimous consent that the amendment of the Senator from North Carolina (Mr. Evans) be called up after this colloquy and that a vote on final passage take place at 7 o'clock.

Mr. ALLEN. I object.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I am as anxious to pass this bill as any other Senator. The enormous things contained in the bill that should not be decided in a willy-nilly fashion without the Senate having a chance to take a position on it. Some of the amendments have a great deal of merit. Some do not have so much merit.

I have to come back and work tomorrow or even next week, we ought to do a responsible job. As manager of the bill, I know that we have some things to vote on as yet that ought to require the careful consideration of the Senate. It might not be possible to dispose of the bill quickly.

Mr. PASTORE. Mr. President, I realize that. However, I have been given to understand that once we get back on the debt ceiling, the leadership has decided that nothing will interfere with that matter until we dispose of it. That matter may go over until next week or even beyond, depending upon what the vote on cloture may be.

I am saying at this juncture is that the House has sent us a bill with an 11-percent increase, and the people who are to be the beneficiaries of it are waiting anxiously for that 11-percent increase. Here we are, dilly-dallying with a lot of extraneous matters. We are talking about tax deductions and a lot of other things which have no connection with this, that will be brushed off when it gets into conference, and all I am saying is, let us have a little sense of practicality and pragmatism, and let us give these people what they are all waiting for, their 11-percent increase.

Mr. LONG. Mr. President, I appreciate every effort the Senator from South Dakota has made.

I also know that there are items in this bill that Senators do not thoroughly understand, and that there are items that will be offered to be added to or taken from it, involving hundreds of millions, and even billions of dollars, and as the manager of the bill, if this Senator can see to it, we are going to do a responsible job, and I intend to do the best I can to see that that is the case.

It is entirely possible that even after we pass the bill after we have worked diligently, coming in early and going home late, the House may then let it die for 1 or 2 weeks or a month before they do business with us. Those are some of the kinds of frustrations that happen. I will do the best I can to move the bill along, but by way of being responsible, I think we should not agree to shut off debate and vote at 6, 7, 8, or 10 o'clock.

I think we are making very fine progress. The last amendment, which we disposed of in about a half hour, was a very important amendment, and I think there are important considerations on both sides.

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

Mr. LONG. I yield.

Mr. PASTORE. Mr. President, the Senate has made a very fine statement, and I would
agree with him, but in an effort to keep things moving, I would hope he would agree, on proposals such as that of the Senator from Alabama, to a time limitation. I would hope we would not talk ourselves out between now and 7 o'clock, but would make every effort to bring this matter to a head, so it would be possible at that time to vote on final passage.

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

Mr. MANSFIELD. I yield.

Mr. LONG. May I ask the Senator, has it really been determined, without any perusal or consultation of others, that, starting at 7 o'clock we are going to go back to the area where we are completely deadlocked, that is, with regard to the debt limit and the amendment involving campaign financing, or is there some possibility that if the bill has not been passed by that time, both sides might be willing to delay further consideration while we do the Nation's work?

Mr. MANSFIELD. I am sure that would be allowable, but I would point out, in response to a question raised by the distinguished Senator from Rhode Island (Mr. Pastore), that in the next several days we do have other important pieces of legislation: daylight saving, legal services, an independent Watergate prosecutor, just to mention a few. So we do have an important schedule, and I want to thank all Senators for their cooperation.

Mr. PASTORE. Mr. President, I do want to be helpful to the manager of the bill. I threw him the ball, but he ran in the opposite direction.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. DOLE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. Doles amendment is as follows:

On page 87, lines 21 and 22, insert the following new section:

"Sec. 136. A title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:

"REPORTING REQUIREMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES"

"Sec. 1133. In addition to other requirements imposed by law as a condition of approval under Part A of title IV or under title VI, there is hereby imposed the requirement that such plan provide that, not less than 45 days prior to the beginning of each fiscal year (commencing with the fiscal year which ends June 30, 1976) that such State shall compile, and make public, a list ("the list") of all services to social services to be provided for the coming fiscal year under such plan which indicates each type of service for which such fiscal year is needed in these areas. Yet, at the same time I feel that the Federal Government has a responsibility to insures that the Federalism approach functions as it should. There is nothing mysterious about the revenue-sharing concept that insures that the funds over to officials at the lower government levels will insure they are used in a more effective manner. I believe the decisions from the Federal bureaucrats to State bureaucrats is not in itself the solution.

Decentralization of the decisionmaking powers will only serve to improve Government if the people at the community level become involved and have an active voice in the development of programs and the determination of how the funds are to be utilized. Now I do believe it is important that the people at the community level, including the decisionmakers, beneficiaries, providers, professionals, and all other parties interested in a viable social services program be involved in its development. I am proposing an additional amendment which I ask to be considered under suspension of the rules.

The amendment provides that 45 days prior to the beginning of each fiscal year, each State make public the following information regarding its social services program:

A list of services to be provided under the program;

Second. The anticipated expenditures for the entire program and for each specific service;

Third. The criteria to be imposed under such plan to determine eligibility for each type of service.

This information would serve to notify all parties interested in and concerned with the social services program what the State intends to do with its funds and who the State intends to serve. As prescribed by the amendment, the information would not be binding on the State, and the program could be adjusted by the State without any notice or publication. No penalties would be involved if the intentions expressed in the publication were not realized during the year. Thus, the requirement of this provision would not limit the flexibility now available to the States in developing their programs.

The publication would put the Government on record as to what it intends to do with the social services program. I would encourage a better organized and fully developed State plan. It would also, when compared with the year end reports made to the Federal Government, require that States have facts and figures to justify the need for any alteration in the social services program announced at the beginning of the year.

I would agree that Federal control has made the Social Services program an administrative nightmare over the past several years. Federal intervention has been a negative force. However, if Federal intervention is needed in these areas, I feel that it is important that the Federal Government on record as to what it intends to do with its funds and who the State intends to serve. As prescribed by the amendment, the information would not be binding on the State, and the program could be adjusted by the State without any notice or publication. No penalties would be involved if the intentions expressed in the publication were not realized during the year. Thus, the requirement of this provision would not limit the flexibility now available to the States in developing their programs.

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November 30, 1973

CONGRESSIONAL RECORD—SENATE

S 21549

the States as much freedom as could be accorded to the States to handle their social services and what is in the way they thought it should be done. They have to report to us how they have spent the money. This is just more paperwork, to make them report in advance what they are planning to do, and then tell the amendment says in the last section:

Nothing in this section shall be construed to limit the right of any State to revise its plan (as referred to in the preceding sentence).

So it requires them to report what they will do, and then does not require them to do it anyway. To me, and all that, it is just a matter of unnecessary paperwork imposed on the States. It is up to the Senate what it wants to do about it. I would think the States would object to having to report something in advance when perhaps they might not know far in advance precisely how they are going to put their plan together. So I personally do not favor it, but I am willing to abide by the Senate's wishes on the matter.

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

Mr. LONG. I yield.

Mr. DOLE. It is the intent of the Senator from Kansas simply to make available public notice, so that those providers of services and others who have an interest in the social services program will have the right to be heard by their legislators or their Governors. It is not merely a matter of any additional paperwork. It is my intent to have some public notice of what the proposed programs may be, what the criteria may be, and what the expenditures may be.

I do not look upon that as any great limitation. It certainly is not intended as a limitation on the programs and those who administer the programs.

Mr. LONG. Mr. President, I am not saying that that is an unreasonable requirement. I think the Senator's thought was that we should place no more requirements than necessary on the States, and this is just one more requirement. My thought would be that this matter of having something that should be addressed to the legislature, and to the Governors, without imposing on them, it is not a matter of great moment one way or the other, but I personally do not feel we ought to impose any more requirements on the States than we have already imposed.

The PRESIDING OFFICER (Mr. Fason) said the question is on agreeing to the amendment of the Senator from Kansas (putting the question). The ayes have it.

The amendment was rejected.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The vote has been announced, and the request is not in order.

Mr. DOLE. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the proper place insert the following new section:

Sec. — During any period during which any foreign country prohibits or limits the export of crude oil or refined petroleum products from such country to the United States, there shall be no export of articles, materials, and supplies used in the exploration, discovery, extraction, or refining of crude oil to any foreign country so long as that foreign country prohibits the export of crude oil or refined petroleum products to the United States. The amendment would also apply to foreign countries which transship American-made materials used in the oil production industry to those countries which have placed an embargo on the importation of oil to the United States.

Mr. President, I am not certain how many in this Chamber may have watched the network program the other morning, where it showed shipments of oil field equipment and supplies leaving Houston, Tex., headed for Saudi Arabia at the very time some of the Arab countries have enough machinery and supplies and tubular casings to last them for 21/2 years, and at the very time when the producers in Kansas, Texas, Oklahoma, and other States are unable to obtain this very same equipment.

It is the intent of this amendment to assure that the equipment and materials manufactured in the United States and which are essential to increased oil production are used to increase the availability of crude oil to the United States. It is questionable whether the embargo proposed by this amendment will change to any degree the policies of those countries which have restricted oil exports to the United States. The amendment will, however, enable us to increase the domestic capacity to produce the oil that is so vitally needed at this time.

It simply makes no sense for us to continue to export to countries that restrict oil exports. The embargo will change to any degree the policies of those countries which have restricted oil exports to the United States. The amendment will, however, enable us to increase crude oil production in this country.

Mr. DOLE. Mr. President, the amendment provides for 21/2 years, and at the very time when the embargo on crude oil production in the United States is being delayed until the company has casing and tubing on hand for the development wells. Hardest hit by the shortages are the independents who normally drill the bulk of the country's wildcats.

At a time when the country needs domestic exploration and economic incentives are available to increase discovery efforts, the equipment needed to expand drilling operations is not available.

The causes of the shortages in materials essential to oil exploration are many. The steel shortage, the devaluation of the dollar, the increased demand for the items have all contributed to the problem, and I feel it is likely that we will find it necessary to deal with the impact of these factors on oil production in the near future.

But disregarding the limited amounts of oil-producing materials that are on hand and the economic factors that have led to these shortages, I feel that it is obvious to all of us that we are only complicating the problem by exporting the items that are essential to the oil discovery and producing process to countries that will not in return export to us at a time when the first 3 months of this year, field drilling machinery and equipment valued at nearly $300 million—30 percent of total domestic production—was exported from the United States, according to the latest Department of Commerce figures.

Approximately 20 percent of these exports went to Arab nations which have refused to let the oil equipment producers be returned to this country. During the 3-month period which followed, 200 tons of oil country goods—tubing, casing, and drill pipe—were exported from the United States, a sizable portion—approximately 15 percent—of these goods went to Arab countries. Our domestic supply of these essential items whose scarcity is slowing domestic recovery efforts would be increased by 1.7 percent if we were to halt the flow of these goods to countries who refuse to export oil to us.

Although these figures do not appear too insignificant at first glance, they are important when you consider that we are looking at a predicted 17-percent shortage which through various programs and measures we are trying to cover. If an additional 5-percent increase in discovery operations made possible by returning these items now shipped to Arab countries could result in a 1-percent increase in production, that would have a significant impact on our efforts to meet the predicted energy shortage. When Arab countries are asked to incur various hardships and inconveniences in their daily lives to conserve energy, any action we can take to increase energy resources take on significance.

The Department of Commerce figures which I have quoted, only reflect direct exports to Arab nations and in no way reflect U.S. exports of these goods to other countries which transship these items to Arab countries or which enable other countries to export to the Arab countries similar items of their own production. My amendment would cover not only
direct exports to countries who have embargoed exports of oil to the United States, but also exports to other countries which in turn export similar articles, materials, or supplies to countries which have placed an embargo on oil exports. The United States. Thus the amendment would halt the export of U.S. goods which enables a foreign country to export to one of the nations which is limiting exports of fuel to the United States.

Statistics relating the impact of this ban on imports that are trans-shipped to Arab countries or else make it possible for other countries to ship their own goods to Arab countries are not available at this time, but it is likely that the portion of the amendment could make a considerably larger portion of the essential items available to domestic users.

Shortages in oil production equipment are being felt across the country. The Independent Petroleum Association of America, in presenting the attached information regarding the number of wells various independents have indicated they will not be able to drill due to pipe shortages. I ask unanimous consent that this information be printed at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

<table>
<thead>
<tr>
<th>Name of Wells He Cites That Won't Be Able To Be Drilled Due To The Pipe Shortage Or Characterization of Shortage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. M. Thacker, Jr., Expando Production Co.; Wichita Falls, Texas; 1—9,000 ' well.</td>
</tr>
<tr>
<td>2. Victor R. Gallagher; Evansville, Indiana; 3 wells.</td>
</tr>
<tr>
<td>3. H. D. White, Southern Tyrangle Oil Co.; Mt. Carmel, Illinois; &quot;impossible to get casings and steel products...&quot;</td>
</tr>
<tr>
<td>4. H. S. Barger, Barge Engineering Inc.; Enid, Oklahoma; &quot;shortage of oil field casing...hampering oil exploration...&quot;</td>
</tr>
<tr>
<td>5. Guy F. Sitter, Ohio Oil &amp; Gas Assn.; Newal, Ohio; &quot;oil is industry in Ohio...gravely affected...&quot;</td>
</tr>
<tr>
<td>6. James K. Vincent, Reynolds &amp; Vincent; Columbus, Kentucky; &quot;experiencing extreme difficulty...&quot;</td>
</tr>
<tr>
<td>7. Charles L. Lucas, L&amp;H Drilling Co.; Owensboro, Kentucky; &quot;critical shortages...&quot;</td>
</tr>
<tr>
<td>8. John W. Weaver, Tamarack Petroleum Company, Inc.; Evansville, Indiana; &quot;becoming more and more difficult...&quot;</td>
</tr>
<tr>
<td>9. H. W. Hacker, Indiana Farm Bureau Coop. Assn., Inc.; Mt. Vernon, Indiana; &quot;independent producers are unable to obtain casings...&quot;</td>
</tr>
<tr>
<td>10. J. D. Turner, Evansville, Indiana; 30 wells.</td>
</tr>
<tr>
<td>13. Cortland C. Dietz, Rocky Mountain Oil &amp; Gas Association; Denver, Colorado; &quot;shortage of steel for small operators will be critical.&quot;</td>
</tr>
<tr>
<td>14. Roland Goudy, North Texas Oil &amp; Gas Association; Wichita Falls, Texas; &quot;not one of the (pipeline) dealers has any pipe or stock...&quot;</td>
</tr>
<tr>
<td>16. James E. Shobin, Jr., MacParlane Company; El Dorado, Arkansas; 1—9,000 ' drilling but no pipe...unable to get commitment for 19% deliveries.</td>
</tr>
<tr>
<td>17. James B. Cehr, Independent Oil &amp; Gas Assn. of West Va.; Clarksburg, W. Va.; 19 wells last...</td>
</tr>
<tr>
<td>18. Glenn Ferguson, Independent Oil &amp; Gas Producers of Calif.; Los Angeles, Calif.; &quot;extreme shortage of pipe...&quot;</td>
</tr>
<tr>
<td>19. Norman D. Fitzgerald, West Central Texas Oil &amp; Gas Assn.; Abilene, Texas; &quot;lack of tubular goods as disaster...&quot;</td>
</tr>
<tr>
<td>20. Michael Chambers, General Oilfield Supply Co.; Evansville, Indiana; &quot;unable to furnish...pipe to my customers...&quot;</td>
</tr>
<tr>
<td>21. John B. Forrer, Independent Oil Assn.; Owensboro, Kentucky; &quot;was scheduled for November and December have (been) tabled...&quot;</td>
</tr>
</tbody>
</table>

Mr. DOLE. Mr. President, Kansas independent oil companies have indicated that as many as 150 to 200 discovery operations which would have been undertaken across the State will not now be drilled because of the shortage of pipe. It is estimated that if Kansas oil producers would have had a steady supply of casing and drilling pipe in the first 3 months of 1973, they would have drilled 260—300 more wells. With an average new well productivity of 50 percent, 300 new wells would have realized an increase of 4,500 barrels per day. It is estimated that these additional drilling operations which would have been made available to U.S. producers domestic production could have been increased by 42,300 barrels per day, using a conservative well average of 30 barrels per day.

In spite of tubular shortages, the midcontinent area oil producers—the Texas panhandle, Oklahoma, Kansas, and a part of Nebraska—have increased running drilling rigs from 157 in 1972 to 218 to date for 1973. If they had had the pipe, there would be at least 250 running drilling rigs instead of being operated in the midcontinent region.

We do have oil reserves in the United States which can be tapped and produced economically. It is time we take every step necessary to encourage domestic production, and I feel this amendment will contribute to this effort.

I feel that one point regarding the impact the amendment would have on Arab countries bears mentioning at this time. It has been estimated that the Arab countries have approximately a 2-month supply of equipment and pipe which is to be used in their production for 1973. If they had had the pipe, they would have been made available to U.S. producers domestic production could have been increased by 42,300 barrels per day, using a conservative well average of 30 barrels per day.

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We do have oil reserves in the United States which can be tapped and produced economically. It is time we take every step necessary to encourage domestic production, and I feel this amendment will contribute to this effort.
Mr. DOLE. I do not quarrel with the distinguished Senator from Louisiana, but I have seen the precedent of adding almost everything to different bills, particularly the debt ceiling bill, and no one seems to turn handstands because of that.

My point is that this might serve notice on the Commerce Department and the Treasury Department. The Senator from Louisiana is from one of the great oil-producing States, and he can understand how the people of this country react when they see loading ships to send oil equipment to Saudi Arabia, and that country could care less whether .

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BARTLETT and Mr. BELLUM), the Senator from Utah (Mr. BEHRING), the Senator from New York (Mr. JAVITS), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The Senator from Idaho (Mr. McCURRY) and the Senator from Oregon (Mr. PACKWOOD) are absent on official business.

The Senator from New Hampshire (Mr. COTTON) is absent because of illness in his family.

The Senator from Arizona (Mr. GOVAN) is absent by leave of the Senate on official business.

The result was announced—yeas 54, nays 25, as follows:

No. 838 Leg] YES—54

Allen Fannin Proxmire
Bryant Pong Proxmire
Beall Gurney Randolph
Bentsen Hansen Ribicoff
Bible Heims Roth
Biden Hollings Schweiker
Buckley Brutus Scott,
Byrd, Robert C. Humphrey William L.
Cannon Incouy Stevens
Case Jackson Stevens
Church Johnston Tall
Cook Magnuson Thurmond
Cranton McClain Tower
Curtis McIntyre Tunney
Dole Mondale Weicker
Domenici Muskie Williams
Don itick Nunn Young
Eastland Pasteur
Ertin Pearson

NAYS—25

Abourezk Gravel Moos
Alkie Grimm Nelson
Brock Hassid Mccarthy
Brooke Hathaway Saxby
Burick Huddleston Scott, Rush
Byrd, Kennedy Sparkman
Harry F., Jr. Long Stafford
Clark Mansfield Talmadge
Eastland Metcal

NOT VOTING—21

Baker Goldwater McClure
Bartlett Hart McGee
Belmont Harke McGovern
Bennett Hixson Montoya
Chiles Hughes Packwood
Cotter Javits Stennis
Fulbright Mathias Symington

So Mr. DOLE's amendment was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

* * * * *
(2) The application of paragraph (1) shall be reduced by the sum of any amounts received under section 6428 during that year.

(b) Definitions.—For purposes of this section—

(1) Eligible individual.—The term 'eligible individual' means an individual who maintains a household (within the meaning of section 151(b)(1)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(a)(1) (relating to deduction for personal exemptions).

(2) Amount of refund.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the sum of the lesser of—

(A) $52, or

(B) any amount received by the taxpayer for social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

(c) Eligibility for credit.—No advance refund may be made under this section for any qualified year before the calendar year in which the individual taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 42 for that year.

(d) Minimum payment.—No payment may be made under this section in an amount less than $10.

(e) Collection of excess payments.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold, from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts commensurate with the amount of that excess.

(f) Effective date.—The amendments made by this section shall apply with respect to

(1) amounts paid to installments, or

(2) amounts paid to installments.
November 30, 1973

CONGRESSIONAL RECORD—SENATE
S 21553

Mr. ERVIN. Mr. President, the amendment which I am going to discuss is, in my opinion, a most important amendment, because it is designed to prevent a serious impairment of the entire structure of the social security system.

Before I address myself to the amendment, however, I would like to call the attention of the Senate to the fact that under this bill social security taxes imposed jointly upon the employer and employee will rise on the first day of January 1978, to a total of 11.7 percent; that social security taxes imposed upon the employer and employee jointly will rise to 12.1 percent on January 1, 1978; that social security taxes imposed upon the employer and employee jointly will rise on the first day of January 1981, to 12.9 percent; that social security taxes imposed upon the employer and employee jointly will rise, on the first day of January 1986, to a total of 13.9 percent; and that social security taxes imposed jointly upon the employer and employee will rise, on January 1 of the year 2011, to 14.5 percent.

Mr. President, I have misgivings about the habit of the Congress constantly raising social security taxes. As I recall, if this bill is enacted in its present form, it will constitute the fourth or fifth increase in social security taxes in the last 4 years. I just do not believe business and the country can continue to pay taxes which will run from almost 12 percent of the covered payroll to almost 15 percent of the covered payroll and still be able to prosper. I do not think the products of the business or the services of the business on which such drastic payroll taxes can possibly compete in the world market with the products or services of other Nations.

It can be said, of course, that the highest rates of the bill provide will not take effect until the year 2011, and so we might apply a flattering function to our political souls by taking the toast which the Kings and courtiers of France took just before the monarchy was toppled, "After me, let the deluge come."

This amendment does not refer specifically to those tax rates, but I do have misgivings about these rates. I think the American people in general and the working people of America in particular are becoming tired of being taxed for such a large proportion of their earnings from the time they start working in their early twenties until they are 65 years of age. I think we are eventually going to have a rebellion against the constant increase in social security taxes.

And under the bill self-employed persons will pay social security taxes through the nose.

In addressing myself specifically to this amendment, I read the explanation of the amendment which appears on page 14 of the committee report, be printed at this point in the body of the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

SOCIAL SECURITY TAX RATES

<table>
<thead>
<tr>
<th>Calendar years</th>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974 to 1977</td>
<td>4.15</td>
<td>7.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>4.95</td>
<td>7.00</td>
</tr>
<tr>
<td>1981 to 1985</td>
<td>5.95</td>
<td>7.00</td>
</tr>
<tr>
<td>1986 to 2010</td>
<td>8.05</td>
<td>8.05</td>
</tr>
</tbody>
</table>

Mr. ERVIN. Mr. President, I have misgivings about these rates. I think the American people in general and the working people of America in particular are becoming tired of being taxed for such a large proportion of their earnings from the time they start working in their early twenties until they are 65 years of age. I think we are eventually going to have a rebellion against the constant increase in social security taxes.

And under the bill self-employed persons will pay social security taxes through the nose.

Under this provision, the Government will collect social security taxes, as it does now, from every person who works and make such payments into the Treasury of the United States.

If the Congress wants to give $400 out of the Federal Treasury to everybody who is an eligible worker—that is, every person who has one child, as this bill provides—the Congress ought to make it a general fund and not for social security purposes.

This provision would not rob the social security system. This is so because part of the total income of the husband and wife is $4,000 or less. For families where the husband's and wife's total income exceeds $4,000, the credit given them is one-quarter of the amount by which their total income exceeds $4,000; thus, the taxpayer would become ineligible for the credit once total income reaches $5,600 ($5,000 exceeds $4,000 by $1,600, one quarter of $1,600 is $400, which subtracted from $400 equals zero).

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not be politically popular. When I am
tempted to cast a vote that I know to be
politically unpopular, I quote to myself
these words of Edgar Guest:
I have to live with myself, and so, I want
to be fit for myself to know.

If I do not take care that the days go by, always to
look myself straight in the eye.
I don’t want to stand with the setting sun,
And hate myself for the things I’ve done.

If I voted for a provision that would
convert the Social Security System into a
system of permitting some people to
receive social security benefits, or any government
aid, and not helping themselves. I believe that
those who are paying the social security taxes, I
would stand with the setting Sun and
hate myself for the things I have done.

Congress should amend the welfare law so
that those who pays. It ought not to prostitute the Social Secu-
rity System to accomplish such an ob-
jective.

Mr. President, I yield the floor.

Mr. LONG. Mr. President, the thing
that I am saying here is the same thing that the Senate voted for by a major-
nity of about 9 to 1 when we were con-
sidering H.R. 1.

This relates to what is probably the
most unjust thing about the American
system of government, and that is that when one actually studies the mat-
ter of who is paying the taxes, he comes
to the shocking and disappointing con-
clusion that a fair study by any econ-
omist would show that actually the poor
people have actually paid their taxes to
some of the richest people in the world.

There is a chart on the desk of each
Senator that I have asked to have placed
here. It appears in the back of the
Chamber.

The information on this chart was
taken from a study compiled by the U.S.
Census Bureau. It demonstrates how
much the poor actually pay in taxes in the
United States. Here is what it shows. It shows who
pays for the tax after the corporation
passes along as much of it as they can to
the consumer and absorbs that part
which they cannot pass along, and after
the employer pays the social security tax and passes it on to the customer, and
after the landlord pays his tax and passes it on to those who pay the rents.

It does not make sense for an econom-
ist to dispute the fact that the poor
people who are making under $2,000 would pay
a tax that would be equal to 44 percent of their earned income in taxes.

It is like that story my father used to
tell about the traveling salesman who

In this category of those who receive
from $2,000 to $4,000, we can see that
there is not as much transfer money re-
ceived by people in that class. There are
estimated to be paying 27 percent of
their income in taxes.

One would say, how can that be? They
are not paying taxes directly, but they are absorbing the income taxes paid
by the corporations.

I was dismayed to find that over 50
percent of the taxes paid by corporations are paid directly, but in the judgment
of the committee, the corporations can pass on more than that. And some
tax experts contend that in certain
case corporations have passed on more
than 70 percent of the corporate taxes they have paid.

When one analyzes the taxes that are
paid and the taxes that are passed on
corporation taxes, real estate taxes, and
various other taxes that are passed on
to these people, as well as a relatively
large percentage of the income and
social security taxes that they pay directly—
he will find that they pay the same per-
centage of their income in taxes as do those who are in the $4,000 to $6,000
group, the $6,000 to $8,000 group, the
$8,000 to $10,000 group, and the $10,000
to $15,000 group, and that they even
compare rather closely with those who are
in the bracket of $15,000 and over.

At that point, it would appear that the
taxing of the poor is not as high as one-third of
their income in taxes. We know, how-
ever, that there are notable exceptions.

That was the basis for their trying to see
to it that all rich people do a least pay
some taxes.

It was concluded by the Committee on
Finance, by a vote of 11 to 1, and by a
substantial floor vote when we studied
the matter in connection with H.R. 1 last
year, that it just is not fair that these
people are in poverty, that they are not
receiving any help from, their Govern-
ment.

It is related to the social security tax
because that is the only good informa-
tion the Government has available to
to, to see how much these poor
people actually earn, in view of the
fact that they did not earn enough to pay
an income tax.

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

Mr. LONG. I yield.

Mr. MONDALE. The distinguished
floor manager probably recalls that when
I first heard of this plan I was not too
enthusiastic about it. But the more I
looked at it, the more sense I think it makes.

First of all, the rhetoric we hear from
most politicians is to the effect that
"where it is possible, prefer work to wel-
fare." Then how do we face the fundamental
problem of how we make it preferable to
work than to go on welfare? To do that,
it seems to me we have to make it possible
to a person who is near the welfare
point to do better than he is doing now.

In the State of Washington they fig-
ured you have to make about $3.50 an
hour out there, with a family of four.

That is a substantial help going through all of us, and there are several
million people who work all year, usually
unskilled but working hard and trying to
work for their families, and we tax them
27 percent. Many of those taxes are
completely regressive.

There is no deduction, for example, on
the payroll tax, for the size of the family.

There is no deduction on the payroll tax
for medical care. There is no deduction
for anything; it is just a straight, flat tax,
with no deductions, and they pay half
again as much, I agree with the chair-
man, in the form of indirect taxes, be-
cause what the employer contributes
obviously is either added to the cost of

November 30, 1973

CONGRESSIONAL RECORD — SENATE

S 21554

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...
the product or taken from wages, and as consumers or wage-earners they pay that tax indirectly, which is why we get the 10-percent figure.

These families, according to the Bureau of Labor Statistics, our figures show, are probably not as poor as the families that have enough money to provide the minimum necessities, according to our own Department of Labor, that they need. So in terms of simple equity, in terms of incentives for employment, in terms of trying to appreciate a person who works all year and stays off welfare, for all these reasons this modestly expensive program—and it is less expensive than a lot of other things which we did today.

Mr. LONG. We estimated it would cost about $600 million. That would only go to poor people who are working who have families.

Mr. MONDALE. Yes, and it would bring in a lot of relief. Second, hard-working, American families who today, if they looked at the figures realistically, could say, "Better stop working; our Government has decided to tax me back on welfare." I am told by Mr. Long. Mr. President, the average family that would be benefited by this amendment would, under the existing system, be better off to move from the low-income States to those States that have relatively high welfare payments, such as New York or New Jersey, and go on welfare. They would have more income than if they stayed and worked.

Just look at how the present system works in Louisiana. Take a typical case, a poor mother with three children, out trying to support the family and making about $200 a month. If she were not working at all, she could get about $120 a month. That is the maximum we are talking about. If she were not working she could get about $200 a month. If she were not working at all, she could get about $120 a month. That is the maximum we are talking about.

Mr. LONG. Just like the investment tax credit.

Mr. ERVIN. I disagree. In says on page 44, that—

There shall be allowed to a taxpayer who pays a tax credit against the tax imposed by this chapter.

The specified percentage of his wages subject to social security taxes.

This chapter is the chapter which imposes social security taxes. So it is clear that he gets a credit against his social security taxes.

Mr. LONG. Those words, "this chapter" refer to the chapter under the Internal Revenue Code which deals with income tax credits. I might say that—

Mr. ERVIN. It is a credit against his social security taxes and a credit against nothing else.

Mr. LONG. Senator, it is a credit—

Mr. ERVIN. It is a credit against his income tax credit.

Mr. LONG. Senator, it is a credit—

Mr. ERVIN. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit. It is a credit against his income tax credit.
about 20 million poor people in this country today—it would be very well justified. I believe the Senate would regret having stricken that from the bill.

I note that the Senator from North Carolina (Mr. Ervin) voted for the President's proposal on November 30, 1972, and I am sure he will tell us he did not know what it was.

Mr. ERVIN. I disagree. I voted for a work bonus which was set out in different language.

Mr. LONG. Let me make this clear, Mr. President. This proposal does not take one nickel from the social security trust funds. The entire payment comes from general revenues. There is revenue in the bill to pay the cost of it. We thought about that, that someone might be concerned, and so we provided the general revenue to pay for it, those of us who believe that this should be done. In no way does it go to the social security fund, but simply out of general revenues. We propose in this bill to change the tax structure so that the working poor do not lose as much in taxes as those who are far better off in relative terms, and we provide the revenue in a much more equitable fashion to make this tax adjustment. I hope the Senate will concur in what the committee has done.

Mr. President, I have been particularly pleased that what we seek to do here has been endorsed and supported by two great former Secretaries of Health, Education, and Welfare. One of them happens to be on the floor of the Senate at this moment: the distinguished Senator from Connecticut (Mr. Russakoff). The other is a man who served with him during his tenure in that Department and who subsequently became the Secretary of H.E.W., Mr. Wilbur Cohen, who advised with regard to this matter and was extremely moved in favor of it.

Mr. RIBICOFF. Mr. President, will the Senator yield for a comment and a question?

Mr. LONG. I yield.

Mr. RIBICOFF. First, I should like to pay great tribute to the chairman for his imagination and constructive thinking.

We have been arguing about welfare for many, many years. And every time we try to come up with a welfare reform program, it is shot down. There is no question that there are many abuses in the entire welfare system. Some day, we hope the Senate and a President are going to try to straighten out the welfare mess—and it is a mess.

The Senator from Louisiana has been motivated by the objective of keeping the working poor working. How do we make sure that it is better to work for wages than to go on welfare? There is no question that what the Senator from Louisiana is trying to do is to make the person who is self-respecting, who wants to work, realize that he can be self-respecting and still not be worse off than his neighbor next door, who is drawing a welfare check which under present law may exceed the wages he is getting for a full week's work.

Mr. President, I ask unanimous consent to have printed in the Record the following:

Provisions of the Committee on Finance which would be affected by the proposal of the Senator from Louisiana in the context of the tax adjustment.

Mr. President, I ask unanimous consent to have printed in the Record a table that has been placed on each Senator's desk. In that table what a fantastic distribution of taxes is paid by those in the lower income group. When we consider that the percentage of taxes on an income of a person in the $5,000 class is 44 percent, and the class that is sought to be helped by the Senator's amendment, $3,000 to $4,000, is 27 percent, and from $10,000 to $20,000 it is 27 percent, and from $20,000 to $30,000 it is 14 percent, I think the Senator has made a constructive proposal that a poor man with 10 children, was working at a minimum wage, and should have been eligible for some kind of help. We looked into it, and the welfare people, and others, advised us correctly that he was not eligible for anything at all. But this is a program that a poor man with 10 children would have had available to him. I think we should encourage people to carry their own load. And I also think this is the least that we could be expected to do in considering their plight.

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

Mr. LONG. I yield.

Mr. RIBICOFF. I think the justice and the equity being spoken for by the Senator from Louisiana can be found in a program that has been placed on each Senator's desk. In that table what a fantastic distribution of taxes is paid by those in the lower income group. When we consider that the percentage of taxes on an income of a person in the $5,000 class is 44 percent, and the class that is sought to be helped by the Senator's amendment, $3,000 to $4,000, is 27 percent, and from $10,000 to $20,000 it is 27 percent, and from $20,000 to $30,000 it is 14 percent, I think the Senator has made a constructive proposal that a poor man with 10 children, was working at a minimum wage, and should have been eligible for some kind of help. We looked into it, and the welfare people, and others, advised us correctly that he was not eligible for anything at all. But this is a program that a poor man with 10 children would have had available to him. I think we should encourage people to carry their own load. And I also think this is the least that we could be expected to do in considering their plight.

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

Mr. LONG. I yield.
Within a certain purview I would support that idea. The idea of a work bonus—which is no longer called that—but it is a reward for working—I would apply to the people on welfare for a limited time, for a limited number of months, so that if it is a reward, an inducement to take the risk of leaving the welfare rolls and becoming a self-sustaining citizen. We have in our great cities many people who have never held a job at all and any encouragement we give them is worth every penny.

But that is not what we have before us today. We have a proposal to send to every head of a family, a worker, who makes $4,000 a year, a check for $400. If the worker makes $5,000 a year we send him a check for $500. If he makes $6,000 a year we send him a check for $600. If he makes more than $4,000, he still gets a check at a lesser amount, but it phases out at $6,000.

What does that mean? It means the beginning of a new program that does not exist at this time. Right off the bat 5 million families will get a check from the Federal Government who do not get a check at the present time.

Here is the problem. We have reduced the benefits and paying as they go and balancing the budget. We even have some ploutos votes in reference to it. In this bill is a program to make 5 million families will get a check from the Federal Government for a check they are not entitled to receive. Mr. President, this is not welfare reform.

As I say, they could take this idea of an incentive for workers, apply it only to people on welfare who are able-bodied, for a limited time, for them to get over the hump, and take the risk and go out and get a job. In that purview I would support it. I supported the idea in principle as a backfire against the family assistance plan which was taken up, a guaranteed family income which guaranteed that the family worked the more he received.

What does this mean? It means a new plan to send a check to 5 million people right off the bat. It is estimated it will cost some $700 million to $1 billion a year. Then it will kick in and go.

Let us look at the rollcalls in this Chamber yesterday and today. Someone is going to say 10 percent of $4,000 is not enough. It will be raised on this floor to 12 percent, 15 percent, and then 20 percent. Then it will be raised. The working poor defined at $4,000 a year is not enough, and that amount will be raise. It is not only a new program but it has been the practice of the past where people had to work to receive a check. It is a program that the people will get.

What does this mean? It means a new plan to send a check to 5 million people right off the bat. It is estimated it will cost some $700 million to $1 billion a year. Then it will kick in and go.

Let us look at the rollcalls in this Chamber yesterday and today. Someone is going to say 10 percent of $4,000 is not enough. It will be raised on this floor to 12 percent, 15 percent, and then 20 percent. Then it will be raised. The working poor defined at $4,000 a year is not enough, and that amount will be raised. It is not only a new program but it has been the practice of the past where people had to work to receive a check. It is a program that the people will get.

Mr. President, all sorts of charts can be brought in here about who pays the taxes. We have exempted enough people from the Federal income tax to elect a President of the United States and take him right now.

Of course, the poor are paying a lot of indirect taxes. So is everyone else. We have taxed and taxed and taxed ourselves to death.

Mr. ERVIN. Mr. President, will the Senate yield for a question on that point?

Mr. CURTIS. I yield.

Mr. ERVIN. Is it not imperative to every businessman to pass onto the consumers these taxes?

Mr. CURTIS. Yes; he had to, or go out of business.

Mr. ERVIN. If he does not do that he goes bankrupt, does he not?

Mr. CURTIS. The Senator is correct.

Mr. President, here is another point that I want to bring to the attention of those who represent rural States. This will be a new program to send a check to everyone who does not make more than $5,000 a year. It talks about the working poor, except that the plan excepts the self-employed. That means that the great agricultural communities of the country are outside this program. Mr. President, if you live in a great city and for some reason your earnings are over $5,000, you will be sent a check for $400. But if you live in North Dakota and run a farm, then you may work the clock around and only make $4,000 and they will tax you to help send that check to somebody in the city. I cannot understand why you want to start a new program like this, a new program of sending checks out of Washington.

Why, Mr. President, we are mailing so many checks out of Washington now that is what is bogging the mail service down.

The information was presented here from the Social Security Administration that there are 30 million beneficiaries, and they cannot effectuate an increase in the payment in less than 6 months, even with modern machines.

We talk about how many people are working for the Government. I think most of them are busy sending out checks, or cashing them, themselves.

Here we have a proposal to start a new program, a Federal subsidy, for 5 million people who are not self-supporting. We will send them a check. Mr. President, it is morally wrong. How many people, Mr. President, do you know in your own experiences who have never been self-supporting until somebody started to give them something for nothing? And so then they want something more for nothing.

There are many ways we can help the working poor. We can set our financial house in order. We can do something about halting this terrible inflation. We could adopt some labor-management policies that would increase production, and people could buy more with their money. But all these proposals are to the contrary.

When we feed the fires of inflation, we not only make it more expensive to run a hospital, and take the money to run an hospital, and there people have to pay more. We have made it expensive to operate a school that is not supported by taxation that these people are going out of business by the hundreds.

So today we are asked to inaugurate another program to put 5 million people on the road to receiving a Government check who are not now getting one.

### TAKES AND TRANSFERS AS A PERCENTAGE OF INCOME, 1965

<table>
<thead>
<tr>
<th>Income class</th>
<th>State and local</th>
<th>Federal</th>
<th>Total</th>
<th>Transfers less transfers</th>
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<td>16</td>
<td>31</td>
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<td>195</td>
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</tbody>
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† The minus sign indicates that families and individuals in this class received more from Federal, State, and local governments than they, as a group, paid to these governments in taxes.

### Footnotes

2. The minus sign indicates that families and individuals in this class received more from Federal, State, and local governments than they, as a group, paid to these governments in taxes.

### Source

Herman Miller, "Rich Man, Poor Man," p. 17.
Mr. ALLEN. Mr. President, I support the amendment which would eliminate part B, the so-called tax credit.

Mr. President, the social security amendments in recent years have not only increased the rate at which earnings are taxed; they have increased the amount of wages subject to tax.

At the present time, I believe a person's earnings up to $10,000 are subject to tax, with the earnings subject to tax under the proposed provision going up to $12,500 on January 1. I believe the bill that is now pending would raise it to $13,200 subject to tax.

Mr. President, the employees of the country, the employers of the country, the self-employed, are groaning under these increases in tax rates, and the increase in the amount of their earnings subject to taxes. So what is the answer? What does the committee come up with?

Well, as to a certain segment of the people, they are forced to pay all social security taxes, thereby, of course putting a greater burden on the employee who might possibly be working side by side with one who is having his social security taxes cut in half and having relieved of taxes.

He might continue to be paying for the benefit of the person not now paying taxes.

So, in effect, as the Senator from Louisiana has pointed out, this comes out of the Treasury and does not come out of the social security fund. However, we all know that the Government is feeding out of both troughs and the Government is using all of these funds, the trust funds and the general revenue funds under a uniform budget. So it is all taken out of the same pot, under the present situation.

And, by the way, if this comes out of the general revenue, what is it doing in a social security bill anyhow? But here it is.

So, in effect, it would exempt certain people from paying any social security taxes. It would then give them the great bulk of what the employers pay. Why do I say that? Or, as the Senator from Nebraska said, this is a brand new program which puts some 5 million new people from paying any social security taxes. It would then give them the great benefit of the person not now paying taxes.

If we take 85 percent of what they both pay, which would be 11.7 percent, we would end up with 10 percent of the earnings that he is given back as a bonus. An employer would get any of this tax back. He might be having trouble making both ends meet himself. But consideration is not given to him at all. Part of the amount paid by the employer is turned over to the employee.

The chairman of the committee said on the floor a moment ago that he was aware of the fact that some $3.5 billion has been added to the bill. And this is the only amendment that has been offered since the bill has been pending that would cut down on the amount of money to be spent by the bill.

I have not had a single soul mention to me the possibility of voting for this type of provision. I doubt very much, it is not being pushed by anyone other than the chairman and of course some members of the Senate. But here is an opportunity to cut down on the amount of the expenditures provided by this bill.

Mr. President, I favor the concept of a graduated social security tax. I hope that someday the committee will come up with some sort of a graduated payment, which is the only way to do it. I think the first, say $1,000 a year and a little larger percentage on the next thousand and then go up by degrees so that the person making more money will pay more taxes along the line of the income tax.

I notice that an amendment is pending and possibly it will be acted on. I believe that perhaps the line that provision will get lost. We can rest assured of that. However, I am sure that that provision which would eliminate the gasoline taxes in the form of deductions on Federal income taxes will get lost somewhere. And there will be no offsetting amount. It will all be a case of ouigo and nothing coming in.

It hardly seems fair to pay a bonus of 85 percent on what the employer is getting all of his social security payment back and the great bulk of the amount that his employer has paid.

I do believe that this is no place where we should eliminate the expenditures of some $300 million, which amounts to $1 billion. We can rest assured that in the next Congress, the Senate takes root in our law, it will multiply in cost many fold as the years go by.

So, as the distinguished Senator from Nebraska said, this is a brand new proposal which might add some $5 million on the Senate list of recipients of checks.

I feel that this is one place where we can save possibly $1 billion a year.
many billions of dollars a year in the years to come.

I do urge the adoption of the amendment.

Mr. President, if the yeas and nays have not been asked for, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. Proxmire). Is there a sufficient second (putting the question). There is a sufficient second.

The yeas and nays were ordered. The PRESIDING OFFICER. The question is on agreeing to the Ervin amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. McGEE) would vote "yea." He has two amendments, the Senator from Wisconsin who has one.

Mr. DOLE. Mr. President, reserving the right to object, I think I can work out an agreement that will take less time than that.

Mr. LONG. Well then, might I suggest that we go amendment by amendment and I believe we can work out a limitation of 10 minutes on each side.

Mr. ALLEN. Mr. President, reserving the right to object, how much?

Mr. WEICKER. Mr. President, reserving the right to object——

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

Mr. WEICKER. Mr. President, reserving the right to object, I should like to inquire of the Senator from Louisiana how many amendments are on the floor?

Mr. MANSFIELD. If the Senator will allow me, we have counted eight, including yours.

Mr. WEICKER. I do not have an amendment. I am only making an inquiry.

Mr. MANSFIELD. Seven, then. We could possibly finish by 9 o'clock and have a final vote then.

Mr. CASE. Mr. President, let us include that in the unanimous-consent agreement, that we quit by 9.

Mr. MANSFIELD. I will glad to do that.

Mr. PERCY. Final passage by 9 o'clock.

Mr. WEICKER. Mr. President, reserving the right to object, I was on the floor earlier in the evening when the distinguished Senator from Louisiana (Mr. FANNIN) made the statement that the matters to be considered were rather important and that this was not something to rush through.

We are here for the weekend. I am prepared to be on the floor all day today and all day Sunday if necessary. But for the sake of convenience I am not prepared to rush through matters of this import.

Are we doing this, in other words, to go ahead and accommodate ourselves this evening, or is this going to give appropriate consideration to matters raised before this body? Could we have, for example——

Mr. MANSFIELD. I am not doing this to accommodate ourselves. We have been on this bill for 4 days now. The most difficult amendments are over with. What we are trying to do is to bring to a head a very important bill while we are all here and have a chance to do it.

Mr. WEICKER. I concur with the distinguished majority leader, but we are going to be here this weekend so that we can just go on and conduct our business——

Mr. MANSFIELD. Well, on that basis, there is no need to argue further.

Mr. WEICKER. Are there any votes scheduled for tomorrow?
Mr. MANSFIELD. There may well be. I do not know what discussions are scheduled.

Mr. WEICKER. Could I ask the distinguished Senator from Louisiana how many of the seven amendments proposed will call for rollcall votes?

Mr. LONG. There is no way I can tell.

Mr. WEICKER. Could the Senator from Louisiana tell whether or not there will be a cloture vote tonight?

Mr. LONG. The majority leader has suggested that we could pass this bill by 9 o'clock. There is good reason to think that we can.

Frankly, I am willing to do whatever the Senate wants to do about the matter to accommodate the Senator from Connecticut and all the rest. But I am in no position to prevent Senators from offering amendments, of course. Any Senator can wait a little longer, if need be, to carry out the day's work, if that is something else he wants to bring up, and that is within his power.

Mr. WEICKER. Might I ask the distinguished majority leader what the business will be for tomorrow?

Mr. MANSFIELD. If we do not finish this bill tonight, that will be the business.

I should like to say that the Senator from Washington (Mr. Magnuson) proposes to take up the daylight saving saving bill. We have a schedule to contend with. This, of course, is subject to those who are interested in it, like the Senator from Colorado (Mr. Domenici), the Senator from Ohio (Mr. Taft), and the Senator from Washington (Mr. Magnuson), the majority leader, and myself. Frankly, we do not want to stay here spinning our wheels on agreeing to motions, amendments, tantalizing motions, which do not mean anything except to make us look good, which it does not. It makes us look foolish.

Mr. WEICKER. I would concur with the distinguished majority leader. We should have voted on this bill a long time ago. I do not want to have important public business hang fire to get them through on the basis of the fact that we are trying to get out this evening.

Mr. MANSFIELD. We are not. The most difficult amendments are behind us, in my opinion. The Senator from Louisiana has a pretty good idea of what is coming up. I would like to suggest that we try to work out agreements as we go along at this time and that a final vote occur beginning at 9:30 and not later than 9:30.

Mr. WEICKER. If I might say to the distinguished majority leader, I usually find the most difficult proposals during the daytime hours but the most costly proposals get through during the night hours.

Mr. MANSFIELD. I think the costly ones are behind us—I hope.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object.

Mr. CANNON. Mr. President, I reserve the right to object.

Mr. LONG. Mr. President. I really do not think that on a bill of this magnitude, involving as much money and with the issues we have here, that we ought to permit ourselves to be in a situation where we have to debate amendments that might involve a billion dollars or more. Much as I would like to accommodate the majority leader, that, in my opinion, would be something we might not be able to agree to that. But I will do everything I can to accommodate the majority leader in a general agreement on amendments.
such Act) which occurs prior to the first calendar quarter for each month of which there is published by the Department of Labor the Consumer Price Index for All Urban Consumers (13) as a "Consumer Price Index for the Aged".

Mr. BUCKLEY. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, I compliment the Chair on its efforts to obtain order in the Chamber, and I hope the Chair will persist until it secures order in the Chamber.

The PRESIDING OFFICER. The Senate will be in order.

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

Mr. BUCKLEY. I yield.

Mr. LONG. Is this the Senator's amendment relating to the consumer price index for the aged?

Mr. BUCKLEY. Yes.

Mr. President, if I may, I would be willing to take this amendment to conference, and I suggest that the Senator provide the information that supports the argument, and we will see if the Senate will agree to the amendment.

Mr. BUCKLEY. I am delighted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. BUCKLEY. Mr. President, I have a second amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 165, after line 26, insert the following new subsection:

"Prohibition of Federal funding for Abortion Services Under Medicaid"

"Sec. 108. None of the funds under title XIX may be used for the performance of abortion services."

Mr. BUCKLEY. Mr. President, the language of this section is brief. It is section 108, and it reads:

None of the funds under title XIX may be used for the performance of abortion services.

This language is substantially identical to the language that was approved recently by the conference on the foreign aid bill.

This does not reach into the constitutional question. Rather, it simply says that the Federal Government will not pay for abortions. If States want to pay for the, or help others pay, that is up to them, and they may do so with their own funds.

I suggest that if Congress felt that Federal funds ought not to be used abroad for the performance of abortions on foreign women, then at least we could accord the same protection to our own.

I believe that this amendment merely supports a continuing expression of congressional intent that has already been incorporated in several bills on this question. I am prepared to have a vote on it directly.

I offer this amendment, incidentally, on behalf of the Senator from Nebraska (Mr. Curran) as well as myself.

Mr. LONG. Mr. President, I am willing to take the amendment to conference. The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

AMENDMENT NO. 730

Mr. KENNEDY. Mr. President, I call up amendment No. 730, on behalf of Senator Church, Senator Cranston, Senator Clark, Senator Pell, Senator Case, and Senator Schweiker.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 97 of the bill, insert between lines 11 and 12 of section 193, and 25 and 26 of such section:

"Minimum Mandatory Services for Individuals Receiving Supplementary Security Income Benefits"

"Sec. 136. Part A of title XI of the Social Security Act is amended by striking out after section 1192 (as added by section 195 of this Act) the following new section:

"Minimum Mandatory Services for Individuals Receiving Supplementary Security Income Benefits under title XVI and who are in need of such services."

"Sec. 1193. In addition to other requirements imposed by law as a condition for the approval of a State plan under title VI of such Act, there is hereby imposed (effective January 1, 1974) the requirement that such plan provide for the furnishing of at least three types of services (selected by the State) for individuals who are recipients of supplementary security income benefits under title XVI and who are in need of such services."

On page 97, line 23, strike out "136" and insert in lieu thereof "137".

Mr. KENNEDY. Mr. President, the amendment simply seeks equitable and feasible, the institutional care goal.

As the committee bill attempts to provide broad flexibility to the States in the determination as to who is eligible, what services are to be delivered and how they are to be delivered, it still maintains five mandatory services, three of them affecting adult programs.

Thus, the committee mandates that in the adult program, the State shall continue to operate pre-planning services, second, services to emotionally retarded individual; and, third, services to drug addicts or alcoholics.

Essentially this amendment states that in a similar way the States should provide a minimum of services to the elderly, blind, and disabled.

We do not in any way seek to override a State determination as to which three services could best yield the goals called for in the committee bill; that is, the self-support goal, the self-care goal, the community-based care goal and when other forms of care are not feasible, the institutional care goal.

However, as the committee report and as a host of studies by the Special Committee on the Aging, the most recently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled. All qualify 1.2 million recipients of aid to the permanently and totally disabled.

We urge the amendment's adoption.
Mr. LONG. Mr. President, the basis on which the committee resolved this was that we will provide each State with its share of the $3.5 billion. In Louisiana our share would be about $39 million. We would leave up to the States the decisions as to which services they would provide and how much to provide. I think every State would provide three services or more. I should hardly think that my State would want to provide less than these three services to the aged. For the purpose of trying to let the States decide for themselves how this social service money should be used, with an overall limitation on how much each State should have, it was our feeling they could make the best use of their funds if we did not stipulate how they use it. We did not try to dictate how they should spend the money for any service or group.

What the Senator is suggesting is not in line with the main purpose, which was that this money be given to the States for what would amount to a revenue sharing program for social services. So what the Senator is suggesting is contrary to the philosophy that finally prevailed in the committee. But it does not bother me at all if the Senate wishes to do it in the Senator's way.

Mr. KENNEDY. The amendment simply mandates three services for the elderly.

The States can choose any of the three, but they are going to agree, under the program, that they will render that service. At the present time, they are required to provide five. They were going to be required to provide two additional services under the Social Security Act. So these services were going to be required to provide seven services.

As I understand it, prior to the issuance of the regulations, only 15 percent of the elderly people were actually benefiting from the ranges of services that were included. So the track record in the past for the elderly, quite frankly, has been weak. This has been generally true in the manpower programs. The shabby treatment of the aged has left many of them feeling helpless and inexperienced.

Mr. LONG. Mr. President, I have no doubt that every State will find a way to provide three services to the aged. But we do not insist on them because we wanted to provide broad flexibility. It is purely a matter for a State to decide whether it wants to mandate three more services or not. If the Senate should not decide, the States will try to provide that number anyway.

Mr. HANSEN. Mr. President, will the Senate yield?

Mr. KENNEDY. I yield.

Mr. HANSEN. Do I understand the amendment of the Senator from Massachusetts to require that States shall choose, from the five odd services, not fewer than three?

Mr. KENNEDY. The Senator is correct. It can be any three. The amendment leaves it up to the State, but it requires that three of those services shall be selected. We want to make certain that the States will meet the needs of the elderly. I imagine that the services will be different among the States. We have not specified except that we say there are five additional services which seek to restore the social services program so that it will serve those who are not dependent or to those who need assistance. The States will be required to provide social services. By the amendment, which is being offered on behalf of the administration, seeks to delete in its entirety the committee's social services provisions. The effect of the amendment would be to let the Congress in a reasonable length of time, through its regulations, the Department of Health, Education, and Welfare relating to social services.

The administration believes that by giving these regulations a chance to work, Congress, in a reasonable length of time, can put into effect an entirely new regulatory program without the States for what would amount to a revenue sharing program as many are alleging.

This amendment offers a choice between the revenue sharing approach as provided for in the bill and the regulations which seek to restore the social services program to its intended role of providing services to those on welfare or those in danger of becoming dependent on welfare assistance.

The administration feels that this bill's approach to social services may unwittingly destroy the social services program and defeat the intent of Congress. Through its regulations the Department of Health, Education, and Welfare has attempted to restrict the social services to the area for which it was designed. Apparently there are those who believe that the social services provisions are for almost everybody, but the facts do not support this position.

The administration fears that the social services provisions of the bill would require the administration to use funds to support programs or activities unrelated to welfare, all in the name of reducing welfare dependency.

Mr. President, I have offered this amendment so that the record will be clear as to the administration's position on this issue. The administration is to be commended for the efforts which have been made to stop abuses of the social services program so that it will serve those who truly need assistance. As I understand it, the States would have a broad latitude. I am ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts (Mr. Mansfield) (putting the question).

The amendment was agreed to.
The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. LONG. Mr. President, I ask unanimous consent to dispense with further reading of the amendment.

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

The amendment is as follows:

On page 119, line 7, of the bill, add "(a)" after "183".

On page 119, between lines 8 and 9, insert the following new subsections:

"(a) The term 'individuals who have attained the age of 18' as used in subsection (a) above shall not include any individual who is not—

'(1) a father who is not incapacitated; or

'(2) a mother with no children under six, and who is not—

'(a) an incapacitated or of advanced age; or

'(b) too remote from an employment program to be able to participate in such programs; or

'(c) needed at home to care for an incapacitated family member; or

'(d) attending school on a full-time basis; or

'(e) participating in a Work Incentive Program.

'(f) The relative with whom a child is living is denied aid because of failure to comply with the requirements of subsection (a) above, any aid for which such child is eligible will be provided in the form of protective payments as described in section 606(b)(2) without regard to subsections (A) through (E) of such section.

Mr. LONG. Mr. President, the committee has an amendment in the bill which reinstates the community work and training programs that existed prior to 1967 under the Social Security Act. I believe it would be desirable to make two clarifications of the community work and training program which are not consistent with what we do under the work incentive program.

The amendment would therefore do two things.

First, it would prevent a State from receiving participation by any incapacitated or aged person, or by any mother who has a child under age 6, or who is caring for an incapacitated family member, or who lives in too remote an area, or who is attending school full time, or who is participating in the work incentive program.

Second, if a parent is denied AFDC because of the parent’s refusal to participate in a community work and training program, the child will be able to receive protective payments.

Mr. President, the Senator from California expressed this matter. He thought that mothers with children aged under 6 should work only if they volunteered to work, and the amendment carries that out. It further states if a parent is denied AFDC assistance because of refusing to accept employment, the aid will nevertheless be continued for the benefit of the children under a protective payment mechanism.

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

The amendment was agreed to.

Mr. WELSON. Mr. President, I call up my amendment No. 736.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read the amendment, as follows:

On page 171, strike out lines 5 through and including 16.

The language proposed to be stricken is as follows:

TITLE III—REPEAL OF DEDUCTION FOR GASOLINE TAXES

Sec. 301. (a) Section 164(a) (relating to deduction of taxes not related to a trade or business) is amended by striking and paragraph (g) (relating to taxes on the sale of gasoline, diesel fuel, or other motor fuel).

(b) Section 164(b)(5) (relating to separately stated taxes) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel".

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

Mr. NELSON. Mr. President, under the present law of the Internal Revenue Code of 1954 a taxpayer who itemizes his deductions may deduct State and local taxes paid by him during the year attributable to the purchase of gasoline, diesel fuel, or other motor fuels.

The Senate Finance Committee, in section 301 of H.R. 3153, proposes repealing the deduction for State and local gasoline taxes effective for taxable years beginning after December 31, 1973.

Amendment No. 736 would delete the committee section 301 repealing deductions for State and local gasoline taxes.

Mr. President, earlier in the day the Senator from Massachusetts (Mr. Kennedy) and I and some other Senators called up a minimum tax amendment to raise the funds necessary for the tax credits for low income workers with families contained in S. 3153. That amendment did not pass.

The administration as well as the Senate voted by a margin of about 3 to 1.

It is not likely that we will prevail in bringing into law that provision or the other major benefits that we have posited here in the Senate if we do not have funds to pay for them. Therefore, we took this one item of so-called tax simplification, which, in the opinion of the administration as well as the committee, is one of the lower priority tax deductions, and said it should be repealed.

The administration recommended that this deduction should be repealed as of H.R. 3153. The committee section 301 repealing deduction for gasoline taxes. We in the committee recommended this repeal at this time as a tradeoff to raise the funds in order to make relief possible by way of tax credits for persons of low income.

To show Senators how much it would amount to, it is our opinion that persons paying a tax on $5,000 or less on the whole benefit only in the sum of $8 million from this item. The benefit is concentrated among those who make in the area of $10,000 to $50,000.

I point out, Mr. President, that this deduction does not benefit a great majority of the taxpayers who file the simplified tax return, since on these returns they will take the standard deduction rather than itemize their deductions.

The gas tax deduction only benefits those who itemize their deductions. Even then, it is generally the people who are paying the gasoline tax, that is, the working poor, who are going to use this tax deduction.

The Internal revenue people complain that this is one of the probable least items that is subject to the greatest amount of fraud.

This is the one item that we thought should be repealed and the money that would be gained by the repeal would be used to pay some of the benefits contained in the bill.

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

Mr. LONG. I yield.

Mr. HANSEN. Mr. President, I would like to add my support, although he needs none, to what the distinguished Senator from Louisiana has said.

Let us understand clearly the point that the distinguished floor manager of the bill is making. In authorizing payment mechanisms to the working poor, the Finance Committee singled out that group of people that in its judgment were most deserving of help. We want to help the people whose income were below any decent standard that one could imagine.

It was with that thought in mind that the Finance Committee reported out the benefits to the working poor. The question arises, how do we pay for it. It costs...
about $700 million. In order to pay for it, the chairman of the committee and the other members of the committee agreed that the best way to do that would be to repeal the gasoline tax payment exemption. It is a fact that most of the poor people do not itemize their gasoline taxes paid, just as the chairman of the Finance Committee has said.

So it is of no benefit to them anyway. And as the chairman of the committee has also said, the people who do itemize the tax, oftentimes in the opinion of the Internal Revenue Service are not paying on it. They put in for more taxes paid than probably could be documented.

So really, I can think of no better way to pay this $700 million to the working poor than through this mechanism.

I think it is important to understand that after this tax savings has been affected by repealing this gasoline tax deduction, we are going to be able to go to the House with a balanced budget. This way we will be helping the people who need it most, the poor people.

As everyone here knows, the burden of inflation falls most heavily upon the shoulders of those who are poor.

And that is what we are talking about. Every time we talk about taxes, we really have to be talking about relative inequity. And that is what we are talking about here.

The question is whether we should pay for the tax credit to the working poor by strengthening the minimum tax and tax preferred income that totally escapes taxation, or whether we should repeal the gasoline tax.

On that question there is no doubt whatsoever that the minimum tax is more equitable and would result in more benefits to the working poor than would the repeal of the gasoline tax.

That ought to be perfectly clear to everyone. We are always happy here to oppose any effort to close the gasoline tax deduction loophole, just as the oil and gas industry actually did flood us with personal visits urging us to oppose any effort to close the minimum tax loophole.

But you can be sure that the American consumer will do as quiet a job if he reads tomorrow's paper that the Senate has just voted to take away his gasoline tax deduction. If he itemizes his deductions, you can be sure it is one deduction he will lose.

Certainly, this is one of the most popular and best understood amendments in the tax code. If the automobile owners who make up their tax returns, then turns to the page in the instruction booklet that contains the gasoline tax table. Then, he finds his State tax rate per gallon in the table until he comes to the amount of tax that he needs to pay for his State gasoline taxes which is beneficial to people in a much lower-income bracket.

So that there can be no mistake about it, I ask unanimous consent that a chart be printed in the Record to show who the beneficiaries are.

Mr. KENNEDY. Mr. President, if the Senator from Wisconsin, the Senator from Wisconsin and the Senator from Massachusetts on the minimum tax.

The Senate will have an opportunity to consider all these various deductions in the tax laws next year, as part of comprehensive tax reform legislation.

That was the argument that opponents used to defeat the amendment of the Senator from Wisconsin and that Senator from Massachusetts on the minimum tax.

It seems to me that the same reasoning applies to repealing the gasoline tax deduction as well. In 1972, the finances were facing a $100,000 deficit, raising their gasoline tax to $1.30 per gallon.

TABLE I.—1972 INCOME TAX DEDUCTIONS TAKEN FOR STATE AND LOCAL GASOLINE TAXES

<table>
<thead>
<tr>
<th>Amount of deduction</th>
<th>[billions]</th>
</tr>
</thead>
<tbody>
<tr>
<td>$00 to $5,000</td>
<td>1</td>
</tr>
<tr>
<td>$5,000 to $10,000</td>
<td>27</td>
</tr>
<tr>
<td>$10,000 to $15,000</td>
<td>83</td>
</tr>
<tr>
<td>$15,000 to $20,000</td>
<td>165</td>
</tr>
<tr>
<td>$20,000 to $25,000</td>
<td>135</td>
</tr>
<tr>
<td>$25,000 to $30,000</td>
<td>139</td>
</tr>
<tr>
<td>$30,000 to $50,000</td>
<td>300</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>6</td>
</tr>
</tbody>
</table>

TABLE II.—DISTRIBUTION OF GAIN FROM INDIVIDUALS

<table>
<thead>
<tr>
<th>Number of returns affected</th>
<th>Increase tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$00 to $5,000</td>
<td>1</td>
</tr>
<tr>
<td>$5,000 to $10,000</td>
<td>27</td>
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<td>300</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>6</td>
</tr>
</tbody>
</table>

Mr. NELSON. Mr. President, I might point out again that the people in the income bracket from $5,000 to $7,000 receive deductions totaling $27 million. Those in the bracket from $7,000 to $10,000 receive deductions of $83 million. Those in the bracket from $10,000 to $15,000 receive deductions of $135 million. Those in the bracket from $15,000 to $20,000 receive deductions of $139 million.

Over 70 percent of the benefits of the gasoline tax deduction goes to people in the $20,000 bracket or below.

So, if we match the equity of this proposal with the equity of the minimum tax proposal, there is not any doubt whatsoever that the minimum tax is more equitable and would result in more benefits to the working poor than would the repeal of the gasoline tax.

It is interesting that only a little over one hour ago, as the Senator from Wisconsin pointed out, the Senate turned its back on the reform for a modest increase in the taxes for those who were making over $100,000 a year. There was little debate on that issue. But to vote some benefit to someone who deducts his expenses for driving to work, somewhere or other that is not a good program; it is not equitable.

Mr. KENNEDY. Mr. President, very briefly, I commend the Senator from Wisconsin for the amendment which he has offered and has fought for in the Finance Committee and here on the floor.
on the average taxpayer, so that he is not hurt too badly or unfairly. This amendment would let the average taxpayer keep his gasoline tax deduction, and a vote in favor of it is a vote for the American consumer. I commend Senator Nelson's insight and initiative in offering this amendment, and I urge the Senate to adopt it.

The PRESIDING OFFICER (Mr. Hollings). The question is on agreeing to the amendment of the Senator from Wisconsin (Mr. Biden) to amendment to amendment. 

Mr. KENNEDY. Mr. President, I ask for a division.

The PRESIDING OFFICER. The Senator will state it.

Mr. NELSON. Mr. President, is this a motion to reconsider the vote by which the amendment was agreed to?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, is it appropriate for a person who voted on the losing side to make that request?

The PRESIDING OFFICER. The Chair informs the Senator from Massachusetts that it is not.

Mr. LONG. Mr. President, I withdraw my motion.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. NELSON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will state it.

Mr. NELSON. Mr. President, is this a motion to reconsider the vote by which the amendment was agreed to?

The PRESIDING OFFICER. The Senator is correct.

Mr. KENNEDY. Mr. President, is it appropriate for a person who voted on the losing side to make that request?

The PRESIDING OFFICER. The Chair informs the Senator from Massachusetts that it is not.

Mr. LONG. Mr. President, I withdraw my motion.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. NELSON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will state it.

The legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, I am gratified that several of these amendments have been adopted by the Senate, for they carry through the intent of several original bills which I introduced in the 92d Congress and early this year. One amendment would extend long-overdue medicare reimbursement to the cost of outpatient prescription drugs for the treatment of certain basic illnesses. Another would freeze the medicare inpatient hospital deductible at $72, rather than require an elderly beneficiary to bear a further increased inpatient hospital cost of up to $84 next year. A third amendment would increase the number of hospital days covered under medicare for elderly patients with long-term illnesses, and substantially reduce the hospital cost deductible which they must pay.

I strongly support these improvements in the medicare program, as well as further improvements to improve child care standards, to provide for a fully paid extension of the Federal-State extended unemployment compensation benefits program, to further extend social security benefits to widowed adult survivors, and to improve medicare coverage for essential out-of-hospital health services. In addition, I jointly sponsored the amendment passed by the Senate to protect certain elderly poor recipients under the new supplemental security income program from a...
I am particularly gratified that the committee-reported bill would overrule certain negative and even regressive features of recent final regulations on social services issued by the Department of Health, Education, and Welfare. The provisions in this bill permitting maximum flexibility in a State's determination of essential services to provide crucial assistance to the greatest possible number of people, within an overall spending ceiling, will effectively carry out the original intent of Congress in social services revisions enacted last year.

The bill wisely defers the implementation of previously enacted provisions which were interpreted to limit medicare payment for physical therapist services and services of supervisory physicians at certain teaching hospitals.

However, I remain seriously concerned about other provisions in this bill. I believe that an alternative tax reform mechanism is required to provide revenues to finance certain programs under this legislation, rather than the proposed elimination of deductions for State and local taxes, currently allowed against the Federal income tax determined for an individual. I would sharply question the wisdom of provisions on earnings—disregard in the determination of eligibility for medicare, and on child support requirements. And I would strongly urge the reconsideration of provisions calling for the revival of the community work and training program, terminated by Congress in 1967. The implementation of this program at this time could lead to serious inequities and even injustices with respect to current manpower and public employment programs and in lieu of anticipated increased unemployment.

NATIONAL CHRONICARE DEMONSTRATION CENTERS ACT

It was in direct response to the critical need for developing alternatives to hospitalization that early this year I introduced S. 393, the National Chronicare Demonstration Centers Act. This bill envisions the development of centers immediately accessible to the chronically ill and disabled, and providing a wide range of services, including diagnostic screening and outpatient treatment, convalescent care, various rehabilitation programs, and periodic intensive nursing as an alternative to acute care, or hospitalization.

By direct contrast, however, there has been a serious decline in home health services under a narrowly restrictive policy applied under the medicare program of the Social Security Administration. Payments for home care under medicare declined from $215 million in fiscal 1970 to $20 million in fiscal 1972. There has been a significant reduction in the number of certificated home health agencies, which currently receive less than 1 percent of medicare expenditures.

While one actuarial estimate that has been brought to my attention suggests that expenditures under my amendment on home health care services for the elderly could eventually reach $300 million, I believe the arguments I have presented clearly establish that it would result in a significant savings in total costs under the medicare program through substantial reduction of dependence on hospitalization to assure Federal reimbursement.

Moreover, the best professional judgment today is that hospital care is no longer necessary or even justifiable for many patients who now receive it or seek it. Hospital and nursing institutional care should be reserved as much as possible for cases of emergency, acute illness, and surgery. A system which requires that the aged stay in a hospital for 2 full days in order to benefit from home health care is, both inefficient and insensitive to the physical and psychological needs of our senior citizens. And, in the light of the frequent evidence of unavailable hospital space, such a system could deny health care altogether to increasing numbers of other Americans.

It is essential that Congress take action to assure that elderly persons receive the treatment which is essential to the health and continued participation of active citizens in society, without having their retirement savings destroyed, and their retirement incomes decimated.

NATIONAL CHRONICARE DEMONSTRATION CENTERS ACT

In conclusion, Mr. President, I urge the Senate to consider the need for further reforms in the social security and medicare programs. Important steps have been taken to assure that recipients of social security benefit increases, without offsetting reductions in other pension income. These legislative protections respond to the concern I expressed earlier this year in introducing S. 835, the Federal Social Security Reform Act.

However, it is clear that an in-depth assessment of the purposes and financing of the social security program is long overdue. Last March I introduced in the Senate the Social Security Reform Act. Among other provisions, this bill called for a phase-in of one-third of the social security program from Federal general revenues, to reform what that has increasingly amounted to a regressive payroll tax—a heavy burden borne by the working man. Another reform proposed in this bill would be the elimination of the earnings limitation for Federal social security credits—making it the policy of our Government that no person should be denied the opportunity to work or be penalized for working, because of age.

I believe that much more can and must be done on behalf of our people, especially the elderly. I believe that expenditures on maternal and child health care services, and the improvement of benefits on behalf of dependent children and disabled persons.

Furthermore, it is incumbent upon Congress to do everything possible to assure our older citizens the right to enjoy life and participate fully in society and to obtain the health care that is so essential.

I have discussed this proposal with the Senator from Idaho (Mr. Church), providing for Federal grants for the establishment of home health care services agencies. The latter bill is in line with another bill I introduced in the last Congress, S. 394, the Comprehensive Home Health and Preventive Medicine Act.
the experts and the technicians who are here from the committee, and with the chairman, and I hope the chairman will see fit to take it.

Mr. LONG. Mr. President, in the fashion in which the Senator has modified his amendment, I have no objection to it.

Mr. HUMPHREY. I ask unanimous consent that the name of the Senator from Maine (Mr. MUSKIE) be added as a cosponsor of the amendment.

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

Mr. MUSKIE. Mr. President, I am pleased to join my distinguished colleague from Minnesota in proposing an amendment to expand home health care coverage under Medicare. The change effected by this amendment is one of a package of changes I have proposed in separate legislation, S. 2690, the Home Health Care Medicare Amendments of 1973.

The amendment before us today would delete the requirement that the home health care treatment covered under Medicare be related to the condition which required initial Medicare-covered hospitalization. This requirement has resulted in the denial of many home health care claims because the condition requiring home treatment may be different from the one which was originally diagnosed as the cause of hospitalization.

The Senate Aging Committee's Subcommittee on Health of the Elderly, of which I am chairman, has conducted hearings this past year on the problems of home health care under Medicare. One witness at those hearings testified about the problems of the prior hospitalization requirement as follows:

Frequently, we get patients with four to five or more diagnoses, and if hospitalized for one of these diagnoses and then sent home to home care, [under the law] we should be treating the reason for hospitalization in order to have Medicare coverage. This condition perhaps was resolved in the hospital, but the patients other chronic problems appear now to be more disabling. This situation should be covered under Medicare but usually is not.

Thus, the prior hospitalization requirement acts to deprive those who need and deserve home health care treatment of Medicare coverage.

Mr. President, I hope the Senate will adopt this amendment today to correct this deficiency in Medicare home health coverage. I hope that eventually we will have a more comprehensive expansion of Medicare home health care coverage, along the lines spelled out in my bill, S. 2690.

I commend the Senator from Minnesota for his initiative in bringing this amendment to the Senate today.

The question is on agreeing to the amendment of the Senator from Minnesota (Mr. HUMPHREY).

The amendment was agreed to.

Mr. GRAVEL. Mr. President, this is a very slight amendment. The way the bill is presently constituted, natives and Indians who are on a reservation would be entitled to full funding on Medicaid, rather than on a matching basis. Unfortunately, we in Alaska do not have any reservations as they are presently defined, but in the areas where the Indians live, they have the same commitment from the Federal Government as Indians who live on reservations in other States. So there is no difference; the only thing is that there is an aberration in the language because of the definition of the word "reservation."

This has been corrected for other States, and I would hope the chairman would accept this amendment, which would not be very costly; the impact, I believe, is $700,000 for the services that would be provided to all the natives of Alaska, who would otherwise be denied such services because of the aberration in definitions.

Mr. LONG. Mr. President, in view of the fact that these Alaskan Indians are already a Federal responsibility, I do not object to the amendment.

The PRESIDING OFFICER (Mr. HOLLINGS). The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.
AMENDMENT OF THE SOCIAL SECURITY ACT

The Senate continued with the consideration of the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes.

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. DOLE. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. DOLE's amendment is as follows:

On page 67, lines 21 and 22, insert the following new section:

'Sec. 138. Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:

- REQUIRING AMENDMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES

'Such amendment. In addition to other requirements imposed by law as a condition of approval of a State plan under part A of title IV or under title XX, there is hereby imposed the requirement that such plan provide that, not later than 60 days prior to the beginning of each fiscal year, there shall be a list of services to be provided under such plan (which includes a list of services to be provided under such plan) which indicates each type of service which each State intends to provide for such fiscal year under such plan, the anticipated expenditures (from both State and Federal sources) for such type of service for such fiscal year, and the criteria to be imposed under such plan to determine eligibility for each type of service. Nothing in this section shall be construed to limit the right of any State to revise its plan (as required by this preceding sentence) with respect to the provision of social services for any fiscal year, or otherwise modify the conditions and circumstances under which such services will be provided thereafter, for or because of the fact that such State shall have prepared its plan, which plan includes information on the extent to which social services funds were used for services to persons not actually on welfare. H.E.W. has the responsibility of seeking to reduce the extent to which welfare programs and the use of welfare funds are utilized within the States to provide for services to persons not actually on welfare.

On page 67, line 21, strike out "138" and insert in lieu thereof "137."
ues to justify the need for any alteration in the social services program as announced at the beginning of the year.

I was surprised that Federal control has made the social services program an administrative nightmare over the past year. While it seems reasonable to limit Federal intervention, it still seems that we have the ability to assure that a procedure is established which has local level to guarantee that the social services funds are spent wisely.

Kansas has an entitlement of over $271 million in social services funds, an amount nearly $6 million greater than the general revenue shared with the State. This, thus, is a sizable program; and I think it is wise that before we remove all Federal controls, we make sure that within the limits of flexibility we wish to grant to the States, that the funds are utilized for their intended purpose. I feel that added assurance can be obtained through a system of checks and balances at the local level to prevent unwarranted involvement on the part of all individuals concerned.

I feel the amendment I have proposed will help insure this involvement and am hopeful that my colleagues will join in support of the measure.

I have raised several questions to the distinguished Senator from Louisiana for the purpose of clarifying some of the issues that have been raised by Kansans regarding the social services programs as revised by this legislation.

I have been contacted by numerous individuals across the State regarding the input they might have in the development of a State social services program. There have also been inquiries from those who wish to participate in the administration of the program and provision of services.

Is there anything in the Federal law which would prevent mayors, city council members, social workers, consumers and professionals involved in the provision of social services but who are outside the State departments of social welfare from participating in the development of the social services program plan?

Mr. LONG. No.

Mr. DOLE. Is there anything in the Federal law which would prevent the State from permitting cities and other jurisdictions within the State from receiving funds made available to the State under the social security law, and administer social services programs within their city in accordance with the State plan?

Mr. LONG. No.

Mr. DOLE. Questions have arisen in Kansas regarding the allocation of social services funds during 1974 under the formula included in the bill.

Due to the effort to limit funding of the social services program at the $19 billion funding level included in the budget, a new formula for allocating the funds was adopted. The formula provides for an initial entitlement of $1.9 billion for the first 2 months of the first quarter. After all the States receive an initial reimbursement according to the formula for 1974, the funds remaining in the $1.9 billion authorization, except for the $50 million special fund, are distributed among the States in accordance with the entitlement formula established last year in the revenue-sharing bill and which will again be in effect next year.

The $50 million fund will be available for allocation to the Secretary of Health, Education, and Welfare to prevent certain States from falling below their 1973 funding levels. It is anticipated that the considerable less than $50 million will be required to meet the requirements of these particular States. Therefore, at my request the committee agreed to permit the remaining portion of the $50 million fund to be allocated to States which are otherwise limited under the 1974 formula to a relatively small part of their regular allocation. The limit is increased in the formula to a relatively small part of their regular allocation. The limit is increased in the formula to a relatively small part of their regular allocation.

Mr. President, I have discussed this amendment with the distinguished Senator from Louisiana, and as I understand, he is willing to accept the amendment. I yield back the remainder of my time.

Mr. LONG. Mr. President, I have an amendment to the amendment of the Senator from Kansas. The amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask for its immediate consideration.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, while I do not have sufficient Senators in the Chamber, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. HELMS. Mr. President, not many Senators will deny, in private, that this bill (H.R. 3153) is very bad legislation, totally unworthy of approval by this body. But because social security has become such political football, there is a regrettable inclination to approve anything, no matter how bad it may be, if it bears the label of "increased social security benefits."

If this legislation were limited to senior citizens truly in need, Mr. President, I would have no reluctance in supporting it. In fact, I wish we could do far more for the truly needy among our senior citizens. This is the approach that ought to be taken. But it is not the one that has been taken in this legislation.

I wish the young people of America could understand what has been done to them—and to their rapidly diminishing hopes of security in their retirement years—by this legislation. But they will not understand, until it is too late.

The greatest favor we could do all our citizens would require them to face up to inflation—and the root cause of inflation. Yesterday I tried to persuade this Senate to adopt the balanced-budget concept for the Federal Government.
My effort was unsuccessful—by a three-vote margin, 46 to 43. One day the people will realize the folly of the fiscal irresponsibility that has led to inflation—and they will demand such heavy taxes on our working people, and such a blight on the future of the young. I wish I could, in good conscience, vote for this bill, I cannot, Mr. President. So I vote "no" in the hope that one day a sound social security program will be demanded by the Congress, and that it will no longer be a political football.

That will require, Mr. President, that Senators think of the next generation instead of the next election.

Mr. INOUYE. Mr. President, I wish to express my deep personal gratitude and strong support for the efforts of the Finance Committee in reporting favorably, H.R. 3153, the social security bill. This important legislation would, among other things, raise the social security benefits by 11 percent in two steps.

Under the provisions of this bill the average old-age benefit payable for November 1973 would be $178 per month, and then to $186 a month for June 1974. The average benefit for an aged couple would increase from $376 to $396 per month for November and to $410 for June 1974. Average benefits for aged widows would increase from $157 to $169 for November to $177 for June 1974. The minimum benefit would be increased from $84.50 to $90.50 a month for November through May 1973, and to $96.50 for June 1974. This increase will be extremely helpful and particularly so for the estimated 3.1 to 5 million of our citizens over 65 who are presently existing in poverty.

Additionally, the funds to pay for the increased benefits will be raised through making the social security tax more progressive, raising the ceiling on incomes taxable for social security purposes from the current $195 per month to $310 for June 1974. In other words this increase is accomplished without increasing the tax on those making less than $12,500 per year. I believe this is a salutary move.

There are voting today also increases the supplemental security payments to the aged, blind and disabled, from $130 a month minimum for a single person to $140 and for the married couple from $165 to $180 with a further increase in October 1974 to $146 and $220 respectively.

H.R. 3153, as reported by the Finance Committee, includes a further new provision establishing a tax credit for low income workers with families, equal to a percentage of the social security taxes paid where the income of the husband and wife does not exceed $3,200 per year. This provision will further reduce the need for such families to rely on welfare payments.

All of us have personally experienced the unpleasant effects of recent and rapidly escalating living costs. However, nothing could equal the pinch as great as our elderly citizens who must live on a minimum, fixed income. It is one thing for us to complain of the increasing cost of desired luxury items; it is quite another not to be able to buy sufficient food, clothing, and shelter. Recent figures indicate that the elderly spend approximately 27 percent of their budget solely on food, must take 18 percent for the family. In Honolulu during the time period from September 1972 to September 1973, the cost of such staple items as eggs rose 55 percent, bacon 70 percent, and flour 28 percent. Housing recently with the average house sold last year going for over $80,000. Rents have also gone up accordingly in housing short Hawaii.

The elderly of our Nation constitute approximately 10 percent of our population. In a very real sense, they are responsible for all that we presently are. They fought for our freedoms, they built our factories, they have made America the great Nation that it is. Yet, today we are a youth-oriented culture. We speak with great pride of our youth—and deservedly so—but unfortunately, we have seemingly forgotten our elderly. No one will hire them—yet the evidence indicates that although a bit slower, they are still as competent as they ever were. Instead we have put them out to pasture, but at the same time, have not provided them with sufficient resources.

The young can dream of the day when things will be better. They can live on the promise and hope of improved income and living conditions, but for the old, they know that there is no such chance. They face the certainties of increased medical costs, increased food costs, and increased taxes in their homes. Many are even forced to move from their home for which they had scrimped and saved for most of their working years. And this, at the very time they have the leisure to enjoy house and garden and neighborhood friends. This is the shame of our Nation—of our great Nation.

I am very pleased, therefore, to be able today to support this important legislation. It is one of the many steps we are as a Nation taking in responding to the very real needs of our elderly.

Mr. PELL. Mr. President, throughout the last 2 days as we have considered the Social Security Amendments of 1973, we have heard many eloquent statements regarding amendments to make this a strong and humane bill, I subscribe to each of those qualities, and I have tried to do my part in assuring that this bill will accomplish its goals so that the senior citizens of this Nation may live in respect, dignity, and in decent circumstances.

I cannot stress enough, in this connection, the importance of this bill's 11-percent increase in social security benefits. There is no question in my mind of the necessity of this increase, or to be more precise, the need to let our senior citizens "catch up" to a decent and well-deserved standard of living. It is my strong hope that whatever other sections of this bill finally become law, that the 11-percent increase be first among them.

Accordingly, I strongly support this bill.

Mr. MUNN. Mr. President, my remarks are addressed to the child support provisions of the social security amendments presently being considered on the floor.

Mr. BUCKLEY. Mr. President, a few weeks ago, at the time the pension bill was under consideration, I had occasion to express my concern that the membership of the Senate were being asked to vote a complex, far-reaching bill and one of a blizzard of printed and unprinted amendments within just a few days of the time that the legislation and the accompanying data were generally available. I said then that it was impossible, under the circumstances,
for any Senator not intimately associated with the development of the legislation to cast an informed judgment as to its merit, assess the effect and cost of the amendments.

Today we are debating social security legislation of great complexity that first became available to Members of the Senate and their staffs just 4 days ago. It includes 10 major provisions, some of which are completely novel. They initiate new programs that will have far-reaching effect on the country, and that many believe may threaten the integrity and solvency of the social security system.

Not only are we, as individual Senators, expected to master this bill during these few days while attending to all our other urgent Senate business, but we are also expected to digest the volume of amendments—more than 30 in number, all of them important—which keep cascading from the printer.

Mr. President, with every respect for the leadership, with every respect for the members and the chairman of the Committee on Finance, and because we cannot responsibly legislate in this manner, the Senate has long since forfeited its once proud title of the world's greatest deliberative body.

Under the Constitution, and after much thought, I have concluded that I cannot in good conscience vote for this legislation even though it incorporates a number of provisions that are necessary and desirable, and will help make the social security system more equitable.

I am fully aware of the adverse political consequences of voting as I will, as the 11-percent increase in social security payments will bring vital relief to some of our citizens whose condition is most desperate, most pathetic. I am deeply troubled, Mr. President, over the fact that too many of our elderly citizens are forced to live such marginal existences, because I do not see any logic, other than political logic, in increasing the benefits paid to all social security recipients to help those who are in need. The increase which has been enacted into law goes not only to the poor, the marginal citizen on welfare, but to all irrespective of need—to millions of our retired workers who are receiving comfortable pensions, who have their annuities, their savings, their securities; and in this indiscriminate approach to meeting the just needs of the aged, we are placing another burden on the shoulders of those of working age who are already harried by excessive taxation.

It should be pointed out, Mr. President, that the percent increase of which I speak does not constitute an adjustment made to reflect the deterioration in the purchasing power of the dollar. We have already enacted, and I fully supported, legislation to provide for an automatic increase in the social security payments to offset the effects of inflation.

These cost-of-living increases are just and proper. The Federal Government requires that the working man and woman be paid a portion of their earnings in order to fund retirement income. Yet it is the Federal Government through its extravagances that causes the inflation that has eroded so much of the purchasing power out of the savings and insurance policies, real estate and personal investments that people can no longer work. The Federal Government, therefore, must assume the obligation to protect the purchasing power of social security payments. More than that, I recognize that the cost of living index now utilized is inadequate to meet the needs of the aged. The reason for this is that the cost of living index now being utilized is designed to anticipate and measure the average cost experience of an American family which must take into consideration clothing for children, food for families, and a host of other items that are irrelevant in measuring the needs and, therefore, the true cost experience of the elderly. It is for this reason that I introduced an amendment to the bill to provide for the inclusion of a cost of living index for the aged that can act as an accurate basis for future escalations in social security payments.

One final observation, Mr. President. People who have worked hard and saved those who can no longer earn their living is inflation. Since 1960, inflation has robbed the savings and pensions of the elderly of 33.9 percent of their real value. Those who had worked hard and thought they were prudently providing for their old age have been forced, by inflation, to sell their homes, to give up even luxury, and live marginal lives.

The pay raises to which we have become accustomed have been the major enemy of our older citizens because of the inflationary forces it has generated. It is, therefore, ironic that in this legislation that is designed to protect recipients, so many provisions that will only add to inflationary pressures.

Mr. President, no political consideration in the world is going to make me vote to support a measure that, like this one, will in the long run have the effect of harming those on fixed incomes.

No political consideration will force me to vote for a complex bill if I have not been given ample time to study it. The people of New York did not send me to this body in order to vote without thinking, or to vote for noble sounding bills that, upon even cursory examination, simply will not in the long run do what they promise to do.

What is at stake here is more than a vote on this bill. What is at stake is the very reason for the being of the Senate. We are here to deliberate, to study and to legislate. We are here to examine carefully every subject that is brought before us. That is what the American people suppose we are doing and that is what they should expect us to be doing. But we are not always around costly, inflation-creating amendments and provisions as if there were no tomorrow. Well, Mr. President, there is a tomorrow and a tomorrow and a tomorrow. And it is the elderly who suffer around those provisions that are irrelevant in measuring the needs of the aged.

Mr. President, the needy will not benefit by inflation. The country will not benefit by provisions and amendments conceived in haste and passed without adequate examination. Therefore, Mr. President, today I am going to vote in effect for the benefits of all Americans, including most specifically the elderly whom this bill is supposed to help by voting against this social security bill.

Social Security Coverage for Kidney Disease

Mr. Jackson. Mr. President, over a year ago we passed an amendment to the Social Security Act which provided that those persons who required kidney dialysis treatment or transplants would be covered for a major part of their care. In the State of Washington, as of today, we do not know what can be accomplished with good care for kidney patients. The Spokane and Inland Empire Kidney Center and the Northwest Kidney Center, which incidentally are the first such kidney centers in the world, beginning its operation in 1962, both give outstanding service. I had hoped that last year's amendments would give to all kidney patients the opportunity for the kind of care that is delivered in Washington.

Unhappily, this program has not yet gotten off the ground. There are a large number of patients waiting to go on dialysis but cannot because facilities are not available to them, and there are others who are now in hospitals on dialysis treatment who are unable to leave the home treatment but who cannot, because the administration has not yet worked out the regulations for payment for treatment.

It is time, the thousands of dollars of savings, much less the savings in pain and frustration, that would come from home treatment instead of hospital treatment are being lost.

In addition, the large number of physicians who treat these patients, especially the nephrologists who have such treatment as their medical specialty, are totally confused by the administration's inaction. Many have developed new centers and are now ready to receive patients in areas of greater need for such services, but the guidelines and forms for exemptions to initial guidelines have not yet been published, even though they were promised months ago.

Many physicians have not been paid for their services for months; many hospitals in which they serve have not been reimbursed for months; many physicians cannot put their patients on home care because they are uncertain whether these patients will in fact have their care paid for, and the physicians do not want their patients to suffer great economic loss.

The manufacturers and service companies dealing with the equipment required find things difficult, because questions of reimbursement for basic and replacement equipment for dialysis are not yet settled, nor is the question of how home care equipment will be paid for.

Still further, I am informed that since the date of effectiveness of the new law, the insurance groups herefore paying for some of the services have ceased to do so, and the payment would be made under the new law.

Private insurance, Blue Cross-Blue Shield, and medicare-medicaid all have slowed down payments, and the patients, doc-
tors, and manufacturers are all being hurt.

Obviously, there is a big bureaucratic snafu in HEW regarding these regulations. Probably there is no one Senator who has not received complaints about late payments, dignity, and independence. I do not know just why the program is slowed down, but I do hope that the chairman of the Finance Committee will raise the appropriate questions and prod the agencies to get moving.

THE IMPORTANCE OF SOCIAL SECURITY BENEFITS

Mr. BEALL. Mr. President, during my 3 years in the U.S. Senate, it has been my pleasure to serve as the ranking minority member on the Labor and Public Welfare Committee's Subcommittee on Aging. Last January, I became a member of the Special Committee on Aging, and have followed with great interest developments in all aspects of Federal policy which affects our Nation's senior citizens.

Mr. President, I have a special interest in, and concern for, the well-being of over 20 million senior citizens. I have consistently contended that America's elderly citizens deserve a great deal more attention than they have previously received. For, one, hold our Nation's senior citizens in a position of great respect, for they have toiled long and hard in our Nation's factories, farms, armed services, and so forth; and they have earned the right to live their present years with dignity, and independence. We owe these senior Americans a debt of gratitude, for they are primarily responsible for the prosperity and the greatness that our Nation enjoys today.

Through their efforts and sacrifices, our Nation has reached unprecedented heights of economic prosperity, met the challenge of foreign aggressors, and created for all Americans a society dedicated to the full realization of the goals of our Nation's forefathers. I have also been impressed by the willingness and resourcefulness of our Nation's senior citizens to utilize their own talents and abilities to overcome the problems that confront them. The social security system is a vital part of the Federal effort to insure the economic security of our 20 million older Americans. Certainly no problem is more important to older Americans than the adequacy of their income. At the present time, the social security system makes payments totaling $41 billion a year to retired citizens, and disabled individuals. An additional $8 billion a year is paid out in the form of other Federal programs which total approximately $12 billion worth of benefits. In fiscal year 1974, $63.5 billion, approximately one-fourth of our Federal budget, is devoted to meeting the needs of our Nation's senior citizens.

The recent increases in the cost of living have fallen most heavily upon those Americans who live on a fixed income. H.R. 3153 replaces the 5.9 percent increase that was enacted last June and is scheduled to become effective in July of 1974. In its place, the legislation provides for a 3-step increase totaling 11 percent. The first increase of 7 percent will take effect upon the enactment of this bill. The remaining 4 percent benefit increase will take effect next June. This legislation will raise the average monthly payment approximately $12 for an individual and approximately $20 for a couple.

It also modifies the automatic cost of living, benefit increase procedure which takes effect in 1974, and will assure beneficiaries that their income is inflation proof. The modification reduces the gap between the increase and its effective date. The Finance Committee has also provided that recipients of veterans' pensions will not have those benefits reduced as a result of this 11 percent increase.

Mr. President, H.R. 3153 also provides for an increase in the social security tax base from $13,500 to $13,200. The tax rate will remain unchanged. Earlier this year, I worked on legislation designed to overhaul and strengthen the railroad retirement system. Now, the Finance Committee has introduced generous increases in railroad retirement benefits in recent years without providing for any mechanism to pay for these benefits. The result is a nearly bankrupt system that jeopardizes the retirement well-being of approximately 1 million Americans.

It is often easy for the Congress to increase benefits to people who deserve them. But it is more difficult and perhaps more necessary to decrease benefits that are needed to maintain the social security trust fund to meet its obligation next year, in 5 years, in 10 years, and so on into the future. I realize that this is not a popular position for us to take and I commend the Finance Committee for providing a mechanism in this bill to pay for the increases we are granting. We, as responsible legislators, have to consider the fiscal situation of this Nation, and to all the people who at some future date will draw upon the resources of the social security system, to guarantee that we will do everything we can to assure that the social security trust fund will be able to deliver on all the benefits our citizens are promised.

FOOD STAMP ELIGIBILITY FOR SSI RECIPIENTS

Mr. EAGLETON. Mr. President, I commend the Senator from Louisiana and other members of the Committee on Agriculture for their efforts. H.R. 3153 provisions which restore the eligibility of aged, blind, and disabled recipients of supplemental security income to participate in the food stamp and food distribution programs.

Under the committee bill, SSI recipients would be eligible to participate in these food assistance programs if they meet the appropriate income eligibility standards.

Those States which have already made plans to "cash out" food stamps for SSI recipients would be permitted to do so during a transition period ending July 1, 1975. At that time, SSI recipients in those States would be ineligible for food assistance.

In my view, the committee provisions are eminently fair and reasonable. They meet the objectives of the legislation (S. 355) introduced by myself and 31 other Senators early this year.

It is my hope, if this conference on the bill will agree that eligibility for food stamps should not turn on whether one is or is not an SSI recipient but simply on whether the individual meets the eligibility criteria of the food stamp program.

RESPONSIBILITY OF HEALTH MAINTENANCE ORGANIZATIONS UNDER MEDICAID AS PROPOSED IN SECTION 172 OF H.R. 3153

Mr. KENNEDY. Mr. President, the bill pending before us would require that methods similar to those used by health maintenance organizations established last year for Medicare be extended to health maintenance organizations which have contracts with State government for serving Medicaid recipients.

In extending these requirements to Medicaid, the Finance Committee has recognized some of the special problems of institutions serving the poor and incorporated exceptions and the possibility of waivers responsive to those needs. The Finance Committee indicates their purpose is to assure that quality services are rendered by institutions receiving State and Federal reimbursement under Medicaid.

While I understand and concur with the committee's objective in this regard, I have grave reservations concerning their method.

The Subcommittee on Health of the Labor and Public Welfare Committee has held extensive hearings on health maintenance organizations and on quality assurance mechanisms in HMO's and in the health field in general.

Yesterday, the committee completed a lengthy conference with the House committee on a bill designed to encourage the initiation of new health maintenance organizations across the country. The bill also includes quality standards and provisions intended to assure that the procedures both in the HMO field and in the traditional system.

Based on our hearings and experience, it is not clear to us that the method by which HMO's are prescribed under medicare will either serve as an incentive to organizations to provide this form of health care or contains adequate protection against poor quality health services. Unfortunately, the Department of Health, Education, and Welfare has not yet issued regulations implementing these reimbursement procedures passed last year in H.R. 1. Therefore, we do not have an accurate picture of how many health service organizations will offer services to the elderly on a prepaid basis under the medicare procedures. However, the leading HMO's have expressed concern that the provisions under medicare will not work—either for the purpose of attracting institutions to serve the elderly on a prepaid basis, or for assuring high quality services.

Given the ambiguity of the evidence of these medicare provisions, and the disagreement of those in the field concerning their workability, I have grave res-
The title was amended, so as to read: "An Act to amend the Social Security Act, and for other purposes."

Mr. THURMOND. Mr. President, I voted "present" on this bill because it contains a provision which would lower from age 72 to 70 the age of applicability of the "earned income" limitation, and I would be personally affected by this provision.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

The PRESIDENT. I move to lay that motion on the table.

Mr. THURMOND. Mr. President, I ask unanimous consent that the bill (H.R. 3153) be printed with the amendments of the Senate numbered, and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and additions, including corrections in sections, subsections, clauses, determinations, and cross references thereto.

The PRESIDENT. Without objection, it is so ordered.

Mr. LONG. Mr. President, I move that the Senate insist on its amendment to the bill (H.R. 3153) and ask for a conference with the House thereon, and that the Chair appoint the conferences on the part of the Senate.

The motion was agreed to: and the President addressed his remarks to the Honorable Mr. LONG, Mr. TALMADGE, Mr. RHODES, Mr. MONDALE, Mr. BENNETT, Mr. CURTIS, and Mr. PAYNE, as an introduction to the part of the Senate.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator from Louisiana for doing his usual skillful managerial job on a most difficult piece of legislation. All I can say is that, speaking personally, I am glad I am not in his shoes because this is a most difficult committee to chair and this piece of legislation which the Senate has just agreed to, is one of the most difficult to manage through this Chamber.

When one considers all the amendments which have been offered today and one becomes aware of the skill, the knowledge, and the maneuverability of the distinguished Senator, one cannot help but admire him, and I want to commend him for a job well done, which is usual.
AN ACT

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

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

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

3 after "IV,"

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

5 (A) by striking out "I," "X," "XIV," and

6 "XVI," in section 1101(a)(1), and

7 (B) by adding at the end of section 1101(a)(1) the following new sentence: "In the case of Puerto Rico,
the Virgin Islands, and Guam; titles I, X, and XIV, and title XVI as in effect without regard to the amendment made by section 201 of the Social Security Amendments of 1972, shall continue to apply, and the term ‘State’ when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1972) includes Puerto Rico, the Virgin Islands, and Guam."

(2) by striking out "I, X, XIV, XVI," in section 1103 and inserting in lieu thereof "XVI";

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

(4)(A) by striking out "I, X, XIV, XVI," in the matter preceding clause (a) in section 1115, and inserting in lieu thereof "VI, XVI,");

(B) by striking out "section 2, 102, 1092, 1462, 1602, or" in clause (a) of such section and inserting in lieu thereof "title VI, part A of title IV, or section";

and

(C) by striking out "3, 462, 1602, 1402, 1602," in clause (b) of such section and inserting in lieu thereof "463, 603, 603, 1603,";

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

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

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

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

SEC. 3. (a) Section 1843(b)-(2) of the Social Security Act is amended by adding at the end thereof the following:

"Effective January 1, 1974, and subject to section 1802(e), the Secretary at the request of any State shall, notwithstanding the repeal of titles I, X, and XIV by section 303-(a) of the Social Security Amendments of 1972 and the amendments made to title XVI by section 301 of such amendments, continue in effect the agreement entered into under this section with such State insofar as it includes individuals who are eligible to receive benefits under part A of title IV, or supplementary security income benefits under title XVI (as in effect after December 31, 1973), or are otherwise eligible to receive medical assistance under the plan of such State approved under title XIX. The provisions of subsection (h)-(2) of this section as in effect before the effective
date of the repeals and amendments referred to in the pre-
ceeding sentence shall continue to apply with respect to in-
dividuals included in any such agreement after such date."

(b) Section 1943(c) of such Act is amended by strik-
ing out the semicolon and all that follows and inserting in
lieu thereof a period.

(c) Section 1943(a)(2) of such Act is amended to
read as follows:

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

(d) Section 1943(f) of such Act is amended—

(1) by inserting "or receiving supplemental secu-
rity income benefits under title XVI (as in effect after
December 31, 1972), "after IV;";

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

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

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

Sec. 4. (a) Title XIX of the Social Security Act is
amended—
by striking out "permanently and totally" in clause (1) of the first sentence of section 1061;

(2) by striking out "; except that the determina-
tion of eligibility for medical assistance under the plan
shall be made by the State or local agency administering
the State plan approved under title I or XVI (insofar as
it relates to the aged)" in section 1062-(a)-(5);

(3)-(A) by inserting after "title XVI" in section
1062-(a)-(10) the following: "; or who are receiving a
supplemental security income payment under title XVI
(as in effect after December 31, 1972) and who would:
except for such payment, be eligible for such medical
assistance under the State plan or who would have been
eligible for such medical assistance under the medical
assistance standard as in effect on January 1, 1972 (ex-
cept that in determining income for this purpose, ex-
penses incurred for medical care must be deducted)";

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

(C) by inserting after "Secretary" in subparagraph
(B) of such section "or who are individuals receiving
supplemental security income benefits under title XVI
(as in effect after December 31, 1972)."
the purposes of this subparagraph shall be considered
to be a State plan; but who are not eligible under sub-
paragraph (A)"

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

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

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

(5)-(A) by inserting after "appropriate," in section
1902(a)-(11)-(A) the following: "or, after December
31, 1973, are required to be covered under section 1902
(a)-(10)-(A) or who meet the income and resources
requirement as specified in such section;", and

(B) by inserting after "appropriate" in subpara-
graph (B) of such section the following: "or who, after
December 31, 1973, are included under the State plan
approved under title XIX pursuant to paragraph (10) (B),";

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

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

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

(8) by striking out "referred to in section 3(a)-(4)-(A) (i) and (ii) or section 1602(a)-(4)(A) (i) and (ii)" in section 1902(a)-(20)-(C) and inserting in lieu thereof "which the State agency administering the plan approved under title XVI determines to make available or, after December 31, 1973, which the agency administering the program of supplemental security income benefits under title XVI (as in effect after December 31, 1973) determines to make available";

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

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

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

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

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

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

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

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

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

(b) Section 1902(f) of such Act is amended by inserting “supplemental security income payment under title XVI and” after “such individual’s.”

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

That this Act, with the following table of contents, may be cited as the “Social Security Amendments of 1973”.

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  (b) Technical clarification and modification of medicaid eligibility and Federal title XIX matching under Public Law 93-66.
  (c) Medicaid eligibility for individuals receiving mandatory State supplementary payments.
  (d) Effective dates.
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Sec. 173. Payments to substandard facilities under medicaid.
Sec. 174. Medicaid matching for expenditures with respect to certain Indians.
Sec. 175. Certain States deemed to have plans approved under title XIX.
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Sec. 182. Reimbursement under medicare for services with respect to coverage based on chronic kidney failure.
Sec. 183. Capital expenditures planning.
Sec. 184. Occupational therapy under medicare.
Sec. 185. Basis of medicare payment for services provided by agencies and providers.
Sec. 186. Outpatient speech pathology.
Sec. 187. Statewide professional standards review organizations.
Sec. 188. Priority in designation of professional standards review organizations.
Sec. 189. Statewide professional standards review councils.
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Sec. 192. Study regarding coverage under part B of medicare for certain services provided by optometrists.
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Sec. 198. Definition of “spell of illness” under medicare.
Sec. 198A. Coverage under medicare for the disabled spouse of an individual who is covered under medicare by reason of disability.
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Sec. 198C. Limit on medicare inpatient hospital deductible.
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Sec. 198E. Medicare for individuals, age 60 through 64, who are entitled to benefits under section 202 or who are spouses of individuals entitled to health insurance.
Sec. 198F. To extend to certain recipients of annuity or pension under the Railroad Retirement Act the treatment accorded to certain social security recipients under section 249E of the Social Security Amendments of 1972, as amended.
Sec. 198G. Definition of immediate care facility and immediate care facility services in title XVIII.
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(a) Inclusion of all wage level increases in automatic adjustment of earnings test.
(b) Inclusion in old-age insurance benefit in certain cases of delayed retirement.
(c) Elimination of benefits at age 72 for uninsured individuals receiving supplemental security income benefits.
(d) Limitations on eligibility determinations under resources tests of State plans.
(e) Limitations on eligibility and benefit determinations under income tests of State plans for aid to the blind.
(f) Correction of erroneous designations and cross references.
(g) Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled.
(h) Technical correction of limitation on fiscal liability of States for optional supplementation.
(i) Modification of transitional administrative provisions.
(j) Inclusion of title VI in limitation on grants to States for social services.
(k) Clarification of coverage of hospitalization for dental services.
(l) Continuation of State agreements for coverage of certain individuals.
(m) Technical improvement of provisions governing disposition of HMO savings.
(n) Technical improvement of provisions governing allowable HMO premium charges.
(o) Applications for assistance on behalf of deceased individuals.
(p) Expansion of intermediate care facility ownership disclosure requirements.
(q) Technical modification of extended medicaid eligibility for AFDC recipients.
(r) Limitation on payments to States for expenditures in relation to disabled individuals eligible for medicare.
(s) Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.
(t) Federal payment for family planning expenditures not limited to administrative costs.
(u) Exception to limitation on payments to States for expenditures in relation to individuals eligible for medicare.
(v) Utilization review by medical personnel associated with an institution.
(w) Authority to prescribe standards under title XIX for active treatment of mental illness.
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TITLE II—CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT—Continued

(a) Correction of erroneous designations and cross references.
(b) Deletion of obsolete provisions.
(c) Determination of amount of exclusion for disapproved capital expenditures by institutions reimbursed on fixed fee or negotiated rate basis.
(d) Determination of amount of exclusion for capital expenditures in certain cases.
(e) Conforming amendments to title XI of the Social Security Act.
(f) Effective dates.

"Sec. 303. Amendment to Act of April 19, 1960".

TITLE III—AMENDMENT TO PART A OF TITLE IV OF THE SOCIAL SECURITY ACT

Sec. 301. Elimination of precondition for Federal financial participation that children in foster care be removed from their homes as a result of judicial determination.

TITLE IV—MISCELLANEOUS

Sec. 401. Provisions relating to unemployment compensation.
Sec. 402. Provisions relating to the prohibition or limitation by a foreign country of exportation of crude oil to the United States.

1 TITLE I—GENERAL AMENDMENTS

2 PART A—SOCIAL SECURITY CASH BENEFITS

3 INTERIM COST-OF-LIVING INCREASE IN SOCIAL SECURITY BENEFITS

Sec. 101. (a) Section 201 of Public Law 93–66 is amended—

(1) in subsection (a)(1), by striking out "the percentage by which the Consumer Price Index prepared by the Department of Labor for the month of June 1973 exceeds such index for the month of June 1972" and inserting in lieu thereof "7 per centum",

(2) in subsection (a) (2), by striking out "after May 1974 and prior to January 1975, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after May 1974 and prior to January 1975" and inserting in lieu thereof "with respect to which this section is effective, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur in months with respect to which this section is effective",

(3) in subsection (b), by striking out "based on the increase in the Consumer Price Index described in subsection (a)" and inserting in lieu thereof "7 per centum", and

(4) in subsection (c) (2), by striking out "(except for purposes of section 203(a) (2) of such Act, as in effect after May 1974)" and inserting in lieu thereof "(except for purposes of section 203(a) of such Act, as in effect after December 1973, which section (as so in effect) shall, for purposes of the increase in social security benefits provided by this section, be deemed to be in effect for and after the first month with respect to which such increase is effective)".

(b) Section 201 of Public Law 93–66 is further amended by adding at the end thereof the following new subsection:

"(e) For purposes of subsection (a) (2), this section is effective with respect to the month in which this subsection
1 is enacted and for each month thereafter which begins prior to June 1974.

ELEVEN-PERCENT INCREASE IN SOCIAL SECURITY

Sec. 102. (a) Section 215(a) of the Social Security Act is amended by striking out the table and inserting in lieu thereof the following:

"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS"

<table>
<thead>
<tr>
<th>I (Primary insurance benefit under 1966 Act, as modified)</th>
<th>II (Primary insurance amount effective for September 1978)</th>
<th>III (Average monthly wage)</th>
<th>IV (Primary insurance amount)</th>
<th>V (Maximum family benefit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;If an individual's primary insurance benefit (as determined under subsec. (d)) is—&quot;</td>
<td>&quot;Or his primary insurance amount (as determined under subsec. (d)) is—&quot;</td>
<td>&quot;Or his average monthly wage (as determined under subsec. (d)) is—&quot;</td>
<td>&quot;The amount referred to in the preceding paragraphs of this subsection shall be—&quot;</td>
<td>&quot;And the maximum amount of benefits payable (as provided in sec. 203(a)) on the basis of his wage and self-employment income shall be—&quot;</td>
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<td>&quot;At least—&quot;</td>
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H.R. 3153—2
"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued"

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<th>&quot;I&quot;</th>
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<tr>
<td>(Primary insurance benefit under 1959 Act, as modified)</td>
<td>(Primary insurance amount effective for September 1979)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
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"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"

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<tr>
<th>&quot;At least—&quot;</th>
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<th>The amount referred to in the preceding paragraphs of this subsection shall be— [\text{And the maximum amount of benefits payable (as provided in sec. 290(a)) on the basis of his wages and self-employment income could be—}]</th>
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"If an individual's primary insurance benefit (as determined under subsec. (d)) is—"
"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued"

<table>
<thead>
<tr>
<th>&quot;I&quot; (Primary insurance benefit under 1935 Act, as modified)</th>
<th>&quot;II&quot; (Primary insurance amount effective for September 1978)</th>
<th>&quot;III&quot; (Average monthly wage)</th>
<th>&quot;IV&quot; (Primary insurance amount)</th>
<th>&quot;V&quot; (Maximum family benefits)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;If an individual's primary insurance benefit (as determined under subsect. (d)) is—&quot;</td>
<td>Or his primary insurance amount (as determined under subsect. (c)) is—</td>
<td>The amount referred to in the preceding paragraphs of this subsection shall be—</td>
<td>And the maximum amount of benefits payable (as provided in sect. 609(a)) on the basis of his wages and self-employment income shall be—</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>&quot;At least—&quot;</th>
<th>But not more than—</th>
<th>&quot;At least—&quot;</th>
<th>But not more than—</th>
<th>&quot;At least—&quot;</th>
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Note: The table continues with similar entries for the remaining amounts.
"TABLE FOR DETERMINING PRIMARY INSURANCE AMOUNT AND MAXIMUM FAMILY BENEFITS—Continued"

<table>
<thead>
<tr>
<th>&quot;I&quot;</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
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<tbody>
<tr>
<td>(Primary insurance benefit under 1939 Act, as modified)</td>
<td>(Primary insurance amount effective for September 1972)</td>
<td>(Average monthly wage)</td>
<td>(Primary insurance amount)</td>
<td>(Maximum family benefits)</td>
</tr>
</tbody>
</table>

| "If an individual's primary insurance benefit (as determined under subsec. (d)) is—" | Or his primary insurance amount (as determined under subsec. (e)) 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— |
| $400.00 | $390.30 | $91.50 | $92.30 |
| $399.00 | $398.50 | $81.50 | $89.50 |
| $398.00 | $397.50 | $81.00 | $89.00 |
| $396.00 | $395.50 | $71.00 | $79.00 |
| $394.00 | $393.50 | $61.00 | $69.00 |
| $392.00 | $391.50 | $51.00 | $59.00 |
| $375.00 | $374.50 | $41.00 | $49.00 |
| $360.00 | $359.50 | $31.00 | $39.00 |
| $340.00 | $339.50 | $21.00 | $29.00 |
| $320.00 | $319.50 | $11.00 | $19.00 |
| $300.00 | $299.50 | $11.00 | $19.00 |

1. (b) (1) Effective June 1, 1974, sections 227 and 228 of the Social Security Act are amended by striking out “$58.00” wherever it appears and inserting in lieu thereof “the larger of $64.40 or the amount most recently established in lieu thereof under section 215(i)”, and by striking out “$29.00” wherever it appears and inserting in lieu thereof “the larger of $32.20 or the amount most recently established in lieu thereof under section 215(i)”.

2. (2) Section 202(a)(4) of Public Law 92–336 is hereby repealed.
(c) The amendment made by subsection (a) shall apply with respect to monthly benefits under title II of the Social Security Act for months after May 1974, and with respect to lump-sum death payments under section 202(i) of such Act in the case of deaths occurring after such month.

(d) Section 202(a)(3) of Public Law 92-336 is amended by striking out "January 1, 1975" in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "June 1, 1974".

MODIFICATION OF COST-OF-LIVING BENEFIT INCREASE PROVISIONS

Sec. 103. (a) Clause (i) of section 215(i)(1)(A) of the Social Security Act is amended to read as follows: "(i) the calendar quarter ending on March 31 in each year after 1974, or".

(b) Clause (ii) of section 215(i)(1)(B) of such Act is amended by striking out "in which a law" and all that follows and inserting in lieu thereof "if in the year prior to such year a law has been enacted providing a general benefit increase under this title or if in such prior year a benefit increase becomes effective; and".

(c) Section 215(i)(2)(A)(i) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975", and by striking out "and to subparagraph (E) of this paragraph".
(d) Section 215(i)(2)(A)(ii) of such Act is amended—

(1) by striking out “such base quarter” and inserting in lieu thereof “the base quarter in any year”;

(2) by striking out “January of the next calendar year” and inserting in lieu thereof “June of such year”;

(3) by striking out “(subject to subparagraph (E))”; and

(4) by striking out “(but not including a primary insurance amount determined under subsection (a)(3) of this section)”.

(e) Section 215(i)(2)(B) of such Act is amended by striking out “December” each place it appears and inserting in lieu thereof “May”, and, by striking out “(subject to subparagraph (E))”.

(f) Section 215(i)(2)(C)(ii) of such Act is amended by striking out “on or before August 15 of such calendar year” and inserting in lieu thereof “within 30 days after the close of such quarter”.

(g) Section 215(i)(2)(D) of such Act is amended by striking out “on or before November 1 of such calendar year” and inserting in lieu thereof “within 45 days after the close of such quarter”.

(h) Section 215(i)(2) of such Act is amended by striking out subparagraph (E).
(i) For purposes of section 203(f)(8) of the Social Security Act, so much of section 215(i)(1)(B) of such Act as follows the semicolon, and section 230(a) of such Act, the increase in benefits provided by section 102 of this Act shall be considered an increase under section 215(i) of the Social Security Act.

(j) (1) Section 230(a) of such Act is amended—

(A) by striking out "with the first month of the calendar year" and inserting in lieu thereof "with the June"; and

(B) by striking out "(along with the publication of such benefit increase as required by section 215(i)(2)(D))" and by striking out "(unless such increase in benefits is prevented from becoming effective by section 215(i)(2)(E))".

(2) Section 230(c) of such Act is amended by striking out "the first month" and inserting in lieu thereof "the June".

(k) (1) Section 203(f)(8)(A) of such Act is amended to read as follows:

"(A) Whenever the Secretary pursuant to section 215(i) increases benefits effective with the month of June following a cost-of-living computation quarter, he shall also determine and publish in the Federal Register on or before November 1 of the calendar year in which such quarter occurs a new exempt amount which shall
be effective (unless such new exempt amount is pre-
vented from becoming effective by subparagraph (C) of
this paragraph) with respect to any individual’s taxable
year which ends after the calendar year in which such
benefit increase is effective (or, in the case of an indi-
vidual who dies during the calendar year after the cal-
endar year in which the benefit increase is effective,
with respect to such individual’s taxable year which
ends, upon his death, during such year).”.

(2) Section 203(f)(8)(B) of such Act is amended by
striking out “no later than August 15 of such year” and in-
serting in lieu thereof “within 30 days after the close of the
base quarter (as defined in section 215(i)(1)(A)) in such
year”.

(3) Section 203(f)(8)(C) is amended by striking out
“or providing a general benefit increase under this title (as
defined in section 215(i)(3))”.

(1)(1) Section 215(a)(3) of the Social Security Act
is amended by striking out “$8.50” and inserting in lieu
thereof “the larger of $9.50 or the amount most recently
established in lieu thereof under section 215(i)”.

(2) The amendment made by paragraph (1) shall
apply with respect to monthly benefits under title II of the
Social Security Act for months after May 1974, and with
respect to lump-sum death payments under section 202(i)
of such Act in the case of deaths occurring after such month.
INCREASE IN EARNINGS BASE

Sec. 104. (a)(1) Section 209(a)(8) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Section 211(b)(1)(H) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(3) Sections 213(a)(2)(ii) and 213(a)(2)(iii) of such Act are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(4) Section 215(e)(1) of such Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(b)(1) Section 1402(b)(1)(H) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(2) Effective with respect to remuneration paid after 1973, section 3121(a)(1) of such Code is amended by striking out the dollar amount each place it appears therein and inserting in lieu thereof "$13,200".

(3) Effective with respect to remuneration paid after 1973, the second sentence of section 3122 of such Code is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".
(4) Effective with respect to remuneration paid after 1973, section 3125 of such Code is amended by striking out the dollar amount each place it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$13,200".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended by striking out "$12,600" each place it appears and inserting in lieu thereof "$13,200".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(7) Effective with respect to taxable years beginning after 1973, section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out the dollar amount and inserting in lieu thereof "$13,200".

(c) Section 230(c) of the Social Security Act is amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

(d) Paragraphs (2)(C), (3)(C), (4)(C), and (7)(C) of section 203(b) of Public Law 92-336 are each amended by striking out "$12,600" and inserting in lieu thereof "$13,200".

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

(f) The amendments made by this section to provisions
of the Social Security Act, the Internal Revenue Code of
1954, and Public Law 92–336 shall be deemed to be made
to such provisions as amended by section 203 of Public
Law 93–66.

CHANGES IN TAX SCHEDULES

Sec. 105. (a)(1) Section 3101(a) of the Internal Rev-
enue Code of 1954 (relating to rate of tax on employees
for purposes of old-age, survivors, and disability insurance)
is amended by striking out paragraphs (4) through (6)
and inserting in lieu thereof the following:

“(4) with respect to wages received during the
calendar year 1973, the rate shall be 4.85 percent;
“(5) with respect to wages received during the
calendar years 1974 through 2010, the rate shall be
4.95 percent; and
“(6) with respect to wages received after Decem-
ber 31, 2010, the rate shall be 5.95 percent.”

(2) Section 3111(a) of such Code (relating to rate of
tax on employers for purposes of old-age, survivors, and
disability insurance) is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1973, the rate shall be 4.85 percent;

"(5) with respect to wages paid during the calendar years 1974 through 2010, the rate shall be 4.95 percent; and

"(6) with respect to wages paid after December 31, 2010, the rate shall be 5.95 percent."

(b)(1) Section 1401(b) of such Code (relating to rate of tax on self-employment income for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) in the case of any taxable year beginning after December 31, 1972, and before January 1, 1974, the tax shall be equal to 1.0 percent of the amount of the self-employment income for such taxable year;

"(3) in the case of any taxable year beginning after December 31, 1973, and before January 1, 1978, the tax shall be equal to 0.90 percent of the amount of the self-employment income for such taxable year;

"(4) in the case of any taxable year beginning after December 31, 1977, and before January 1, 1981, the tax shall be equal to 1.10 percent of the amount of the self-employment income for such taxable year;
“(5) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1986, the tax shall be equal to 1.35 percent of the amount of the self-employment income for such taxable year; and

“(6) in the case of any taxable year beginning after December 31, 1985, the tax shall be equal to 1.50 percent of the self-employment income for such taxable year.”

(2) Section 3101(b) of such Code (relating to rate of tax on employees for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

“(2) with respect to wages received during the calendar year 1973, the rate shall be 1.0 percent;

“(3) with respect to wages received during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

“(4) with respect to wages received during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

“(5) with respect to wages received during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

“(6) with respect to wages received after December 31, 1985, the rate shall be 1.50 percent.”.
(3) Section 3111(b) of such Code (relating to rate of tax on employers for purposes of hospital insurance) is amended by striking out paragraphs (2) through (5) and inserting in lieu thereof the following:

"(2) with respect to wages paid during the calendar year 1973, the rate shall be 1.0 percent;

"(3) with respect to wages paid during the calendar years 1974 through 1977, the rate shall be 0.90 percent;

"(4) with respect to wages paid during the calendar years 1978 through 1980, the rate shall be 1.10 percent;

"(5) with respect to wages paid during the calendar years 1981 through 1985, the rate shall be 1.35 percent; and

"(6) with respect to wages paid after December 31, 1985, the rate shall be 1.50 percent."

(c) The amendment made by subsection (b)(1) shall apply only with respect to taxable years beginning after December 31, 1973. The remaining amendments made by this section shall apply only with respect to remuneration paid after December 31, 1973.

ALLOCATION TO DISABILITY INSURANCE TRUST FUND

Sec. 106. (a) Section 201(b)(1) of the Social Security Act is amended by striking out "“(E)” and all that follows down through “which wages” and inserting in lieu thereof
the following: "(E) 1.1 per centum of the wages (as so defined) paid after December 31, 1972, and before January 1, 1974, and so reported, (F) 1.15 per centum of the wages (as so defined) paid after December 31, 1973, and before January 1, 1978, and so reported, (G) 1.2 per centum of the wages (as so defined) paid after December 31, 1977, and before January 1, 1981, and so reported, (H) 1.3 per centum of the wages (as so defined) paid after December 31, 1980, and before January 1, 1986, and so reported, (I) 1.4 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 2011, and so reported, and (J) 1.7 per centum of the wages (as so defined) paid after December 31, 2010, and so reported, which wages".

(b) Section 201(b)(2) of such Act is amended by striking out "(E)" and all that follows down through "which self-employment income" and inserting in lieu thereof the following: "(E) 0.795 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1972, and before January 1, 1974, (F) 0.815 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1973, and before January 1, 1978, (G) 0.850 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1977, and before January 1, 1981, and so reported, (H) 0.875 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1980, and before January 1, 1986, and so reported, and (I) 0.915 of 1 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after Decem-
ber 31, 1977, and before January 1, 1981, (H) 0.920
of 1 per centum of the amount of self-employment income
(as so defined) so reported for any taxable year begin-
ing after December 31, 1980, and before January 1, 1986,
(I) 0.990 of 1 per centum of the amount of self-employ-
ment income (as so defined) so reported for any taxable
year beginning after December 31, 1985, and before Jan-
uary 1, 2011, and (J) 1 per centum of the amount of
self-employment income (as so defined) so reported for any
taxable year beginning after December 31, 2010, which
self-employment income”.

INTERNATIONAL AGREEMENTS WITH RESPECT TO
SOCIAL SECURITY BENEFITS
Sec. 107. (a) Title II of the Social Security Act is
amended by adding at the end thereof the following new
section:

“INTERNATIONAL AGREEMENTS

“Purpose of Agreement

“Sec. 232. (a) The President is authorized to enter
into agreements establishing totalization arrangements be-
tween the social security system established by this title and
the social security system of any foreign country, for the
purposes of establishing entitlement to and the amount of old-
age, survivors, disability, or derivative benefits based on a
combination of an individual’s periods of coverage under the
social security system established under this title and the
social security system of such foreign country.

"Delegation of Authority to Secretary of Health,
Education, and Welfare

“(b)(1) The President is authorized to delegate any of
his functions under this section to the Secretary of Health,
Education, and Welfare.

“(2) Pursuant to any such delegation, the Secretary of
Health, Education, and Welfare shall consult with the
Secretary of the Treasury and the Secretary of State prior
to entering into any such agreement.

"Definitions

“(c) For the purposes of this section—

“(1) The term ‘social security systems’ of a foreign
country means a social insurance or pension system which
is of general application in the country and under which
periodic benefits, or the actuarial equivalent thereof, are paid
on account of old age, death, or disability.

“(2) The term ‘period of coverage’ means a period of
payment of contributions or a period of earnings based on
wages for employment or on self-employment income, or
any similar period recognized as equivalent thereto under
this title or under the social security system of a country
which is a party to an agreement entered into under this
section.
“(d) (1) Any agreement establishing a totalization arrangement pursuant to this section shall provide—

“(A) that, in the case of an individual who has at least 6 quarters of coverage as defined in section 213 of this Act and periods of coverage under the social security system of a foreign country which is a party to such agreement, periods of coverage of such individual under such social security systems of such foreign country may, at the option of such individual or of the survivors of such individual, be combined with periods of coverage under this title and otherwise considered for the purpose of establishing entitlement to and the amount of old-age, survivors, and disability insurance benefits under this title:

“(B)(i) that employment or self-employment, or any service which is recognized as equivalent to employment or self-employment under this title and the social security system of such foreign country which is a party to such agreement, shall, on or after the effective date of such agreement, result in a period of coverage under the system established under this title or under the system established under the laws of such foreign country, but not under both;
"(ii) the methods and conditions for determining under which system such employment, self-employment, or other service shall result in a period of coverage;

"(C) that where an individual's periods of coverage are combined, the benefit amount payable under this title shall be based on the proportion of such individual's periods of coverage which were completed under this title; and

"(D) that an individual who is entitled to cash benefits under this title pursuant to such agreement shall, notwithstanding the provisions of section 202(t), receive such benefits while he legally resides in the foreign country which is a party to such agreement.

"(2) To the extent that any such agreement provides that any period of coverage under this title shall not be such a period of coverage because it is a period of coverage under the laws of a foreign country which is a party to such agreement, no employment or self-employment taxes shall be imposed with respect to such period of coverage under the laws of the United States.

"(3) Any such agreement may provide that the benefit paid by the United States to an individual who legally resides in the United States shall be increased to an amount which, when added to the benefit paid by such foreign country, will be equal to the benefit amount which would be
payable to an entitled individual based on the first figure in (or deemed to be in) column IV of the table in section 215(a).

“(4) Section 226 shall not apply in the case of any individual to whom it would not be applicable but for this section or any agreement or regulation under this section.

“(5) Any such agreement may contain such other provisions, not inconsistent with this section, as the President deems appropriate.

“Regulations

“(e) The Secretary of Health, Education, and Welfare shall make rules and regulations and establish procedures which are reasonable and necessary to implement and administer any agreement which has been entered into in accordance with this section.

“Reports to Congress; Effective Date of Agreements

“(f)(1) Any agreement to establish a totalization arrangement entered into pursuant to this section shall be transmitted by the President to the Congress.

“(2) Such an agreement shall become effective on any date provided in the agreement following 90 calendar days of continuous session of the Congress after the date on which the agreement is transmitted in accordance with paragraph (1). The continuity of a session is broken (for purposes of this paragraph) only by an adjournment of the Congress
sine die. The days on which either House of the Congress is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 90-day period.”.

(b)(1) Section 1401 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

“(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, the self-employment income of an individual shall be exempt from the taxes imposed by this section to the extent that such self-employment income is subject under such agreement to taxes or contributions for similar purposes under the social security system of such foreign country.”.

(2) Sections 3101 and 3111 of such Code are each amended by adding at the end thereof the following new subsection:

“(c) During any period in which there is in effect an agreement entered into pursuant to section 232 of the Social Security Act with any foreign country, wages received by or paid to an individual shall be exempt from the taxes imposed by this section to the extent that such wages are subject under such agreement to taxes or contributions for similar
purposes under the social security system of such foreign

country.”.

(3) Notwithstanding any other provision of law, taxes
paid by any individual to any foreign country with respect
to any period of employment or self-employment which is
covered under the social security system of such foreign
country in accordance with the terms of an agreement en-
tered into pursuant to section 232 of the Social Security Act,
shall not, under the laws of the United States, be deductible
by, or creditable against the income tax of, any such
individual.

TREATMENT OF CERTAIN FARM INCOME

Sec. 108. (a) Section 211(a) of the Social Security Act
is amended by adding at the end thereof the following new
paragraph:

“An agreement between an owner or tenant of land and
another person under which such other person is to manage
and supervise the production of agricultural or horticultural
commodities on such land shall not be considered to be an ar-
range-ment (described in paragraph (1)(A) of the first sen-
tence of this subsection) which provides for material par-
ticipation by the owner or tenant in production or manage-
ment, if under such agreement it is the responsibility and
duty of such other person, as the agent of such owner or
tenant, to manage and supervise such production (including
the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management.”.

(b) Section 1402(a) of the Internal Revenue Code of 1954 (relating to definition of net earnings from self-employment) is amended by adding at the end thereof the following new paragraph:

“An agreement between an owner or tenant of land and another person under which such other person is to manage and supervise the production of agricultural or horticultural commodities on such land shall not be considered to be an arrangement (described in paragraph (1)(A) of the first sentence of this subsection) which provides for material participation by the owner or tenant in production or management, if under such arrangement it is the responsibility and duty of such other person, as the agent of such owner or tenant, to manage and supervise such production (including the selection of the tenants or other personnel whose services will be utilized in such production) without personal participation therein by such owner or tenant, and if, in fact, there is no personal participation by such owner or tenant in such production or management.”.

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

STUDY BY SECRETARY AS TO FEASIBILITY OF RELATING BENEFITS UNDER THE SOCIAL SECURITY ACT TO PREVAILING COST OF LIVING IN VARIOUS AREAS

SEC. 109. (a) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall conduct a study of the various programs established by and pursuant to the Social Security Act with a view to determining the feasibility of relating the various dollar amounts set forth therein (whether in the form of benefits, deductibles, conditions of eligibility for benefits, or otherwise) to the prevailing cost of living in the various States (and localities within States) in which such programs are operative.

(b) In carrying out such study, the Secretary shall—

(1) develop a comprehensive cost-of-living index which reflects the average cost of living for each State as a whole (and not just the urban or other areas therein);

(2) include an evaluation of the effects which would be produced among the various States, including the advantages to recipients, if the benefits (and other dollar amount related criteria) in the Social Security Act were adjusted in accordance with differences in the average cost of living in the various States;
(3) give consideration to the feasibility of applying such a cost-of-living adjustment only in those States where the cost of living is significantly higher than the cost of living in the Nation as a whole; and

(4) analyze existing sources, within the Federal Government, from which data relating to the cost of living is available, with a view to determining the need for improved sources of such data, within the Federal Government, under which such data would be made available on a regular basis and in a more analytical, comprehensive, and suitable form.

(c) The Secretary shall complete such study and shall submit to the Congress a full and complete report thereon, together with the recommendations of the Secretary with respect to the matters included in the study, not later than January 1, 1975.

(d) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

TERMINATION OF COVERAGE OF CERTAIN POLICEMEN IN LOUISIANA

Sec. 110. Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of Louisiana entered into pursuant to such section may, at the option of such State, be modified, at any time during the
calendar year commencing January 1, 1974, so as to exclude services performed within such State by individuals who are in positions of policemen and who are eligible for membership in the Municipal Police Employees Retirement System of Louisiana. Any modification of such agreement pursuant to this section shall be effective with respect to services performed after an effective date specified by the State in such modification, except that such date shall not be earlier than January 1, 1974.

TERMINATION OF COVERAGE FOR POLICEMEN OR FIREMEN IN CALIFORNIA

Sec. 111. (a) Notwithstanding any provision of section 218 of the Social Security Act, upon giving at least two years' advance notice in writing to the Secretary of Health, Education, and Welfare (hereafter in this section referred to as the "Secretary"), the State of California may terminate, effective at the end of the calendar quarter specified in the notice, its agreement (entered into under such section) with the Secretary with respect to services of—

(1) all employees included under the agreement as a single coverage group within the meaning of section 218(d)(4) of such Act which is composed entirely of positions of policemen or firemen or both;

(2) all employees in positions of policemen or firemen or both which are included under such agreement as
a part of a coverage group within the meaning of section 218(d)(4) of such Act; or

(3) all employees in positions of policemen or firemen or both which were included under such agreement as part of a coverage group as defined in section 218(b)(5) of such Act and which were covered by a retirement system after the date coverage was extended to such group,

but only if such agreement has been in effect with respect to employees in such positions for not less than five years prior to the receipt of such notice.

(b) If the agreement entered into (under section 218 of the Social Security Act) between the State of California and the Secretary is terminated pursuant to this section with respect to services of employees in positions of policemen or firemen as described in subsection (a), the Secretary and such State may not thereafter modify such agreement so as to again make such agreement applicable to services performed by employees in such positions.

(c) Notwithstanding any provision of section 218 of the Social Security Act, the agreement with the State of California under such section may, if the State so desires, be modified at any time prior to July 1, 1976, so as to again make the agreement applicable to services performed by employees, other than employees in policemen’s or firemen’s positions, in
a coverage group with respect to which the agreement was
terminated by the State prior to the enactment of this Act if
the Governor of the State, or an official designated by him,
certifies that the following conditions have been met:

(1) the majority of such employees have indicated
a desire to have their coverage reinstated, and

(2) the termination of the agreement with respect to
the coverage group was for the purpose of terminating
coverage for those employees in policemen's or firemen's
positions, or both.

Notwithstanding the provisions of section 218(f)(1) of such
Act, any such modification shall be effective as of the date
coverage was previously terminated for those members of the
coverage group who meet the conditions prescribed in section
218(f)(2) of such Act.

INCLUSION OF NEW JERSEY AMONG STATES PERMITTED TO
DIVIDE THEIR RETIREMENT SYSTEMS

Sec. 111A. Section 218(d)(6)(C) of the Social Secu-

rity Act is amended by inserting “New Jersey,” after
“Nevada,”.

ACTUARILY REDUCED BENEFITS FOR WIDOWS AT AGE 55

Sec. 111B. (a) (1) Section 202(e)(1)(B) of the
Social Security Act is amended by striking out “60” wherever
it appears therein and inserting in lieu thereof “55”.

(2) Section 202(e)(1) of such Act is amended, in
the matter following subparagraph (F), by striking out “60” and inserting in lieu thereof “55”.

(3) Section 202(e)(4) of such Act is amended by striking out “60” and inserting in lieu thereof “55”.

(4) Section 202(e)(5) of such Act is amended by striking out “60” and inserting in lieu thereof “55”.

(b) The third sentence of section 203(c) of such Act is amended by striking out “60 (but only if she became so entitled prior to attaining age 60)” and inserting in lieu thereof “55 (but only if she became so entitled prior to attaining age 55)”.

(c) Section 203(f)(1)(D) is amended by striking out “60 (but only if she became so entitled prior to attaining age 60)” and inserting in lieu thereof “55 (but only if she became so entitled prior to attaining age 55)”.

(d) Section 222(b)(1) of such Act is amended by striking out “a widow, widower, or surviving divorced wife who has not attained age 60,” and inserting in lieu thereof “a widow or surviving divorced wife who has not attained age 55, a widower who has not attained age 60, a widow or surviving divorced wife who has not attained age 60, a widower who has not attained age 60,”.

(e)(1) Section 222(d)(1)(C) of such Act is amended by striking out “60” and inserting in lieu thereof “55”.

(2) Section 222(d)(1) of such Act, in the matter following subparagraph (D), by striking out “for widows and surviving divorced wives who have not attained age 60” and
inserting in lieu thereof “for widows and surviving divorced wives who have not attained age 55”.

(f) The first sentence of section 225 of such Act is amended by striking out “widow or surviving divorced wife who has not attained age 60” and inserting in lieu thereof “widow or surviving divorced wife who has not attained age 55”.

(g) The amendments made by this section shall apply with respect to monthly insurance benefits payable under title II of the Social Security Act for months after the month in which this Act is enacted, on the basis of applications filed in or after the month in which this Act is enacted.

LIBERALIZATION OF EARNINGS TEST

Sec. 111C. (a) Paragraphs (1), (3), and (4)(B) of section 203(f), and paragraph (1)(A) of section 203(h), of the Social Security Act are each amended by striking out “$175” and inserting in lieu thereof “$250”.

(b)(1) Subsections (c)(1), (d)(1), (f)(1), and (j) of section 203 of the Social Security Act are each amended by striking out “seventy-two” and inserting in lieu thereof “seventy”.

(2) Subsection (h)(1)(A) of such section 203 is amended by striking out “the age of 72” and “age 72” and inserting in lieu thereof in each instance “age 70”.

(3) The heading of subsection (j) of such section 203
is amended by striking out “Seventy-two” and inserting in
lieu thereof “Seventy’.

(c) The amendments made by subsections (a) and (b)
shall apply with respect to taxable years beginning after De-

(d) Section 202 of Public Law 93–66 is hereby
repealed.

CONSUMER PRICE INDEX FOR THE AGED

Sec. 111D. (a) In order to provide the Congress with
improved means for formulating legislation with respect to
older Americans, the Secretary of Labor, through the Bureau
of Labor Statistics is authorized and directed to prepare,
as part of the Consumer Price Index published monthly by
the Bureau of Labor Statistics, a consumer price index (to
be known as the “Consumer Price Index for the Aged”)designed to reflect the relevant price information for indi-
viduals who are 65 years of age or older.

(b)(1) Section 215(i) of the Social Security Act is
amended by striking out “Consumer Price Index”, wherever
it appears therein, and inserting in lieu thereof “Consumer
Price Index for the Aged or the Consumer Price Index,
whichever is the higher”.

(2)(A) Except as provided in subparagraph (B), the
amendments made by paragraph (1) shall be effective with
respect to cost-of-living increases made after the date of
enactment of this section under section 215(i) of the Social Security Act.

(B) The amendments made by paragraph (1) shall not be effective with respect to any cost-of-living increase made under section 215(i) of the Social Security Act if such increase is made with respect to a base quarter (as defined in section 215(i)(1)(A) of such Act) which occurs prior to the first calendar quarter for each month of which there is published by the Department of Labor (in accordance with subsection (a)) a "Consumer Price Index for the Aged".

LIBERALIZATION OF SOCIAL SECURITY ELIGIBILITY FOR THE BLIND

Sec. 111E. (a)(1) Section 214(a) of the Social Security Act is amended by adding "or" after the semicolon at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

"(4) in the case of an individual who has died and who was entitled to a benefit under section 223 for the month before the month in which he died, 6 quarters of coverage;".

(2) Section 215(b)(1) of such Act is amended by striking out "shall be the quotient" and inserting in lieu thereof "shall (except as provided in paragraph (5)) be the quotient".
Section 215(b) of such Act is further amended by adding at the end thereof the following new paragraph:

"(5) In the case of an individual who is blind (within the meaning of 'blindness' as defined in section 216(i)(1)), such individual's average monthly wage shall be the quotient obtained by dividing (A) the total of his wages paid in, and self-employment income credited to, all of the calendar quarters which are quarters of coverage (as defined in section 213) and which fall within the period after 1950 and prior to the year specified in clause (i) or clause (ii) of paragraph (2)(C), by (B) the number of months in such quarters; except that any such individual who is fully insured (without regard to section 214(a)(4)) shall have his average monthly wage computed under this subsection without regard to this paragraph if such computation results in a larger primary insurance amount."

Section 216(i)(3) of such Act is amended to read as follows:

"(3) The requirements referred to in clauses (i) and (ii) of paragraph (2)(C) are satisfied by an individual with respect to any quarter only if—

(A) he would have been a fully insured individual (as defined in section 214) had he attained age 62 and filed application for benefits under section 202(a) on the first day of such quarter, and (i) he had
not less than 20 quarters of coverage during the 40-quarter period which ends with such quarter, or (ii) if such quarter ends before he attains (or would attain) age 31, not less than one-half (and not less than 6) of the quarters during the period ending with such quarter and beginning after he attained the age of 31 were quarters of coverage, or (if the number of quarters in such period is less than 12) not less than 6 of the quarters in the 12-quarter period ending with such quarter were quarters of coverage; or

"(B) he is blind (within the meaning of 'blindness' as defined in paragraph (1) of this subsection) and has not less than 6 quarters of coverage in the period which ends with such quarter.

For purposes of clauses (i) and (ii) of subparagraph (A) of this paragraph, when the number of quarters in any period is an odd number, such number shall be reduced by one, and a quarter shall not be counted as part of any period if any part of such quarter was included in a prior period of disability unless such quarter was a quarter of coverage."

(5) The first sentence of section 222(b)(1) of such Act is amended by inserting "(other than such an individual whose disability is blindness as defined in section 216(i)
(1)" after "an individual entitled to disability insurance
benefits".

(6) Section 223(a)(1) of such Act is amended—

(A) by striking out the comma at the end of sub-
paragraph (B) and inserting in lieu thereof "or is blind
(within the meaning of 'blindness' as defined in sec-
tion 216(i)(1)),";

(B) by striking out "the month in which he at-
tains age 65" and inserting in lieu thereof "in the case
of any individual other than an individual whose dis-
ability is blindness (as defined in section 216(i)(1)),
the month in which he attains age 65"; and

(C) by striking out the second sentence.

(7) Section 223(c)(1) of such Act is amended to read
as follows:

"(1) An individual shall be insured for disability
insurance benefits in any month if—

"(A) he would have been a fully insured indi-
vidual (as defined in section 214) had he attained
age 62 and filed application for benefits under sec-
tion 202(a) on the first day of such month, and

(i) he had not less than 20 quarters of coverage
during the 40-quarter period which ends with the
quarter in which such month occurred, or (ii) if
such month ends before the quarter in which he
attains (or would attain) age 31, not less than
one-half (and not less than 6) of the quarters during
the period ending with the quarter in which such
month occurred and beginning after he attained the
age of 21 were quarters of coverage, or (if the
number of quarters in such period is less than 12)
not less than 6 of the quarters in the 12-quarter
period ending with such quarter were quarters of
coverage, or

"(B) he is blind (within the meaning of 'blind-
ness' as defined in section 216(i)(1)) and has not
less than 6 quarters of coverage in the period which
ends with the quarter in which such month occurs.

For purposes of clauses (i) and (ii) of subparagraph
(A) of this paragraph, when the number of quarters
in any period is an odd number, such number shall be
reduced by one, and a quarter shall not be counted as
part of any period if any part of such quarter was in-
cluded in a period of disability unless such quarter was
a quarter of coverage."

(8) Section 223(d)(1)(B) of such Act is amended
to read as follows:

"(B) blindness (as defined in section 216(i)
(1))."
(9) 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))" immediately after "individual".

(b) In the case of an insured individual who is under a disability as defined in section 223(d)(1)(B) of the Social Security Act, who is entitled to monthly insurance benefits under section 202(a) or 223 of such Act for a month after the month in which this Act is enacted, and who applies for a recomputation of his disability insurance benefit or for a disability insurance benefit (if he is entitled under such section 202(a)) in or after the month this Act is enacted, the Secretary shall, notwithstanding the provisions of section 215(f)(1) of such Act, make a recomputation of such benefit if such recomputation results in a higher primary insurance amount.

(c) The amendments made by subsections (a) and (b) of this section shall apply only with respect to monthly benefits under title II of the Social Security Act for and after the second month following the month in which this section is enacted.

PART B—TAX CREDIT

TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

Sec. 112. (a) In General.

(1) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits
against tax) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section:

"SEC. 42. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES.

"(a) In General.—

"(1) Allowance of Credit.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 for the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) Applicable Percentage.—The percentage under paragraph (1) applicable to the social security taxes is—
"(A) 86 percent for calendar years 1974 through 1977,

(B) 83 percent for calendar years 1978 through 1980,

(C) 80 percent for calendar years 1981 through 1985,

(D) 78 percent for calendar years 1986 through 2010, and

(E) 68 percent for calendar years beginning after December 31, 2010.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed $4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b)) without regard to the exclusion set forth in paragraph (9) of that section.

"(2) REDUCTION FOR ADDITIONAL INCOME.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph
(1) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds $4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71(b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in installments), or 74(b) (relating to certain prizes and awards),

"(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received
by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

"(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) APPLICATION WITH SECTION 6428.—The amount allowable to a taxpayer, or to a taxpayer and his
spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

“(c) DEFINITIONS.—For purposes of this section—

“(1) ELIGIBLE INDIVIDUAL.—The term ‘eligible individual’ means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

“(2) SOCIAL SECURITY TAXES.—The term ‘social security taxes’ means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term ‘employment’ (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section.”.
(2) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Tax credit for low income workers with families.
"Sec. 43. Overpayments of tax."

(3) Section 6401(b) of the Internal Revenue Code of 1954 (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following:

", 42 (relating to tax credit for low-income workers with families),"; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

(4) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "OR 42" after "SECTION 39" in the caption of such section; and

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 42 (relating to tax credit for low income workers with families),".

(b) ADVANCE REFUND OF CREDIT.—

(1) Subchapter B of chapter 65 of the Internal Revenue Code of 1954 (relating to rules of special application) is amended by adding at the end thereof the following new section:
"SEC. 6428. ADVANCE REFUND OF SECTION 42 CREDIT."

"(a) In General.—A taxpayer may receive an advance refund of the credit allowable to him under section 42 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) Limitations.—

"(1) Amount of Refund.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of
the credit allowable under section 42 with respect to
social security taxes payable with respect to that taxpayer
(or, in the case of a joint election, social security taxes
payable with respect to that taxpayer and his spouse) for
the quarter or quarters to which the election relates.

"(2) INELIGIBLE FOR CREDIT.—No advance re-
fund may be made under this section for any quarter
to a taxpayer who, on the basis of the income the tax-
payer and his spouse reasonably may expect to receive
during the taxable year, will not be entitled to claim any
amount as a credit under section 42 for that year.

"(3) MINIMUM PAYMENT.—No payment may be
made under this section in an amount less than $30.

"(c) COLLECTION OF EXCESS PAYMENTS.—In addi-
tion to any other method of collection available to him, if
the Secretary or his delegate determines that any part of
any amount paid to a taxpayer for any quarter under this
section was in excess of the amount to which that taxpayer
was entitled for that quarter, the Secretary or his delegate
shall notify that taxpayer of the excess payment and may
withhold, from any amounts which that taxpayer elects to
receive under this section in any subsequent quarter, amounts
totaling not more than the amount of that excess.”.

(2) The table of sections for such subchapter is amended
by adding at the end thereof the following new item:

“Sec. 6428. Advance refund of section 42 credit.”.
(c) **RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 42 CREDIT.**—Section 6011 (d) (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) **RETURNS OF TAXPAYERS RECEIVING ADVANCE REFUND OF SECTION 42 CREDIT.**—Every taxpayer who elects to receive an advance refund of the credit allowed by section 42 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require."

(d) **DEVELOPMENT OF APPLICATION FORMS; COOPERATION OF OTHER GOVERNMENT AGENCIES.**—

(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), arrange for distributing such forms and making them easily available to taxpayers, and prescribe such regulations as may be necessary to carry out the provisions of sections 42 and 6428 of such Code. Each such application form shall contain a warning that the making
of a false or fraudulent statement thereon is a Federal crime.

(2) The Secretary of the Treasury is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any taxpayer applying for or receiving benefits under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 42 credit), or his spouse, as may be necessary for the proper administration of section 42 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 42 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(e) Amendment of Social Security Act.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 42 of the Internal Revenue Code of 1954)".

(f) Effective Date.—The amendments made by this section shall apply with respect to taxable years beginning after December 31, 1973, but no advance refund payment
under section 6428 of the Internal Revenue Code of 1954 shall be made before July 1, 1974.

PART C—Amendments Related to Supplemental Security Income Program

INCREASE IN SUPPLEMENTAL SECURITY INCOME BENEFITS

Sec. 121. (a)(1) Section 210(c) of Public Law 93-66 is amended by striking out "June 1974" and inserting in lieu thereof "December 1973".

(2) Section 211(a)(1)(A) of Public Law 93-66 is amended by striking out "($780 in the case of any period prior to July 1974)".

(b) Effective with respect to payments for months after June 1974—

(1) section 1611(a)(1)(A) and section 1611(b) (1) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972 and amended by section 210 of Public Law 93-66) are each amended by striking out "$1,680" and inserting in lieu thereof "$1,752";

(2) section 1611(a)(2)(A) and section 1611(b) (2) of such Act (as so enacted and amended) are each amended by striking out "$2,520" and inserting in lieu thereof "$2,628"; and

(3) section 211(a)(1)(A) of Public Law 93-66
ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

Sec. 122. (a)(1) Section 3(e) of the Food Stamp Act of 1964 is amended to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof:

"No individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during the 18-month period beginning January 1, 1974, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps."

(2) Section 3(b) of Public Law 93-86 is hereby repealed.
(b)(1) Section 4(c) of Public Law 93-86 is hereby repealed.

(2) The last sentence of section 416 of the Act of October 31, 1949 (as added by section 411(g) of Public Law 92-403) is hereby repealed.

(3) No individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212 (a) of Public Law 93-86, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during the 18-month period beginning January 1, 1974, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been
specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(e) Section 401(b)(3) of the Social Security Amendments of 1972 is repealed.

(f) The amendments and repeals made by subsections (d) and (e) shall be effective January 1, 1974, except that such amendments and repeals shall not during the 18-month period beginning January 1, 1974, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifi-
cally increased so as to include the bonus value of food
stamps.

INDIVIDUALS DEEMED TO BE DISABLED UNDER THE
SUPPLEMENTAL SECURITY INCOME PROGRAM

Sec. 123. Section 1614(a)(3) of the Social Security
Act is amended—

(1) by striking out the last sentence of subpara-
graph (A); and

(2) by inserting at the end thereof the following
new subparagraph:

"(E) Notwithstanding the provisions of subpara-
graphs (A) through (D), an individual shall also be
considered to be disabled for purposes of this title if he
is permanently and totally disabled as defined under a
State plan approved under title XIV or XVI as in effect
for October 1972 and received aid under such plan (on
the basis of disability) for December 1973 (and for at
least one month prior to July 1973), so long as he is
continuously disabled as so defined."

SUPPLEMENTAL SECURITY INCOME RECIPIENT LIVING
IN AID TO FAMILIES WITH DEPENDENT CHILDREN

Household

Sec. 124. (a) Section 212(a)(3)(A) of Public Law
93–66 is amended by striking out "subparagraph (D)" and
inserting in lieu thereof "subparagraphs (D) and (E)".

(b) Section 212(a)(3) of Public Law 93–66 is
amended by adding at the end thereof the following new sub-
paragraph:

"(E)(i) In the case of an individual who, for December 1973 lived as a member of a family unit other members of which received aid (in the form of money payments) under a State plan of a State approved under part A of title IV of the Social Security Act, such State at its option, may (subject to clause (ii)) reduce such individual's December 1973 income (as determined under subparagraph (B)) to such extent as may be necessary to cause the supplementary payment (referred to in paragraph (2)) payable to such individual for January 1974 or any month thereafter to be reduced to a level designed to assure that the total income of such individual (and of the members of such family unit) for any month after December 1973 does not exceed the total income of such individual (and of the members of such family unit) for December 1973.

"(ii) The amount of the reduction (under clause (i)) of any individual's December 1973 income shall not be in an amount which would cause the supplementary payment (referred to in paragraph (2)) payable to such individual to be reduced below the amount of such supplementary payment which would be payable to such individual if he had, for the month of December 1973 not lived in a family unit referred to in clause (i), and had had no income for such month
other than that received as aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act."

**DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING AMOUNT OF SUPPLEMENTAL SECURITY INCOME BENEFITS**

**Sec. 125.** Section 1612(b)(2) of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972) is amended—

(1) by inserting "(A)" immediately after "(2)",

and

(2) by adding at the end thereof the following new subparagraph:

"(B) monthly (or other periodic) payments received by an individual (or his eligible spouse) under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in excess of 24 years in such State by such individual;".

**CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS**

**Sec. 126. (a)** If any State (other than the Commonwealth of Puerto Rico, the Virgin Islands, or Guam) has
any experimental, pilot, or demonstration project (referred to in section 1115 of the Social Security Act)—

(1) which (prior to October 1, 1973) has been approved by the Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the “Secretary”), for a period which ends on or after December 31, 1973, as being a project with respect to which the authority conferred upon him by subsection (a) or (b) of such section 1115 will be exercised, and

(2) with respect to the costs of which Federal financial participation would (except for the provisions of this section) be denied or reduced on account of the enactment of section 301 of the Social Security Amendments of 1972,

then, for any period (after December 31, 1973) with respect to which such project is approved by the Secretary, Federal financial participation in the costs of such project shall be continued in like manner as if—

(3) such section 301 had not been enacted, and

(4) such State (for the month of January 1974 and any month thereafter) continued to have in effect the State plan (approved under title XVI) which was in effect for the month of October 1973, or the State plans (approved under titles I, X, and XIV of the Social
Security Act) which were in effect for such month, as the case may be.

(b) With respect to individuals—

(1) who are participants in any project to which the provisions of subsection (a) are applicable, and

(2) with respect to whom supplemental security income benefits are (or would, except for their participation in such project, be) payable under title XVI of the Social Security Act, or who meet the requirements for aid or assistance under a State plan approved under title I, X, XIV, or XVI of the Social Security Act of the State in which such project is conducted (as such State plan was in effect for July 1973).

the Secretary may waive such requirements of title XVI of such Act (as enacted by section 301 of the Social Security Amendments of 1972) to such extent as he determines to be necessary to the successful operation of such project.

(c) In the case of any State which has entered into an agreement with the Secretary under section 1616 of the Social Security Act (or which is deemed, under section 212 (d) of Public Law 93–66, to have entered into such an agreement), then, of the costs of any project of such State with respect to which there is (solely by reason of the provisions of subsection (a)) Federal financial participation, the non-Federal share thereof shall—
(1) be paid, from time to time, to such State by
the Secretary, and

(2) shall, for purposes of section 1616(d) of the
Social Security Act and section 401 of the Social Secu-

rity Amendments of 1972, be treated in like manner as if
such non-Federal share were supplementary payments
made by the Secretary on behalf of such State pursuant
to such agreement.

AUTHORITY FOR SURVIVING SPOUSE OF DECEASED SSI
BENEFICIARY TO CASH JOINT CHECK

Sec. 127. Section 1631(d)(1) of the Social Security
Act is amended by striking out "and (f)" and inserting in
lieu thereof "(f), and (n)".

ARRANGEMENTS WITH STATES TO ACT AS THE SECRE-
TARY'S AGENT IN MAKING BENEFITS PAYMENTS

Sec. 128. (a) Section 1631(a) of the Social Security
Act is amended by adding the following new subsection:

"(g) The Secretary may enter into arrangements with
States under which such States will in emergency circum-
stances act as the Secretary's agent in making benefit pay-
ments under this title. The cost of any such payments made
by States under such arrangements shall be reimbursed by
the Secretary."

(b) Subsection (a) of this section shall be effective
January 1, 1974.
DISREGARD, UNDER MANDATORY MINIMUM STATE SUPPLEMENTATION OF SSI BENEFITS PROGRAM, OF SUPPLEMENTAL SECURITY INCOME INCREASES AND OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE INCREASES

Sec. 129. For purposes of determining, under section 212(a)(3)(C) of Public Law 93-66, the amount of any income of any individual for any month referred to in such section, there shall be disregarded (1) in the case of any individual, so much of any supplemental security income benefit payable under title XVI of the Social Security Act to such individual for such month as is attributable to any increase in supplemental security income benefits payable under such title resulting from the enactment of section 210 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (2) in the case of any individual who for such month receives a monthly insurance benefit to which he is entitled under title II of such Act, so much of such monthly benefit as is attributable to any increase in social security benefits resulting from the enactment of section 201 of Public Law 93-66 (or any provision contained in the preceding provisions of this title), and (3) in the case of any individual who is entitled to annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935, so much of the regular monthly pay-
ment to which such individual is entitled as annuity or pension thereunder by reason of the first proviso in section 3(e) of the Railroad Retirement Act of 1937 which results from the enactment of section 201 of Public Law 93–66 (or any provision contained in the preceding provisions of this title).

EXCLUSION FROM RESOURCES OF INDIVIDUAL'S HOME

SEC. 130. Section 1613(a)(1) of the Social Security Act is amended by inserting "(after taking into account the values of other homes in the region and area in which such home is located)" after "determines".

DETERMINATION OF INCOME IN CASE OF INDIVIDUAL LIVING IN HOME OF ANOTHER PERSON

SEC. 130A. Section 1612(a)(2)(A) of the Social Security Act is amended by striking out "shall be reduced by 33\(\frac{1}{3}\) percent in lieu of including such support and maintenance in the unearned income of such individual (and such spouse) as otherwise required by this subparagraph" and inserting in lieu thereof the following: "shall, in lieu of including such support and maintenance in the unearned income of such individual (and such spouse) as otherwise required by this subparagraph, be reduced by an amount equal to 33\(\frac{1}{3}\) percent (except that the amount of any reduction under this subparagraph with respect to any such individual (and spouse) shall be reduced, but not by more than 100 percent, by the amount, if any, actually paid by such
individual (and spouse) to such person for the support and
maintenance received in kind from such person”.

VALUE OF RESOURCES TO BE REDUCED BY ENCUMBRANCES THEREON

Sec. 130B. The last sentence of section 1613(a) of the
Social Security Act is amended (1) by inserting “(1)”
immediately after “individual (or eligible spouse)”, and (2)
by inserting immediately before the period at the end thereof
the following: “, and (2) the value of any resource which
has an encumbrance thereon shall be deemed to be the value
of such resource as reduced by such encumbrance”.

EXCLUSION FROM INCOME OF CERTAIN EDUCATION EXPENSES PAID FOR BY GRANTS, FELLOWSHIPS, OR SCHOLARSHIPS

Sec. 130C. Section 1612(b)(7) of the Social Security Act is amended by inserting, immediately before the period
at the end thereof, the following: “, for use in paying for
books, supplies, and services needed in connection with at-
tendance at such institution, or for use to defray other
expenses reasonably attributable to attendance at such insti-
tution but including, in the case of living expenses, only so
much thereof as is in excess of the living expenses which
would have been incurred by or with respect to such individ-
ual if he had not been attending such institution”.

PART D—SOCIAL SERVICES AMENDMENTS

AMENDMENTS TO PROVISION LIMITING FEDERAL FUNDS FOR SOCIAL SERVICES

SEC. 131. (a) Section 1130 of the Social Security Act is amended by redesignating subsection (c) as subsection (f), and by inserting after subsection (b) the following new subsections:

"(c) Nothing in subsection (a) or (b) of this section or in title I, IV, VI, X, XIV, or XVI shall be construed to restrict the freedom of a State (with respect to social services the cost of which is shared by the Federal Government under any such title and to which subsections (a) and (b) are applicable) to determine what services it will make available under its State plan approved under such title, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services, to the extent that such services are social services (as determined by the State) and the Federal share of their aggregate cost does not exceed the allocation to the State (for the fiscal year involved) under this section (or section 132 of the Social Security Amendments of 1973); except that nothing in this subsection shall be construed to relieve any State which has a State plan approved under part A of title IV from complying with the requirements imposed by section
402(a) with respect to the provision of social services to recipients of aid under such plan.

"(d) For purposes of subsection (c) and for purposes of part A of title IV, VI, X, XIV, and XVI, the services referred to in subsection (c) as 'social services'—

"(1) shall be such services as each State determines to be appropriate for meeting any of the following specific goals:

"(A) Self-support goal: To achieve and maintain the maximum feasible level of employment and economic self-sufficiency;

"(B) Family-care or self-care goal: To strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living, and to prevent or remedy neglect, abuse, or exploitation of children;

"(C) Community-based care goal: To secure and maintain community-based care which approximates a home environment, when living at home is not feasible and institutional care is inappropriate; or

"(D) Institutional care goal: To secure appro-
appropriate institutional care when other forms of care are not feasible; and

"(2) include the following services:

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

"(B) child care services for children with special needs, including services provided when appropriate, as determined by the State, for eligible children who are mentally retarded or otherwise have special social or developmental needs;

"(C) services for children in foster care, including services provided to a child who is under or awaiting foster care and including preventive diagnostic and curative health services not furnished un-
der the State's title XIX plan, provided to or on behalf of a child who is or has within ninety days been receiving maintenance, care, and supervision in the form of foster care in a foster family home or child care institution (as those terms are defined in the last paragraph of section 408) or who is awaiting placement in such a home or institution, or provided to a child in or by a nonresidential diagnostic or treatment facility. Such services shall be available whether they are rendered directly by the providers of foster care or by the nonresidential facility, or are otherwise provided or obtained for the child by the State when such services are needed in order for the child to return to or remain in his own home, the home of another relative, or an adoptive home, or to continue in foster care as appropriate. Such services also include services related to the relinquishment of children for adoption and the placement of children in adoptive homes, and activities to develop and recruit, study, approve, and subsequently evaluate out of home care resources for foster care;

"(D) protective services for children, including multidisciplinary (medical, legal, social, and other) services for the following purposes: identification, investigation, and response to incidents or evidence
of neglect, abuse, or exploitation of a child; helping parents and others to recognize the causes thereof and strengthening the ability of families to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts or law enforcement agencies, furnishing relevant data, and providing followup services;

"(E) family planning services (including social, educational, and medical services for any female of child-bearing age and any other appropriate individual needing such services): Provided, That individuals must be assured choice of method, and acceptance of any such services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for any other service;

"(F) protective services for adults, including identifying and helping to correct hazardous living conditions or situations of potential or actual neglect or exploitation of an individual who is unable to protect or care for himself;

"(G) services for adults in foster care not available under titles XVI, XVIII, and XIX, services for adults in twenty-four-hour foster homes or group care in other than medical institutions, including
assessment of need for such care, finding of foster
homes and institutional resources, making arrange-
ments for placement, supervision, and periodic review
while in placement, counseling services for the adult
individuals and their families, and services to assist
adults in leaving foster care to attain independent
living;

"(H) homemaker services for individuals in
their own homes, including helping individuals to
overcome specific barriers to maintaining, strengthen-
ing, and safeguarding their functioning in the home,
through the services of a trained and supervised
homemaker;

"(I) chore services including the performance
of household tasks, essential shopping, simple house-
hold repairs, and other light work necessary to enable
an individual to remain in his own home when he is
unable to perform such tasks himself and they do not
require the services of a trained homemaker or other
specialist;

"(J) home delivered or congregate meals and
the preparation and delivery of hot meals to an indi-
vidual in his home or in a central dining facility, to
assist the individual to remain in his home, and to
assure sound nutrition;
“(K) day care services for adults, including meal preparation and serving, companionship, educational and recreational activities, and rehabilitation activity when provided for less than a twenty-four-hour period in a group or family setting;

“(L) health-related services, including helping individuals to identify health (including mental health) needs and assisting individuals to secure diagnostic, preventive, remedial, ameliorative, and other needed health services and helping to expedite return to community living from institutional care when discharge is medically recommended;

“(M) home management and other functional educational services, including formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance:

“(N) housing improvement services, including helping individuals to obtain or retain adequate housing, and minor repairs necessary for personal protection;

“(O) a full range of legal services, at the option of the State, for persons desiring assistance with legal problems, including services to establish pa-
ternity and child support and services related to
adoption;
“(P) transportation services necessary to travel
to and from community facilities or resources for
receipt of services;
“(Q) educational and training services for
adult family members and services to assist chil-
dren to obtain education and training to their fullest
capacities, where there are needs not met by the work
incentive program; and vocational rehabilitation
services as defined in the Vocational Rehabilitation
Act when provided pursuant to an agreement with
the State agency administering the vocational re-
habilitation program;
“(R) employment services to enable individuals
to secure paid employment or training leading to
such employment, including vocational, educational,
social, and psychological diagnostic assessments to
determine potential for job training or employment
and other services that will assist in the individual's
plan for achieving full or partial self-support, where
there are needs not met by the work incentive
program;
“(S) information, referral, followup and de-
termination of eligibility and the need for services, without regard to individual eligibility criteria;

"(T) special services for the mentally retarded, or special adaptations of generic services, directed toward alleviating a developmental handicap or toward the social, personal, or economic habilitation of an individual of subaverage intellectual functioning associated with impairment of adaptive behavior as defined and determined by the State agency, with such services including but not limited to personal care, day care, training, sheltered employment, recreation, counseling of the retarded individual and his family, protective and other social and socio-legal services, information and referral, follow along services, transportation necessary to deliver such services, diagnostic and evaluation services, and similar special services for other individuals requiring such services because of developmental disability;

"(U) special services for the blind to alleviate the handicapping effects of blindness through training in mobility, personal care, home management, and communication skills; special aids and appliances; and special counseling for caretakers of blind children and adults;
"(V) services for alcoholism and drug addiction
for an individual who is becoming dependent on or is
addicted to alcohol or other drugs as determined by
the standards set by the State agency designated by
the State under the Comprehensive Alcohol Abuse
and Treatment Act of 1970 and the Drug Abuse and
Treatment Act of 1972, if such services are needed
as part of a program for prevention or treatment of
addiction or the conditions arising from misuse of
alcohol or other drugs, including but not limited to
social and rehabilitative services for resident patients
receiving services in a supportive environment (such
as a halfway house, hostel, or foster home) and
including medical services (such as psychiatric
services) incidental to the provision of a social
service;

"(W) special services for the emotionally dis-
turbed as defined by the State;

"(X) special services for the physically handi-
capped as defined by the State; and

"(Y) any other services which the State finds
appropriate for meeting the goals of self-support,
family care or self-care, community-based care, or
institutional care.
“(e)(1) Effective July 1, 1974, Federal financial assistance which is subject to the limitation imposed by subsections (a) and (b) shall be available for a new purchase of services from a public agency (other than the single State agency) only for services beyond those represented by the expenditures for the previous fiscal year of the provider agency (or its predecessor) for the type of service and type of persons covered by the agreement.

“(2) A purchase of services in any fiscal year shall not be considered a new purchase of services to the extent that an equivalent purchase of services from the same provider agency (or its predecessor) was made in any of the three preceding fiscal years and was included in the expenditures for which Federal financial participation was provided under titles I, VI, X, XIV, or XVI, or Part A of title IV.”

(b) Subsection (a) of section 1130 of such Act is amended by striking out the matter therein which begins with “to assure that—” and ends with the period at the end thereof, and inserting in lieu of the matter stricken the following: “to assure that the total amount paid to such State (under all of such sections) for such fiscal year for such services does not exceed the allotment of such State (as determined under subsection (b)).”
SPECIAL FEDERAL SOCIAL SERVICES FUNDING LIMIT
FOR FISCAL YEAR 1974

Sec. 132. (a) In the administration of section 1130 of the Social Security Act, the allotment of each State (as determined under subsection (b) of such section) for the fiscal year ending June 30, 1974, shall (notwithstanding any provision of such section 1130) be adjusted so that the amount of such allotment for such year is equal to whichever of the following is the lesser: (1) the allotment of such State as determined under subsection (b) of such section, or (2) the allotment of such State as determined under subsections (b) and (d) of this section.

(b)(1) For the fiscal year ending June 30, 1974, the Secretary shall allot to each State—

(A) an amount equal to 400 per centum of the amount payable to such State with respect to the total expenditures incurred by the State for services (of the type, and under the programs to which the allotment, as determined under subsection (b) of section 1130 of the Social Security Act, is applicable) for the calendar quarter commencing July 1, 1973, plus

(B) an amount which bears the same ratio to the amount (if any) by which—

(i) $1,850,000,000 exceeds
(ii) the aggregate of the amounts allotted to all States under clause (A), as the population of such State bears to the population of all States.

(2) If the aggregate of the allotments made pursuant to paragraph (1) is in excess of $1,900,000,000, the Secretary shall reduce the allotment of each State, on a pro rata basis, until the aggregate of the allotments for all States does not exceed $1,900,000,000.

(c)(1) In addition to the amount allotted to any State under the preceding subsections of this section for the fiscal year ending June 30, 1974, the Secretary may make an additional allotment for such year to such State in accordance with this subsection.

(2) The aggregate of the allotments made pursuant to this subsection shall not exceed the lesser of (A) $50,000,000 or (B) the amount by which the aggregate of the amounts allocated under subsection (b) is less than $1,900,000,000.

(3) Allotments under this subsection shall be made, in the following order of priority, to such States and in such amounts as the Secretary deems to be appropriate—

(A) first, in order to assure that, for the fiscal year ending June 30, 1974, no State is paid less from Federal funds with respect to expenditures incurred by it for
services (of the type, and under the programs to which
the allotment of such State, as determined under subsection (b) of section 1130 of the Social Security Act, is
applicable) than such State was paid from Federal
funds with respect to such expenditures for the fiscal
year ending June 30, 1973: Provided, That no payment
under this clause shall exceed the amount by which the
allotment applicable to such State for the fiscal year end-
ing June 30, 1973 under section 1130(b) of the Social
Security Act was increased by reason of the enactment of
section 403 of the Social Security Amendments of 1972,
(B) second, provide additional Federal financial
assistance to any State (I) the allotment of which, as
determined under subsection (b), is substantially less
than the allotment of such State under section 1130 of
the Social Security Act (as determined without regard
to this section), and (II) which can demonstrate (to
the satisfaction of the Secretary) that it had, prior to
November 15, 1973, planned an expansion of its social
services programs during the remainder of the fiscal
year ending June 30, 1974, which would require such
additional Federal financial assistance, except that the
amount of the allotment made to any State under this
subparagraph shall not exceed an amount which, when
added to its allotment as determined under subsections
(b) and (d) of this section, is equal to its allotment determined under section 1130 of the Social Security Act (as determined without regard to this section), and

(C) third, to provide additional Federal financial assistance to States which can demonstrate (to the satisfaction of the Secretary) that if an allotment is made to such State under this subparagraph, the amount of such allotment will be utilized so as to produce a significant cost benefit (as determined pursuant to regulations which shall be promulgated by the Secretary).

(d)(1) If the Secretary determines that the amount of the allotment (as determined under the preceding provisions of this section) of any State is in excess of the amount needed by the State for purposes for which such allotment is made, he shall reallocate the amount of such excess among other States each of which has need (for purposes for which the allotment under the preceding provisions of this section is made) of amounts in excess of the amount of its allotment (as determined under the preceding provisions of this section).

(2) Whenever amounts are reallocated among States by the Secretary pursuant to paragraph (1), the amount reallocated to each such State shall bear the same ratio to the total amount being reallocated as the population of such State bears to the population of all the States to which such reallocation is being made.
(3) Any amount reallocated to a State under this subsection shall be added to and deemed a part of such State's allotment (as determined under the provisions of this section which precede this subsection), and shall be subject to reallocation, under the preceding provisions of this subsection in like manner as such State's allotment (as so determined).

AMENDMENTS TO STATE PLAN REQUIREMENTS REGARDING SOCIAL SERVICES

Sec. 133. (a)(1) Section 3(a)(4) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 2 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of assistance under the plan to help them attain or retain capability for self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in
clauses (i) and (ii) which the State determines
to be appropriate for individuals who have been
or are likely to become (as determined by the
State) applicants for or recipients of assistance
under the plan, if such services are requested by
and provided to such individuals, or”;

(C) by striking out subparagraph (B) and re-
designating subparagraph (C) as subparagraph (B);
and

(D) by striking out all that follows subparagraph
(C).

(2) Section 3(a)(5) of such Act is repealed.

(3) Section 3(c) of such Act is repealed.

(b) Section 403(a)(3) of the Social Security Act is
amended—

(1) by striking out “described in”, in subparagraph
(A)(i), and inserting in lieu thereof “which the State
determines should be provided, including those described
in”;

(2) by striking out “clauses (14) and (15) of sec-
tion 402(a)”, in subparagraph (A)(ii), and inserting
in lieu thereof “subparagraph (A)(i)”;

(3) by striking out “, within such period or periods
as the Secretary may prescribe,” in subparagraph (A)
(ii), and inserting in lieu thereof "as determined by the State"; and

(4) by striking out all that follows subparagraph (B).

(c)(1) Section 1003(a)(3) of the Social Security Act is amended—

(A) by striking out "whose State plan approved under section 1002 meets the requirements of subsection (c)(1)" in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

"(i) services which are provided to applicants for or recipients of aid to the blind to help them attain or retain capability for self-support or self-care, or

"(ii) other services which (as determined by the State) are likely to prevent or reduce dependency and which are provided to such applicants or recipients, or

"(iii) any of the services described in clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of aid to
the blind, if such services are requested by
and provided to such individuals, or”;

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1003(a)(4) of such Act is repealed.

(3) Section 1003(c) of such Act is repealed.

(d)(1) Section 1403(a)(3) of the Social Security Act is amended——

(A) by striking out “whose State plan approved
under section 1402 meets the requirements of subsection
(c)(1)” in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii)
of subparagraph (A) and inserting in lieu thereof the
following:

“(i) services which are provided to appli-
cants for or recipients of aid to the permanently
and totally disabled to help them attain or re-
tain capability for self-support or self-care, or

“(ii) other services which (as determined
by the State) are likely to prevent or reduce
dependency and which are provided to such ap-
plicants or recipients, or

“(iii) any of the services described in clauses
clauses (i) and (ii) which the State determines to be appropriate for individuals who have been or are likely to become (as determined by the State) applicants for or recipients of aid to the permanently and totally disabled, if such services are requested by and provided to such individuals, or”;

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1403(a)(4) of such Act is repealed.

(3) Section 1403(c) of such Act is repealed.

(e)(1) Section 1603(a)(4) of the Social Security Act is amended—

(A) by striking out “whose State plan approved under section 1602 meets the requirements of subsection (c)(1)” in the matter preceding subparagraph (A);

(B) by striking out clauses (i), (ii), and (iii) of subparagraph (A) and inserting in lieu thereof the following:

“(i) services which are provided to applicants for or recipients of aid or assistance under
the plan to help them attain or retain capability
for self-support or self-care, or

"(ii) other services which (as determined
by the State) are likely to prevent or reduce
dependency and which are provided to such
applicants or recipients, or

"(iii) any of the services described in
clauses (i) and (ii) which the State determines
to be appropriate for individuals who have been
or more likely to become (as determined by the
State) applicants for or recipients of aid or
assistance under the plan, if such services are
requested by and provided to such individuals,
or”;

(C) by striking out subparagraph (B) and redesignating subparagraph (C) as subparagraph (B); and

(D) by striking out all that follows subparagraph (C).

(2) Section 1603(a)(5) of such Act is repealed.

(3) Section 1603(c) of such Act is repealed.

(f)(1) Section 603(a) of the Social Security Act (as
added by the Social Security Amendments of 1972) is
amended to read as follows:

“(a) From the sums appropriated therefor, the Secretary
shall, subject to section 1130, pay to each State which has
a plan approved under this title, for each quarter, an amount
equal to the sum of the following proportions of the total
amounts expended during such quarter as found necessary
by the Secretary of Health, Education, and Welfare for the
proper and efficient administration of the State plan—
“(1) 75 per centum of so much of such expendi-
tures as are for—
“(A) services which are provided to applicants
for or recipients of supplemental security income
benefits under title XVI to help them attain or re-
tain capability for self-support or self-care, or
“(B) other services which (as determined by
the State) are likely to prevent or reduce dependency
and which are provided to such applicants or recipi-
ents, or
“(C) any of the services described in clause
(A) or (B) which the State determines to be appro-
priate for individuals who have been or are likely to
become (as determined by the State) applicants for
or recipients of supplemental security income bene-
fits under title XVI, if such services are requested by
and provided to such individuals, or
“(D) the training of personnel employed or
preparing for employment by the State agency or
by the local agency administering the plan in the political subdivision; plus

"(2) one-half of the remainder of such expenditures."

(2) Section 603(c) of such Act is repealed.

(g) Section 1130(a) of the Social Security Act is amended by striking out "section 3(a) (4) and (5), 403 (a) (3), 1003(a) (3) and (4), 1403(a) (3) and (4), or 1603(a) (4) and (5)" and inserting in lieu thereof "section 3(a) (4), 403(a) (3), 1003(a) (3), 1403(a) (3), or 1603(a) (4)".

ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

Sec. 134. Part A of title XI of the Social Security Act is amended by inserting, immediately after section 1130 thereof, the following new section:

"ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

"Sec. 1131. (a) Not later than June 30, 1975, and June 30 of each year thereafter, the Secretary shall submit to Congress a report on social services programs under sections 3, 403, 603, 1003, 1403, and 1603. Such report shall include information on a State-by-State basis as to the amounts of funds expended for each type of service (classified in such categories as the Secretary may determine to be appropriate), and such other data and information as may be appropriate.

(b) The Secretary shall require the States to make
such reports concerning their use of Federal social services funds which shall be the basis of the report required by sub-
section (a)."

USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

Sec. 135. Part A of title XI of the Social Security Act is amended by adding after section 1131 (as added by sec-
tion 134 of this Act) the following new section:

"USE OF DONATED FUNDS IN PROVISION OF SOCIAL SERVICES

"Sec. 1132. For purposes of the services to which the provisions of section 1130 are applicable, donated private funds (including in-kind contributions, as defined in OMB Circular A-102, as in effect on October 1, 1973) for services shall be considered as State funds in claiming Federal re-
imbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named com-

MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RECEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS

Sec. 136. Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 135 of this Act) the following new section:
"MINIMUM MANDATORY SERVICES FOR INDIVIDUALS RECEIVING SUPPLEMENTARY SECURITY INCOME BENEFITS

"Sec. 1133. In addition to other requirements imposed by law as a condition for the approval of a State plan under title VI of such Act, there is hereby imposed (effective January 1, 1974) the requirement that such plan provide for the furnishing of at least three types of services (selected by the State) for individuals who are recipients of supplementary security income benefits under title XVI and who are in need of such services."

REPORTING REQUIREMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES

Sec. 137. Part A of title XI of the Social Security Act is amended by adding after section 1133 (as added by section 136 of this Act) the following new section:

"REPORTING REQUIREMENTS FOR STATES WITH RESPECT TO SOCIAL SERVICES

"Sec. 1134. In addition to other requirements imposed by law as a condition of approval of a State plan under part A of title IV or under title VI, there is hereby imposed the requirement that such plan provide that, not later than 45 days prior to the beginning of each fiscal year (commencing with the fiscal year which ends June 30, 1975) that such State shall compile, and make public, a list (with respect to social services to be provided for the coming fiscal
year under such plan) which indicates each type of service which such State intends to provide (for such fiscal year) under such plan, the anticipated expenditures (from both State, local, and Federal sources) for such type of service for such fiscal year, and the criteria to be imposed under such plan to determine eligibility for each such type of service. Nothing in this section shall be construed to limit the right of any State to revise its plan (as referred to in the preceding sentence) with respect to the provision of social services for any fiscal year, or otherwise modify the conditions and circumstances under which such services will be provided thereunder, for or because of the fact that such State shall have previously compiled and made public the list referred to in the preceding sentence."

EFFECTIVE DATES

Sec. 138. The amendments made by sections 131, 133, and 135 shall take effect on November 1, 1973.

CHILD-CARE STANDARDS

Sec. 139. Title IV-A of the Social Security Act is amended by adding at the end thereof the following new section:

"CHILD-CARE STANDARDS

Sec. 410. Child day care services provided under the Social Security Act shall meet the following standards: (1) in-home care shall meet standards established by the State,
reasonably in accord with recommended standards of national standards-setting organizations (such as the Child Welfare League of America and the National Council of Homemaker-Home Health Aid Services), and (2) out-of-home day care facilities shall be licensed by the State or approved as meeting the standards for such licensing, and shall comply with the requirements of section 422(a)(1) of the Social Security Act, and the provisions of the Federal Interagency Day Care Requirements of 1968: Provided, That subdivision III of such requirements with respect to educational services shall be recommended to the States and not required, and that staffing standards for school-age children and above in day care centers may be revised by the Secretary: Provided further, That for children aged 10 to 14 such standards shall in no case require fewer than 1 adult to 20 children, and for school-aged children 9 and less years of age shall in no case require fewer than 1 adult to 15 children."

PAYMENTS TO STATES FOR EDUCATIONAL PURPOSES

Sec. 140. (a) Section 3(a)(4)(A)(iv) of the Social Security Act is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(b) Section 403(a)(3)(A)(iii) of the Social Security
Act is amended by inserting "(including both short- and
long-term training at educational institutions through grants
to such institutions or by direct financial assistance to stu-
dents enrolled in such institutions)" following “training”.

(c) Section 603(a)(1)(A)(iv) of the Social Security
Act is amended by inserting "(including both short- and
long-term training at educational institutions through grants
to such institutions or by direct financial assistance to stu-
dents enrolled in such institutions)" following “training”.

(d) Section 1003(a)(3)(A)(iv) of the Social Security
Act is amended by inserting "(including both short- and
long-term training at educational institutions through grants
to such institutions or by direct financial assistance to students
enrolled in such institutions)" following “training”.

(e) Section 1403(a)(3)(A)(iv) of the Social Security
Act is amended by inserting "(including both short- and
long-term training at educational institutions through grants
to such institutions or by direct financial assistance to stu-
dents enrolled in such institutions)" following “training”.

(f) Section 1603(a)(4)(A)(iv) of the Social Security
Act is amended by inserting "(including both short- and
long-term training at educational institutions through grants
to such institutions or by direct financial assistance to students
enrolled at such institutions)" following “training”.
HEARINGS FOR RECIPIENTS OR CLAIMANTS

Sec. 140A. Section 602(a) of the Social Security Act is amended (1) by striking out the period at the end of clause (12) thereof and inserting in lieu of such period "; and", and (2) by inserting after such clause (12) the following new clause:

"(13). provide that the State agency will provide an opportunity for a fair hearing, before such agency, to any individual requesting a hearing because his claim for services is denied, or is not acted upon with reasonable promptness, or because he is aggrieved by any other agency action by which he is affected and which relates to the receipt, suspension, reduction, or termination of such services.".

REALLOTMENTS OF CEILINGS ON FEDERAL FUNDS FOR SOCIAL SERVICES

Sec. 140B. Section 1130(b) of the Social Security Act is amended by adding at the end thereof the following new paragraphs:

"(3)(A) Each State to which an allotment is made under the preceding provisions of this section for any fiscal year (beginning with the fiscal year ending June 30, 1975) shall, at the earliest practicable date after the commence-
ment of such fiscal year (and in accordance with regulations prescribed by the Secretary), certify to the Secretary whether the amount of its allotment is greater or less than the amount needed by the State, for uses for which the allotment is made, for such fiscal year and, if so, the amount by which such allotment is greater or less than such need.

"(B). If any State certifies, in accordance with subparagraph (A), that its allotment for any fiscal year is greater than its need for such year, then the allotment of such State for such year shall be reduced by the excess of its allotment over its need, and the amount of such reduction shall be available for reallocation to other States for such fiscal year which have certified, pursuant to subparagraph (A), that the amount of their allotments for such year is less than their need for such year.

"(C) Of the amounts made available, pursuant to subparagraph (B), for reallocation for any fiscal year, the Secretary shall reallocate such amounts among the States which have certified (pursuant to subparagraph (A)) that the amount of their allotments is less than the amount of their need for such fiscal year. The amount reallocated to any such State for any fiscal year shall bear the same ratio to the
total amount available for reallocation for such year as the
amount of such State's allotment (determined without regard
to this paragraph) bears to the total amount allotted to all
such States for such fiscal year (as so determined); except
that there shall not be reallocated to any such State an amount
which exceeds the excess of such State's allotment (as so
determined) and the amount such State has (pursuant to
subparagraph (A)) certified it would need for such year.

"(D) Any amount reallocated to a State under this para-
graph for any fiscal year shall, for purposes of subsection
(a) of this section, be added to and deemed a part of such
State's allotment for such year (as determined without re-
gard to this paragraph)."

PART E—CHILD WELFARE SERVICES

NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

Sec. 141. Title IV of the Social Security Act is amended
by inserting immediately after section 426 thereof the follow-
ing new section:

"NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM

"Sec. 427. (a) The Secretary of Health, Education, and
Welfare is hereby authorized to provide information, utilizing
computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoptions.

"(b) There are authorized to be appropriated $1,000,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary for succeeding fiscal years, to carry out this section."

CHILD ABUSE, NEGLECT, AND PROTECTIVE SERVICES

SEC. 142. (a) Section 402(a)(16) of the Social Security Act is amended to read as follows:

"(16) provide—

"(A) that the State agency will provide such services as are necessary to aid the prevention, identification, and treatment of child abuse and neglect and, wherever feasible, to make it possible for the child to remain in the home; and

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

(b) Section 422(a)(1) of such Act is amended—

(1) by striking out “and” at the end of subpara-
graph (B); and

(2) by adding at the end of subparagraph (C) the
following new subparagraph:

“(D) provides for the establishment and imple-
mentation of protective services for children includ-
ing, but not limited to—

“(i) procedures for the discovery and re-
porting of instances of neglect or abuse of chil-
dren, including a systematic method for receiv-
ing reports of suspected or known instances of
child abuse or neglect on a twenty-four-hour a
day basis,

“(ii) use of the full resources of local com-
unities including public and nonprofit agen-
cies and organizations which provide services
and activities that would be beneficial to a child
and his parents or guardians,

“(iii) provisions of services, where feasible,
to make it possible for the child to remain in the
home,
"(iv) cooperation with the appropriate courts and law enforcement officials in instances of child neglect and abuse, and

"(v) a central collection point for all data and information on child abuse and neglect, and".

(c) The amendments made by subsections (a) and (b) shall be effective July 1, 1975: Provided, however, That the Secretary may at any time after the date of enactment of this Act approve changes in State plans under sections 402 and 422 of the Social Security Act which have the effect of bringing such State plans into conformity with such amendments.

PART F—CHILD SUPPORT PROGRAMS

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

In General

Sec. 151. (a) Title IV of the Social Security Act is amended by adding after part C the following new part:

"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

"Sec. 451. For the purpose of enforcing the support obligations owned by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for
each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF THE SECRETARY

"Sec. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of the Assistant Secretary for Child Support, who shall report directly to the Secretary and who shall—

"(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

"(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part:

"(3) review and approve State plans for such programs;

"(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of
section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;

“(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

“(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

“(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;

“(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

“(9) operate the Parent Locator Service established by section 453;

“(10) establish or designate regional laboratories as
authorized by section 461 to provide services in analyzing and classifying blood for the purpose of establishing paternity; and

“(11) not later than June 30 of each year beginning after December 31, 1974, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

“(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

“(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary with-
out fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

"(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"PARENT LOCATOR SERVICE

"Sec. 453. (a) The Secretary shall establish and conduct a Parent Locator Service under the direction of the Assistant Secretary for Child Support which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate
such parent for the purpose of enforcing support obligations
against such parent.

"(b) Upon request, filed in accordance with subsection
(d) of any authorized person (as defined in subsection (c))
for the most recent address and place of employment of any
absent parent, the Secretary shall, notwithstanding any other
provision of law, provide through the Parent Locator Service
such information to such person, if such information—

"(1) is contained in any files or records maintained
by the Secretary or by the Department of Health, Educa-
tion, and Welfare; or

"(2) is not contained in such files or records, but
can be obtained by the Secretary, under the authority
conferred by subsection (e), from any other department,
agency, or instrumentality, or the United States or of
any State.

No information shall be disclosed to any person if the dis-
closure of such information would contravene the national
policy or security interests of the United States or the con-
fidentiality of census data. The Secretary shall give priority
to requests made by any authorized person described in sub-
section (c)(1).

"(c) As used in subsection (a), the term 'authorized
person' means—

"(1) any agent or attorney of any State having in
effect a plan approved under this part, who has the duty
or authority to seek to recover any amounts owed as child
support (including, when authorized under the State
plan, any official of a political subdivision);

"(3) the court which has authority to issue an order
against an absent parent for the support and mainte-

"(3) the resident parent, legal guardian, attorney,
or agent of a child (other than a child receiving aid under
part A of this title) (as determined by regulations pre-
scribed by the Secretary) without regard to the existence
of a court order against an absent parent who has a
duty to support and maintain any such child.

"(d) A request for information under this section shall
be filed in such manner and form as the Secretary shall by
regulation prescribe and shall be accompanied or supported by
such documents as the Secretary may determine to be neces-
sary.

"(e)(1) Whenever the Secretary receives a request
submitted under subsection (b) which he is reasonably sat-
ished meets the criteria established by subsections (a), (b),
and (c), he shall promptly undertake to provide the informa-
tion requested from the files and records maintained by any
of the departments, agencies, or instrumentalities of the United
States or of any State.
“(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Secretary, except that if any information is obtained the disclosure of which would contravene national policy or security interests of the United States or the confidentiality of census data, such information shall not be transmitted and such individual shall immediately notify the Secretary. If such search fails to disclose the information requested, such individual shall immediately so notify the Secretary. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Secretary shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services.
(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c)(3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

STATE PLAN FOR CHILD SUPPORT

"Sec. 454. A State plan for child support must—

"(1) provide that it shall be in effect in all political subdivisions of the State;

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

"(3) provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Secretary may by regulation prescribe, within the State to administer the plan;

"(4) provide that such State will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under sec-
tion 402(a)(26) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;

"(5) provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402(a)(26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457(c)) for any month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;

"(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by
such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

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

“(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

“(A) all sources of information and available records, and

“(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

“(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

“(A) in establishing paternity, if necessary,
"(B) in locating an absent parent residing in
the State (whether or not permanently) against
whom any action is being taken under a program
established under a plan approved under this part
in another State,

"(C) in securing compliance by an absent par-
ent residing in such State (whether or not perma-
nently) with an order issued by a court of competent
jurisdiction against such parent for the support and
maintenance of a child or children of such parent
with respect to whom aid is being provided under
the plan of such other State, and

"(D) in carrying out other functions required
under a plan approved under this part;

"(10) provide that the State will maintain a full
record of collections and disbursements made under the
plan and have an adequate reporting system;

"(11) provide that amounts collected as child sup-
port shall be distributed as provided in section 457;

"(12) provide that any payment required to be
made under section 456 or 457 to a family shall be made
to the resident parent, legal guardian, or caretaker rela-
tive having custody of or responsibility for the child or
children; and

"(13) provide that the State will comply with such
other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

"PAYMENTS TO STATES"

"SEC. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1974, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1975.

"SUPPORT OBLIGATIONS"

"SEC. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

"(1) The amount of such obligation shall be—"
"(A) the amount specified in a court order which covers the assigned support rights, or

"(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

"(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1) (A) and (B).

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.

"DISTRIBUTION OF PROCEEDS

"Sec. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the fiscal year beginning July 1, 1974, shall be distributed as follows:

"(1) 40 per centum of the first $50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;

"(2) such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it
for assistance payments to the family during such pe-
period (with appropriate reimbursement of the Federal
Government to the extent of its participation in the
financing);

"(3) such amounts as are in excess of amounts re-
tained by the State under paragraph (2) and are not in
excess of the amount required to be paid during such
period to the family by a court order shall be paid to the
family; and

"(4) such amounts as are in excess of amounts re-
quired to be distributed under paragraphs (1), (2),
and (3) shall be (A) retained by the State (with appro-
priate reimbursement of the Federal Government to the
extent of its participation in the financing) as reimbur-
sement for any past assistance payments made to the
family for which the State has not been reimbursed or
(B) if no assistance payments have been made by the
State which have not been repaid, such amounts shall be
paid to the family.

"(b) The amounts collected as child support by a State
pursuant to a plan approved under this part during any fiscal
year beginning after June 30, 1975, shall be distributed as
follows:

"(1) such amounts as are collected periodically
which represent monthly support payments shall be
retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

"(1) continue to collect such support payments from the absent parent for a period of not to exceed three
months from the month following the month in which such
family ceased to receive assistance under part A of this
title, and pay all amounts so collected to the family; and

“(2) at the end of such three-month period, if the
State is authorized to do so by the individual on whose
behalf the collection will be made, continue to collect such
support payments from the absent parent and pay the net
amount of any amount so collected to the family after
deducting any costs incurred in making the collection
from the amount of any recovery made.

“INCENTIVE PAYMENT TO LOCALITIES

“SEC. 458. (a) When a political subdivision of a State
makes, for the State of which it is a political subdivision, or
one State makes, for another State, the enforcement and col-
lection of the support rights assigned under section 402 (a)
(26) (either within or outside of such State), there shall be
paid to such political subdivision or such other State from
amounts which would otherwise represent the Federal share
of assistance to the family of the absent parent—

“(1) an amount equal to 25 per centum of any
amount collected (and required to be distributed as pro-
vided in section 457 to reduce or repay assistance pay-
ments) which is attributable to the support obligation
owed for 12 months; and

“(2) an amount equal to 10 per centum of any
amount collected (and required to be distributed as pro-
vided in section 457 to reduce or repay assistance pay-
ments) which is attributable to the support obligation
owed for any month after the first twelve months for
which such collections are made.

"(b) Where more than one jurisdiction is involved in
such enforcement or collection, the amount of the incentive
payment determined under paragraphs (1) and (2) of sub-
section (a) shall be allocated among the jurisdictions in a
manner to be prescribed by the Secretary.

"CONSENT BY THE UNITED STATES TO GARNISHMENT AND
SIMILAR PROCEEDINGS FOR ENFORCEMENT OF CHILD
SUPPORT AND ALIMONY OBLIGATIONS

"Sec. 459. Notwithstanding any other provision of law,
effective January 1, 1974, moneys (the entitlement to which
is based upon remuneration for employment) due from, or
payable by, the United States (including any agency or in-
strumentality thereof and any wholly owned Federal corpo-
ration) to any individual, including members of the armed
services, shall be subject, in like manner and to the same
extent as if the United States were a private person, to legal
process brought for the enforcement, against such individual,
of his legal obligations to provide child support or make
alimony payments.
"CIVIL ACTIONS TO ENFORCE CHILD SUPPORT

"Sec. 460. The district courts of the United States shall
have jurisdiction, without regard to any amount in contro-
versy, to hear and determine any civil action certified by
the Secretary of Health, Education, and Welfare under sec-
tion 452(a)(8) of this Act. A civil action under this section
may be brought in any judicial district in which the claim
arose, the plaintiff resides, or the defendant resides.

"REGIONAL LABORATORIES TO ESTABLISH PATERNITY
THROUGH ANALYSIS AND CLASSIFICATION OF BLOOD

"Sec. 461. (a) The Secretary shall, after appropriate
consultation and study of the use of blood typing as evidence
in judicial proceedings to establish paternity, establish, or
arrange for the establishment or designation of, in each
region of the United States, a laboratory which he determines
to be qualified to provide services in analyzing and classifying
blood for the purpose of determining paternity, and which
is prepared to provide such services to courts and public
agencies in the region to be served by it.

"(b) Whenever a laboratory is established or desig-
nated for any region by the Secretary under this section,
he shall take such measures as may be appropriate to notify
appropriate courts and public agencies (including agencies
administering any public welfare program within such re-
that such laboratory has been so established or desig-
nated to provide services, in analyzing and classifying blood
for the purpose of determining paternity, for courts and
public agencies in such region.

"(c) The facilities of any such laboratory shall be made
available without cost to courts and public agencies in the
region to be served by it.

"(d) There is hereby authorized to be appropriated for
each fiscal year such sums as may be necessary to carry out
the provisions of this section."

Collection of Child Support Obligations

(b)(1) Subchapter A of chapter 64 of the Internal Rev-

e nue Code of 1954 (relating to collection of taxes) is
amended by adding at the end thereof the following new
section:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

"(a) IN GENERAL.—Upon receiving a certification from
the Secretary of Health, Education, and Welfare, under sec-
tion 452(b) of the Social Security Act with respect to any
individual, the Secretary or his delegate shall assess and col-
lect the amount certified by the Secretary of Health, Educa-
tion, and Welfare, in the same manner, with the same powers,
and (except as provided in this section) subject to the same
limitations as if such amount were a tax imposed by sub-
title C the collection of which would be jeopardized by delay,

except that—

"(1) no interest or penalties shall be assessed or collected,

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply, and

"(3) there shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children.

"(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.—

No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section."
(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6305. Collection of certain liability."

Amendments to Part A of Title IV

(c) (1) Notwithstanding the provisions of section 402 (a) of the Social Security Act, in addition to the amounts required to be disregarded under clause (8)(A) of such section, there is imposed the requirement (and the State plan shall be deemed to include the requirement) that for the fiscal year beginning July 1, 1974, in making the determination under clause (7), the State agency shall with respect to any month in such year and in addition to the amounts required to be disregarded under clause (8)(A), disregard amounts payable under section 457(a)(1).

(2) Section 402(a)(9) is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;".

(3) Section 402(a)(10) is amended by inserting immediately before "be furnished" the following: "", subject to paragraphs (25) and (26),"".
Section 402(a)(11) is amended to read as follows:

"(11) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part $D$ of this title) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);".

Section 402(a) is further amended—

(A) by striking out "and" at the end of paragraph (23);

(B) by inserting immediately before the first word in paragraph (24) the following: "provide that"; and

(C) by striking out the period at the end of para-

graph (24) and inserting in lieu thereof a semicolon and the following:

"(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the admin-

istration of such plan;"
"(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

"(B) to cooperate with the State (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of this paragraph, any aid for which such child is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subparagraphs (A) through (E) of such section); and

"(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan."
(6)(A) Section 403 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1975, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after June 30, 1975 (but, in the case of the fiscal year beginning July 1, 1975, only considering the third and fourth quarters thereof)."

(B) Section 404 of such Act is amended by adding at the end thereof the following new subsections:

"(c) No State shall be found, prior to January 1, 1976, to have failed substantially to comply with the requirements of section 402(a)(27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.

(d) After December 31, 1975, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a)(27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduc-
tion, with respect to such failure, which would otherwise be
required to be imposed under this section.”
(7) Section 406 of the Social Security Act is amended
by adding at the end thereof the following new subsection:
“(f) Notwithstanding the provisions of subsection (b),
the term ‘aid to families with dependent children’ does not
mean payments with respect to a parent (or other individual
whose needs such State determines should be considered in
determining the need of the child or relative claiming aid
under the plan of such State approved under this part) of a
child who fails to cooperate with any agency or official of the
State in obtaining such support payments for such child.
Nothing in this subsection shall be construed to make an other-
wise eligible child ineligible for protective payments because
of the failure of such parent (or such other individual) to so
cooperate.”.
(8) Section 402(a) (17), (18), (21), and (22), and
section 410 of such Act are repealed.

Conforming Amendments to Title XI
(d) Section 1106 of such Act is amended—
(1) by striking out the period at the end of the first
sentence of subsection (a) and inserting in lieu thereof
the following: “and except as provided in part D of title
IV of this Act.”;
(2) by adding at the end of subsection (b) the
following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

Appointment of Assistant Secretary for Child Support

(e) (1) There shall be in the Department of Health, Education, and Welfare an Assistant Secretary of Health, Education, and Welfare for Child Support who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"(96) Assistant Secretary for Child Support, Department of Health, Education, and Welfare."

Authorization of Appropriations

(f) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may be necessary to plan and prepare for the implementation of the program established by this section.

Effective Date

(g) The amendments made by this section shall become effective on July 1, 1974, except that section 459 of the Social
Security Act, as added by subsection (a) of this section shall become effective on January 1, 1974, and subsections (e) and (f) of this section shall become effective upon the date of enactment of this Act.

PART G—AID TO FAMILIES WITH DEPENDENT CHILDREN

PASS-ALONG OF SOCIAL SECURITY BENEFIT INCREASE TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

Sec. 161. (a) Section 402(a)(8)(B) of the Social Security Act is amended by inserting "and shall, before disregarding the amounts referred to in subparagraph (A) and clauses (i) and (ii) of this subparagraph, disregard an amount equal to 5 per centum of any income received in the form of monthly insurance benefits paid under title II" immediately after "$5 per month of any income".

(b) Any State plan approved under part A of title IV of the Social Security Act shall be deemed to contain a provision (relating to the disregarding of income) which complies with the requirement imposed with respect to any such plan under the amendment made by subsection (a).

(c) The amendments made by this section shall be effective in the case of monthly insurance benefits under title II of the Social Security Act for months on and after the first month for which the regular payment of such benefits
includes the increase in social security benefits made by
reason of the enactment of Public Law 93–66 and the amend-
ments made thereto by section 101 of this Act.

DISREGARD OF INCOME UNDER AFDC

SEC. 162. (a) Section 402(a)(3)(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 indi-
viduals who are employed at least 40 hours per week, or at
least 35 hours per week and are earning at least $64 per
week, and (II) the first $30 of earned income for other
individuals, plus in each case, one-third of up to $300 of
additional earnings, and one-fifth of such additional earnings
in excess of $300, except that in each case an amount equal
to the reasonable child care expenses incurred (subject to
such limitations as the Secretary may prescribe in regula-
tions) shall first be deducted before computing such individ-
ual's earned income (except that the provisions of this clause
(ii) shall not apply to earned income derived from par-
ticipation on a project maintained under the programs estab-
lished by section 432(b)(2) and (3); and'.

(b) Section 402(a)(7) of such Act, as amended by
section 111(e) of this Act, is further amended by striking
out everything that follows "as well as any" and inserting
in lieu thereof the following: "child care expenses reasonably attributable to the earning of any such income;".

COMMUNITY WORK AND TRAINING PROGRAMS

SEC. 163. (a) Section 204(c)(2) of the Social Security Amendments of 1967 is repealed, effective January 1, 1974.

(b) Section 409 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"(c) The term 'individuals who have attained the age of 18' as used in subsection (a) above shall not include any individual who is not—

"(1) a father who is not incapacitated; or

"(2) a mother with no children under six, and who is not—

"(A) ill, incapacitated or of advanced age;

"(B) too remote from an employment program to be able to participate in such program;

"(C) needed at home to care for an incapacitated family member; or

"(D) attending school on a full-time basis; or

"(E) participating in a Work Incentive Program.

"(d) If the relative with whom a child is living is denied aid because of failure to comply with the requirements of subsection (a) above, any aid for which such child is
eligible will be provided in the form of protective payments
as described in section 406(b)(2) (without regard to subse-
sections (A) through (E) of such section).”.

STATE DEMONSTRATION PROJECTS

SEC. 164. Section 1115 of the Social Security Act is
amended—

(1) by inserting “(a)” after “SEC. 1115.”;

(2) by redesignating subsections (a) and (b) as
paragraphs (1) and (2), respectively; and

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

“(b)(1) In order to permit the States to achieve more
efficient and effective use of funds for public assistance, to
reduce dependency, and to improve the living conditions and
increase the incomes of individuals who are recipients of
public assistance, any State having an approved plan under
part A of title IV may, subject to the provisions of this sub-
section, establish and conduct not more than three demonstra-
tion projects. In establishing and conducting any such project
the State shall—

“(A) provide that not more than one such project
be conducted on a statewide basis;

“(B) provide that in making arrangements for
public service employment—

“(i) appropriate standards for the health,
safety, and other conditions applicable to the performance of work and training on such project are established and will be maintained,

"(ii) such project will not result in the displacement of employed workers,

"(iii) with respect to such project the conditions of work, training, education, and employment are reasonable in the light of such factors as the type of work, geographical region, and proficiency of the participant, and

"(iv) appropriate workmen's compensation protection is provided to all participants;

"(C) provide that participation in any such project by any individual receiving aid to families with dependent children be voluntary.

"(2) Any State which establishes and conducts demonstration projects under this subsection, may, with respect to any such project—

"(A) waive, subject to paragraph (3), any or all of the requirements of sections 402(a)(1) (relating to Statewide operation), 402(a)(3) (relating to administration by a single State agency), 402(a)(8) (relating to disregard of earned income), except that no such waiver of 402(a)(8) shall operate to waive any amount in excess of one-half of the earned income of any individual.
(relating to the work incentive program);

"(B) subject to paragraph (4) use to cover the costs of such projects such funds as are appropriated for payment to any such State with respect to the assistance which is or would, except for participation in a project under this subsection, be payable to individuals participating in such projects under part A of title IV for any fiscal year in which such demonstration projects are conducted; and

"(C) use such funds as are appropriated for payments to States under the State and Local Fiscal Assistance Act of 1972 (86 Stat. 919) for any fiscal year in which such demonstration projects are conducted to cover so much of the costs of salaries for individuals participating in public service employment as is not covered through the use of funds made available under subparagraph (B).

"(3) Notwithstanding the provisions of paragraph (2)(A), the Secretary may review any waiver made by a State under such paragraph. Upon a finding that any such waiver is inconsistent with the purposes of this subsection and the purposes of part A of title IV, the Secretary may disapprove such waiver. The demonstration project under which any such disapproved waiver was made by such State shall
be terminated not later than the last day of the month following
the month in which such waiver was disapproved.

"(4) Any amount payable to a State under section
403(a) on behalf of an individual participating in a project
under this section shall not be increased by reason of the par-
ticipation of such individual in any demonstration project con-
ducted under this subsection over the amount which would
be payable if such individual were receiving aid to families
with dependent children and not participating in such project.

"(5) Participation in a project established under this
section shall not be considered to constitute employment for
purposes of any finding with respect to ‘unemployment’ as
that term is used in section 407.

"(6) Any demonstration project established and con-
ducted pursuant to the provisions of this subsection shall be
conducted for not longer than two years. All demonstration
projects established and conducted pursuant to the provisions
of this subsection shall be terminated not later than June 30,
1976.”.

STUDY AND RECOMMENDATIONS WITH RESPECT TO THE
ESTABLISHING OF NATIONWIDE RATES OF INELIGIBIL-
ITY AND OVERPAYMENT IN THE AID TO FAMILIES
WITH DEPENDENT CHILDREN PROGRAM

Sec. 165. The Secretary of Health, Education, and
Welfare shall conduct a study of and submit to the Congress
not later than one year after the date of enactment of this section a report containing his findings and recommendations with respect to the appropriateness of establishing nationwide rates of ineligibility and overpayment in the Aid to Families With Dependent Children Program under part A of title IV of the Social Security Act which may be reasonably expected to occur in the administration of such program when the eligibility determination processes and procedures are implemented in a prudent manner exercising reasonable diligence to avoid erroneous payment.

PART II—AMENDMENTS TO MEDICAID AND MEDICARE PROGRAMS

MEDICAL ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS

Beneficiaries

Sec. 171. (a)(1) Section 1901 of the Social Security Act (as amended by Public Law 92-603) is amended by striking out "permanently and totally disabled" and inserting "disabled" in lieu thereof.

(2) Section 1902(a)(5) of such Act is amended by—

(A) striking out the comma after "administer the plan" and inserting a semicolon in lieu thereof; and

(B) striking out "XVI (insofar as it relates to the aged)" and inserting "XVI (insofar as it relates to the aged) if the State is eligible to participate in the State
plan program established under title XVI, or by the
agency or agencies administering the supplemental secu-
rity income program established under title XVI or the
State plan approved under part A of title IV if the State
is not eligible to participate in the State plan program

established under title XVI" in lieu thereof.

(3) Section 1902(a)(10) of such Act is amended to read

as follows:

"(10) provide—

"(A) for making medical assistance available
to all individuals receiving aid or assistance under
any plan of the State approved under title I, X,
XIV, or XVI, or part A of title IV, or with respect
to whom supplemental security income benefits are
being paid under title XVI;

"(B) that the medical assistance made avail-
able to any individual described in clause (A)—

"(i) shall not be less in amount, duration,
or scope than the medical assistance made avail-
able to any other such individual, and

"(ii) shall not be less in amount, duration,
or scope than the medical assistance made avail-
able to individuals not described in clause (A);

and

"(C) if medical assistance is included for any
group of individuals who are not described in clause (A) and who do not meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, as determined in accordance with standards prescribed by the Secretary—

"(i) for making medical assistance available to all individuals who would, except for income and resources, be eligible for aid or assistance under any such State plan or to have paid with respect to them supplemental security income benefits under title XVI, and who have insufficient (as determined in accordance with comparable standards) income and resources to meet the costs of necessary medical and remedial care and services, and

"(ii) that the medical assistance made available to all individuals not described in clause (A) shall be equal in amount, duration, and scope;

except that (I) the making available of the services described in paragraph (4), (14), or (16) of section 1905(a) to individuals meeting the age requirements prescribed therein shall not, by reason of this paragraph (10), require the making available of any such services,
or the making available of such services of the same amount, duration, and scope, to individuals of any other ages, (II) the making available of supplementary medical insurance benefits under part B of title XVIII to individuals eligible therefor (either pursuant to an agreement entered into under section 1843 or by reason of the payment of premiums under such title by the State agency on behalf of such individuals), or provision for meeting part or all of the cost of deductibles, cost sharing, or similar charges under part B of title XVIII for individuals eligible for benefits under such part, shall not, by reason of this paragraph (10), require the making available of any such benefits, or the making available of services of the same amount, duration, and scope, to any other individuals, and (III) the making available of medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in clause (A) to any classification of individuals approved by the Secretary with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment shall not, by reason of this paragraph (10), require the making available of any such assistance, or the making available of such assistance of the
same amount, duration, and scope, to any other individuals not described in clause (A)

(4) Section 1902(a)(13)(B) of such Act is amended by striking out “the State's plan approved under title I, X, XIV, or XVI, or part A of title IV” and inserting “any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI” in lieu thereof.

(5) Section 1902(a)(14)(A) of such Act is amended by striking out “a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or who meet the income and resources requirements of the one of such State plans which is appropriate” and inserting “any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or who meet the income and resources requirements of the appropriate State plan, or the supplemental security income program under title XVI, as the case may be, and individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them, a State supplementary payment and are eligible for medical assistance equal in amount, duration,
and scope to the medical assistance made available to individ-
uals described in paragraph (10)(A)” in lieu thereof.
(6) Section 1902(a)(14)(B) of such Act is amended by—

(A) inserting “(other than individuals with respect
to whom there is being paid, or who are eligible or would
be eligible if they were not in a medical institution, to
have paid with respect to them, a State supplementary
payment and are eligible for medical assistance equal in
amount, duration, and scope to the medical assistance
made available to individuals described in paragraph
(10)(A))” immediately after “with respect to individ-
uals”; 

(B) inserting “and with respect to whom supple-
mental security income benefits are not being paid under
title XVI” immediately after “any such State plan”; 

(C) striking out “the one of such State plans which is
appropriate” and inserting “the appropriate State plan,
or the supplemental security income program under title
XVI, as the case may be,” in lieu thereof; and

(D) striking out “or who, after December 31, 1973,
are included under the State plan for medical assistance
pursuant to section 1902(a)(10)(B) approved under
title XIX”.
(7) Section 1902(a)(17) of such Act is amended by—

(A) striking out "the State's plan approved under title I, X, XlV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XlV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI" in lieu thereof;

(B) striking out "if he met the requirements as to need" and inserting "except for income and resources" in lieu thereof;

(C) striking out "a State plan approved under title I, X, XlV, or XVI, or part A of title IV" and inserting "any plan of the State approved under title I, X, XlV, or XVI, or part A of title IV, or to have paid with respect to him supplemental security income benefits under title XVI" in lieu thereof; and

(D) striking out "and amount of such aid or assistance under such plan" and inserting "such aid, assistance, or benefits" in lieu thereof.

(8) Sections 1902(a)(17) and 1902(a)(18) are each amended by striking out "is blind or permanently and totally disabled" and inserting "(with respect to States eligible to participate in the State program established under title XVI), is blind or permanently and totally disabled, or is blind or disabled as defined in section 1614 (with respect to States
which are not eligible to participate in such program)"

in lieu thereof.

(9) Section 1902(a)(20)(C) of such Act is amended by inserting "section 603(a)(1)(A) (i) and (ii),” immediately after “section 3(a)(4)(A) (i) and (ii)".

(10) Section 1902(f) of such Act is amended by—

(A) inserting “not eligible to participate in the State plan program established under title XVI” immediately after “State” the first time it appears therein;

(B) striking out “such individual’s payment under title XVI” and inserting “any supplemental security income payment and State supplementary payment made with respect to such individual” in lieu thereof;

(C) striking out “as defined in section 213 of the Internal Revenue Code of 1954” and inserting “as recognized under State law” in lieu thereof; and

(D) inserting at the end thereof the following new sentences: “In States which provide medical assistance to individuals pursuant to clause (10)(C) of subsection (a) of this section, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of
that subsection if that individual is, or is eligible to be (1) an individual with respect to whom there is payable a State supplementary payment on the basis of which similarly situated individuals are eligible to receive medical assistance equal in amount, duration, and scope to that provided to individuals eligible under clause (10)(A), or (2) an eligible individual or eligible spouse, as defined in title XVI, with respect to whom supplemental security income benefits are payable; otherwise that individual shall be considered to be an individual eligible for medical assistance under clause (10)(C) of that subsection. In States which do not provide medical assistance to individuals pursuant to clause (10)(C) of that subsection, an individual who is eligible for medical assistance by reason of the requirements of this section concerning the deduction of incurred medical expenses from income shall be considered an individual eligible for medical assistance under clause (10)(A) of that subsection.

(11) Section 1903(a)(1) of such Act is amended by striking out "individuals who are recipients of money payments under a State plan approved under title I, X, XIV, or XVI, or part A of title IV" and inserting "individuals who are eligible for medical assistance under the plan and (A) are receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title
IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or (B) with respect to whom there is being paid a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)" in lieu thereof.

(12) Section 1903(f)(4) of such Act is amended to read as follows:

"(4) The limitations on payment imposed by the preceding provisions of this subsection shall not apply with respect to any amount expended by a State as medical assistance for any individual—

(A) who is receiving aid or assistance under any plan of the State approved under title I, X, XIV, or XVI, or part A of title IV, or with respect to whom supplemental security income benefits are being paid under title XVI, or

(B) who is not receiving such aid or assistance, and with respect to whom such benefits are not being paid, but (i) is eligible to receive such aid or assistance, or to have such benefits paid with respect to him, or (ii) would be eligible to receive such aid or assistance, or to have such benefits paid with respect to him if he were not in a medical institution, or
“(C) with respect to whom there is being paid, or who is eligible, or would be eligible if he were not in a medical institution, to have paid with respect to him, a State supplementary payment and is eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A), but only if the income of such individual (as determined under section 1612, but without regard to subsection (b) thereof) does not exceed 300 percent of the supplemental security income benefit rate established by section 1611(b)(1), at the time of the provision of the medical assistance giving rise to such expenditure.”

(13) The matter before clause (i) in section 1905(a) of such Act is amended by striking out “individuals not receiving aid or assistance under the State’s plan approved under title I, X, XIV, or XVI, or part A of title IV” and inserting “individuals (other than individuals with respect to whom there is being paid, or who are eligible, or would be eligible if they were not in a medical institution, to have paid with respect to them a State supplementary payment and are eligible for medical assistance equal in amount, duration, and scope to the medical assistance made available to individuals described in section 1902(a)(10)(A)) not receiving aid or assistance under any plan of the State ap-
proved under title I, X, XIV, or XVI, or part A of title IV, and with respect to whom supplemental security income benefits are not being paid under title XVI’ in lieu thereof.

(14) Section 1905(a)(iv) of such Act is amended by inserting “with respect to States eligible to participate in the State plan program established under title XVI,” at the end thereof.

(15) Section 1905(a)(v) of such Act is amended by striking out “or” and inserting “with respect to States eligible to participate in the State plan program established under title XVI,” in lieu thereof.

(16) Section 1905(a)(vi) of such Act is amended by inserting “or” at the end thereof.

(17) Section 1905(a) of such Act is further amended by inserting immediately after clause (vi) the following new clause:

“(vii) blind or disabled as defined in section 1614, with respect to States not eligible to participate in the State plan program established under title XVI,”.

(18) Section 1905 of such Act is amended by inserting at the end thereof the following new subsections:

“(j) The term ‘State supplementary payment’ means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income
be eligible to receive such benefits, as assistance based on need in supplementation of such benefits (as determined by the Secretary), but only to the extent that such payments are made with respect to an individual with respect to whom supplemental security income benefits are payable under title XVI, or would but for his income be payable under that title.

"(k) Increased supplemental security income benefits payable pursuant to section 211 of Public Law 93–66 shall not be considered supplemental security income benefits payable under title XVI."

Technical Clarification and Modification of Medicaid Eligibility and Federal Title XIX Matching Under Public Law 93–66

(b)(1)(A) Clause (2)(A) of section 231 of Public Law 93–66 is amended by—

(i) inserting "received or" immediately before "would", and

(ii) striking out "or" at the end thereof and inserting "and" in lieu thereof.

(B) Clause (2)(B) of that section is amended by—

(i) striking out "was", and

(ii) striking out "need for care in such institution, considered to be eligible for aid or assistance under a State plan (referred to in subparagraph (A)) for pur-
poses of determining his eligibility” and inserting “status as described in subparagraph (A), was included as an individual eligible” in lieu thereof.

(2) The first sentence of section 232 of Public Law 93–66 is amended by—

(A) striking out “(under the provisions of subparagraph (B) of such section)”,

(B) striking out “to be a person described as being a person who ‘would, if needy, be eligible for aid or assistance under any such State plan’ in subparagraph (B)(i) of such section” and inserting “for purposes of title XIX to be an individual who is blind or disabled within the meaning of section 1614(a) of the Social Security Act” in lieu thereof, and

(C) inserting “, and the other conditions of eligibility contained in the plan of the State approved under title XIX (as it was in effect in December 1973)” before the period at the end thereof.

Medicaid Eligibility for Individuals Receiving Mandatory State Supplementary Payments

(c) In addition to other requirements imposed by law as conditions for the approval of any State plan under title XIX of the Social Security Act, there is hereby imposed (effective January 1, 1974) the requirement (and each such State
plan shall be deemed to require) that medical assistance under such plan shall be provided to any individual—

(1) for any month for which there (A) is payable with respect to such individual a supplementary payment pursuant to an agreement entered into between the State and the Secretary of Health, Education, and Welfare under section 212(a) of Public Law 93–66, and (B) would be payable with respect to such individual such a supplementary payment, if the amount of the supplementary payments payable pursuant to such agreement were established without regard to paragraph (3) (A) (ii) of such section 212(a), and

(2) in like manner, and subject to the same terms and conditions, as medical assistance is provided under such plan to individuals with respect to whom benefits are payable for such month under the supplementary security income program established by title XVI of the Social Security Act.

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

Effective Dates

(d) The amendments made by subsection (a) shall be effective with respect to payments under section 1903 of the

STANDARDS FOR PAYMENTS UNDER MEDICAID TO HEALTH MAINTENANCE ORGANIZATIONS

Sec. 172. Section 1903 of such Act is amended by inserting at the end thereof the following new subsection:

"(1) Payment under the preceding provisions of this section shall be made with respect to any amount expended during calendar quarters commencing after June 30, 1974 by a State as payment on a per capita or similar basis for the provision of medical assistance only if—

"(1) the entity to which such payment is made meets the definition of a health maintenance organization contained in section 1876(b), other than the provisions of clauses (2), (3), and (7),

"(2) provides physicians' services primarily (A) directly through physicians who are either employees or partners of such entity, or (B) under formal contractual arrangements with one or more groups of physicians (organized on a group practice or individual practice basis) under which each such group is reimbursed for its services primarily on the basis of an aggregate fixed sum or on a per capita basis, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis;
(3) provides either directly or through formal contractual arrangements with others all the services covered under the State plan, except to the extent that the State shall have secured from the Secretary a waiver with respect to any particular service, which waiver shall not be approved by the Secretary unless the State provides assurances satisfactory to the Secretary that an alternative arrangement will be provided for the provision of such service to individuals receiving medical assistance through such entity;

(4) of the enrolled members of such entity not less than (A) 50 per centum of such members (in case such entity is not an entity described in clause (B)) are individuals who are neither entitled to benefits under title XVIII nor eligible for medical assistance under the State plan approved under this title, or (B) in case such entity serves a geographic area in which individuals (referred to in clause (A)) constitute less than 50 per centum of the total population, a per centum equal to whichever of the following is the larger: (i) a per centum of such members equal to the per centum of such total population which consists of such individuals, or (ii) 25 per centum of such members; and

(5) such payment is made under a contract or other arrangement which has been approved in advance.
by the Secretary and which meets requirements imposed
by regulations which the Secretary shall prescribe in
final form not later than April 30, 1974, for the purpose
of assuring that payments by a State on a per capita
or similar basis for the provision of medical assistance
are subject to substantially the same requirements as
those imposed by subsections (a) and (i) of section
1876 with respect to title XVIII, except that, notwith-
standing the provisions of section 1876(i)(2)(A), such
regulations may authorize a risk sharing contract or
arrangement with an otherwise qualified entity which
has a current enrollment of at least 5,000 members on a
prepaid capitation or similar basis.”.

PAYMENTS TO SUBSTANDARD FACILITIES UNDER
MEDICAID

Sec. 173. Section 1616 of the Social Security Act is
amended by adding at the end thereof the following new
subsection:

“(e) Payments made under this title with respect to an in-
dividual shall be reduced by an amount equal to the amount
of any supplementary payment (as described in subsection
(a)) or other payment made by a State (or political sub-
division thereof) which is made for or on account of any
medical or any other type of remedial care provided by an
institution to such individual as an inpatient of such institu-

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tion in the case of any State which has a plan approved under
title XIX of this Act if such care is (or could be) provided
under a State plan approved under title XIX of this Act by
an institution certified under such title XIX.”.

MEDICAID MATCHING FOR EXPENDITURES WITH
RESPECT TO CERTAIN INDIANS

SEC. 174. (a) Section 1903 of the Social Security Act
is amended by inserting immediately after subsection (d)
thereof the following new subsection:

“(e) With respect to amounts expended during any
quarter (commencing with the calendar quarter which begins
on January 1, 1974) as medical assistance under the State
plan (including amounts for premiums as described in sub-
section (a) (1)) in providing services to any individual who,
at any time during the twelve-month period ending with the
month preceding the month in which he received such serv-
ices resided on or adjacent to a Federal Indian reservation
or in the State of Alaska, and was eligible for comprehensive
health services under the Indian Health Service program con-
ducted within the Public Health Service, the Federal medical
assistance percentage shall be increased to 100 per centum.”.

(b) Section 1903 (a)(1) of such Act is amended by
striking out “subsections (g) and (h)” and inserting in lieu
thereof “subsections (g), (e), and (h)”.
CERTAIN STATES DEEMED TO HAVE PLANS APPROVED UNDER TITLE XIX

Sec. 175. (a) In the case of any State (as that term is used in title XIX of the Social Security Act) which on October 1, 1973, did not have in effect a State plan approved under such title, such State shall, for any calendar quarter which commences on or after January 1, 1974, be entitled (subject to subsection (b)) to payments under section 1903(a)(1) of such Act with respect to expenditures (made during such quarter) for premiums under part B of title XVIII of such Act (as described in such section) in like manner as if such State had, for such quarter, had in effect such a State plan and as if such expenditures were made under such State plan.

(b) Payments to any State under subsection (a) shall be conditioned upon such State's keeping (and making available to the Secretary of Health, Education, and Welfare) such records and accounts with respect to the expenditures on account of which such payments are made as the Secretary shall require in order to assure that such payments are made subject to substantially the same terms and conditions as those applicable to payments, with respect to such expenditures, which are payable under title XIX of the Social Security Act to States which have State plans approved thereunder.
PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A
TEACHING HOSPITAL

Sec. 176. (a)(1) Notwithstanding any other provision
of law, the provisions of section 1861(b) of the Social Secu-

(1) a physician where the hospital has a teaching
program approved as specified in paragraph (6), if (A)
the hospital elects to receive any payment due under this
title for reasonable costs of such services, and (B) all
physicians in such hospital agree not to bill charges for
professional services rendered in such hospital to individ-
uals covered under the insurance program established by
this title.”.

(2) Notwithstanding any other provision of law, the
provisions of section 1832(a)(2)(B)(i) of the Social Secu-

(II) a physician to a patient in a hospital
which has a teaching program approved as specified
in paragraph (6) of section 1861(b) (including
services in conjunction with the teaching programs of such hospital whether or not such patient is an in-patient of such hospital), where the conditions specified in paragraph (7) of such section are met, and”.

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c)(1) The Secretary of Health, Education, and Welfare shall submit to the Congress a report of his findings and recommendations, based on a study to be conducted as provided in paragraph (2), concerning appropriate and equitable methods of reimbursement for physicians' services under titles XVIII and XIX of the Social Security Act in hospitals which have a teaching program approved as specified in section 1861(b)(6) of such Act not later than July 1, 1974, except that the Secretary may, in accordance with subsection (d), submit such report not later than December 31, 1974, if he finds that additional time is required to prepare such report.

(2) The Social Security Administration shall conduct the study required by paragraph (1). Such study shall be of a representative sample of hospitals to determine the extent to which individuals who are covered under titles XVIII or XIX of the Social Security Act, other Government pro-
grams, and private programs incur expenses for physicians' professional services with respect to which payment is made on the basis of charges, the patient care practices of such hospitals (including the extent of physicians' professional services involved in such care), and the extent to which payment is appropriate under titles XVIII and XIX of the Social Security Act with respect to physicians' professional services provided in such institutions.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to June 30, 1974, except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may, by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning prior to January 1, 1975.

USE OF SOCIAL SECURITY ADMINISTRATION IN THE ADMINISTRATION OF MEDICARE

Sec. 181. (a) The first sentence of section 1874(a) of the Social Security Act is amended by striking out "shall be administered by the Secretary" and inserting in lieu thereof "and section 226 shall be administered by the Secretary; and the Secretary, in administering such programs, shall assign primary policy, operating, and general administrative re-
sponsibility to the Commissioner of Social Security” immediately after “Secretary”.

(b) No provision of law (including any such law relating to reorganization of the departments and agencies of the Government) enacted prior to the date of enactment of this Act shall be construed as authorizing any change in the effect of the amendment made by subsection (a).

REIMBURSEMENT UNDER MEDICARE FOR SERVICES WITH RESPECT TO COVERAGE BASED ON CHRONIC KIDNEY FAILURE

Sec. 182. (a) Section 226(g) of the Social Security Act is amended—

(1) by inserting “(1)” immediately after “(g)”;

(2) by striking out “the Secretary is authorized to” and inserting in lieu thereof “the Secretary shall”,

(3) by striking out “as he may” and inserting in lieu thereof “as he shall”,

(4) by striking out “a medical” and inserting in lieu thereof “an independent medical”, and

(5) by adding at the end thereof the following new paragraph:

“(2) Notwithstanding the provisions of section 1842 (a), the Secretary is authorized to designate the organizations to be used in making payments with respect to kidney dialysis services and to provide for payments for such serv-
ices by applying such tests of reasonableness as he may find appropriate, including a test of relationship of charges to costs of providing such services. Notwithstanding the provisions of section 1842(b)(3), the Secretary is further authorized to provide for payments for such services on the basis of specific individual services and on services expected to be rendered over a period of time, and may apply such conditions to payment as he may find necessary to limit charges to patients in excess of those which he may find reasonable. With respect to services expected to be provided over a period of time, the Secretary may provide for payments on a retainer basis or such other basis as he may by regulation prescribe.”.

CAPITAL EXPENDITURES PLANNING

Sec. 183. (a) Section 1122(c) of the Social Security Act is amended by striking out “for the reasonable cost of performing the functions specified in subsection (b)” and inserting in lieu thereof the following: “for the reasonable cost of submitting to the Secretary reports of disapproved capital expenditures together with the reasonable cost of processing and adjudicating appeals from the recommendation made by the designated agency concerning such expenditures”.

(b) Section 201(g)(1) of such Act is amended by inserting immediately before the period at the end of the first sentence the following: “, except that funds made available under
this subsection for fiscal years beginning after June 30, 1974, shall not be used to pay the costs of any activity undertaken pursuant to section 1122 except as provided by such section”.

OCCUPATIONAL THERAPY UNDER MEDICARE

Sec. 184. (a) Section 1814(a)(2)(D) of the Social Security Act is amended by inserting “, occupational,” immediately after “physical”.

(b) Section 1835(a)(2)(A)(i) of such Act is amended by inserting “, occupational,” immediately after “physical”.

(c) Section 1835(a)(2) of such Act is amended—

(1) by striking out the period at the end of clause (D) and inserting in lieu thereof “: and”, and

(2) by adding after clause (D) the following new clause:

“(E) in the case of outpatient occupational therapy services, (i) such services are or were required because the individual needed occupational therapy services, (ii) a plan for furnishing such services has been established and is periodically reviewed by a physician, and (iii) such services are or were furnished while the individual is or was under the care of a physician.”.

(d) The last sentence of section 1861(p) of such Act is amended by inserting “and occupational therapy services” after “speech pathology services”.

(e) The amendment made by the preceding provisions
of this section shall be applicable in the case of services furnished on and after the first day of the first month which begins not less than thirty days after the date of enactment of this Act.

BASIS OF MEDICARE PAYMENT FOR SERVICES PROVIDED BY AGENCIES AND PROVIDERS

Sec. 185. In the administration of titles V, XVIII, and XIX of the Social Security Act, the amount payable under such title to any hospital, skilled nursing facility, or home health agency on account of services provided by such hospital, skilled nursing facility, or home health agency shall be determined (for any period with respect to which the amendments made by section 233 of Public Law 92-603 would, except for the provisions of this section, be applicable) in like manner as if the date contained in the first and second sentences of subsection (f) of such section 233 were December 31, 1973, rather than December 31, 1972.

OUTPATIENT SPEECH PATHOLOGY

Sec. 186. (a) Section 1861(p) of the Social Security Act is amended by inserting immediately before the period at the end thereof the following: “, except that the requirements of paragraph (2) insofar as they require a physician to establish a plan prescribing the type, amount, and duration of speech pathology services to be furnished shall not apply
(b) The provisions of this section shall apply with respect to services rendered after the month in which this Act is enacted.

STATEWIDE PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

Sec. 187. Section 1152 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(g) In carrying out the provisions of this section, the Secretary may designate, as an appropriate area with respect to which a Professional Standards Review Organization may be designated, an area encompassing a whole State; and the Secretary shall not refuse to designate any qualified organization as the Professional Standards Review Organization with respect to such area solely because of the number of physicians in such State."

PRIORITY IN DESIGNATION OF PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS

Sec. 188. Section 1152(c) of the Social Security Act is amended by adding after paragraph (2) the following new paragraph:

"(3) The Secretary shall give priority to designa-
tion of local areas and priority in designation as the Professional Standards Review Organization for any area to an otherwise qualified organization proposed to be established and operated at a local level.”.

STATEWIDE PROFESSIONAL STANDARDS REVIEW COUNCILS

SEC. 189. Section 1162 of the Social Security Act is amended—

(1) by striking out in subsection (a) “three” and inserting in lieu thereof “one”:

(2) by inserting in subsection (b) immediately after “for any State” the following: “in which there are located three or more Professional Standards Review Organizations”;

(3) by redesignating paragraphs (1) through (3) of subsection (b) as subparagraphs (A) through (C) respectively, and by inserting “(1)” immediately after “(b)” in subsection (b); and

(4) by adding after subsection (b)(1), as redesignated, the following new paragraphs:

“(2) The membership of any such Council for any State in which there are located two Professional Standards Review Organizations shall be appointed by the Secretary and shall consist of—

“(A) two representatives from and designated by
each Professional Standards Review Organization in
the State;

"(B) four physicians, two of whom may be design-
nated 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 member-
ship on the Council by the Governor of such State).

"(3) The membership of any such Council for any
State in which there is located one Professional Standards
Review Organization shall be appointed by the Secretary and
shall consist of—

"(A) four physicians who shall be nominated by
and elected from among the general membership of the
Professional Standards Review Organization annually;

"(B) two physicians who may be designated by the
State hospital association of such State to serve as mem-
bers 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."

POSTPONEMENT ON EFFECTIVE DATE OF CERTAIN REQUIREMENTS IMPOSED WITH RESPECT TO PAYMENT FOR PHYSICAL THERAPY SERVICES

Sec. 190. (a) In the administration of title XVIII of the Social Security Act, the amount payable thereunder with respect to physical therapy and other services referred to in section 1861(v)(5)(A) of such Act (as added by section 151(c) of the Social Security Amendments of 1972) shall be determined (for the period with respect to which the amendment made by such section 151(c) would, except for the provisions of this section, be applicable) in like manner as if the "December 31, 1972", which appears in such sub-section (d)(3) of such section 151, read "the month in which there are promulgated, by the Secretary of Health, Education, and Welfare, final regulations implementing the provisions of section 1861(v)(5) of the Social Security Act".

PAYMENT UNDER MEDICARE TO INDIVIDUALS COVERED BY FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

Sec. 191. Section 1862(c) of the Social Security Act (as added by section 210 of the Social Security Amendments of 1972) is amended by striking out "January 1, 1975" and inserting in lieu thereof "January 1, 1976".
STUDY REGARDING COVERAGE UNDER PART B OF MEDICARE FOR CERTAIN SERVICES PROVIDED BY OPTOMETRISTS

Sec. 192. The Secretary of Health, Education, and Welfare shall conduct a study of, and submit to the Congress not later than six months after the date of enactment of this section a report containing his findings and recommendations with respect to the appropriateness of reimbursement under the insurance program established by part B of title XVIII of the Social Security Act, of services (but only to the extent any such services are presently not recognized for purposes of reimbursement) performed by doctors of optometry with respect to the provision of prosthetic lenses for patients with aphakia.

COVERAGE OF CERTAIN MAINTENANCE DRUGS ON AN OUTPATIENT BASIS

Sec. 193. (a) Section 226(c)(1) of the Social Security Act is amended by striking out "and post-hospital home health services" and inserting in lieu thereof "post-hospital home health services, and eligible drugs".

(b) Section 1811 of such Act is amended by inserting "and eligible drugs" after "related post-hospital services".

(c) Section 1812(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);
(2) by striking out the period at the end of para-
graph (3) and inserting in lieu thereof "; and"; and
(3) by adding after paragraph (3) the following
new paragraph:

"(4) eligible drugs.".

(d) Section 1813(a) of such Act is amended by adding
at the end thereof the following new paragraph:

"(4) The reasonable allowance, as defined in section
1823, for eligible drugs furnished an individual pursuant to
any one prescription (or each renewal thereof) and pur-
chased by such individual at any one time shall be reduced
by an amount equal to the applicable prescription copay-
ment obligation which shall be $1."

(e)(1) Section 1814(a) of the Social Security Act
is amended—

(A) by striking out "and" at the end of para-
graph (6);

(B) by striking out the period at the end of para-
graph (7) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (7) the following
new paragraph:

"(8) with respect to drugs or biologicals furnished
pursuant to and requiring (except for insulin) a phy-
sician's prescription, such drugs or biologicals are eligible
drugs as defined in section 1861(t) and the participating
pharmacy (as defined in section 1861(dd)) has such
prescription in its possession, or some other record (in
the case of insulin) that is satisfactory to the Secretary.”

(2) Section 1814(b) of such Act is amended—

(A) by inserting “(1)” after “(b),”

(B) by redesignating paragraphs (1) and (2) as
subparagraphs (A) and (B) respectively,

(C) by redesignating in subparagraph (A), as
redesignated, clauses (A) and (B) as clauses (i) and
(ii);

(D) by inserting “(other than a pharmacy)” im-
mediately after “provider of services”, and

(E) by adding at the end thereof the following new
paragraph:

“(2) The amount paid to any participating pharmacy
which is a provider of services with respect to eligible drugs
for which payment may be made under this part shall, sub-
ject to the provisions of section 1813, be the reasonable
allowance (as defined in section 1823) with respect to such
drugs.”

(f) Section 1814 of such Act is amended by adding at
the end thereof the following new subsection:

“LIMITATION ON PAYMENT FOR ELIGIBLE DRUGS

“(j) Payment may be made under this part for eligible
drugs only when such drugs are dispensed by a participating
pharmacy; except that payment under this part may be made
for eligible drugs dispensed by a physician where the Secre-
tary determines, in accordance with regulations, that such
eligible drugs were required in an emergency or that there
was no participating pharmacy available in the community,
in which case the physician (under regulations prescribed by
the Secretary) shall be regarded as a participating pharmacy
for purposes of this part with respect to the dispensing of
such eligible drugs”

(g) Part A of title XVIII of such Act is further
amended by adding after section 1819 the following new
sections:

“MEDICARE FORMULARY COMMITTEE

“Sec. 1820. (a) (1) There is hereby established, within
the Department of Health, Education, and Welfare, a Medi-
care Formulary Committee (hereinafter referred to as the
‘Committee’), a majority of whose members shall be phy-
sicians and which shall consist of the Commissioner of Food
and Drugs and of four individuals (not otherwise in the em-
ploy of the Federal Government) who do not have a direct
or indirect financial interest in the compensation of the Form-
ulary established under this section and who are of recognized
professional standing and distinction in the fields of medi-
cine, pharmacology, or pharmacy, to be appointed by the
Secretary without regard to the provisions of title 5, United
States Code, governing appointments in the competitive service. The Chairman of the Committee shall be elected annually from the appointed members thereof, by majority vote of the members of the Committee.

"(2) Each appointed member of the Committee shall hold office for a term of five years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, one at the end of each of the first five years. A member shall not be eligible to serve continuously for more than two terms.

"(b) Appointed members of the Committee, while attending meetings or conferences thereof or otherwise serving on business of the Committee, shall be entitled to receive compensation at rates fixed by the Secretary (but not in excess of the daily rate paid under GS–18 of the General Schedule under section 5332 of title 5, United States Code), including travelt ime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.
“(c)(1) The Committee is authorized, with the approval of the Secretary, to engage or contract for such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Committee such secretarial, clerical, and other assistance as the Formulary Committee may require to carry out its functions.

“(2) The Secretary shall furnish to the Committee such office space, materials, and equipment as may be necessary for the Formulary Committee to carry out its functions.

"MEDICARE FORMULARY

“SEC. 1821. (a)(1) The Committee shall compile, publish, and make available a Medicare Formulary (hereinafter in this title referred to as the ‘Formulary’).

“(2) The Committee shall periodically revise the Formulary and the listing of drugs so as to maintain currency in the contents thereof.

“(b)(1) The Formulary shall contain an alphabetically arranged listing, by established name, of those drug entities within the following therapeutic categories:

“Adrenocorticoids

“Anti-anginals

“Anti-arrhythmics

“Anti-coagulants
"Anti-convulsants (excluding phenobarbital)

"Anti-hypertensives

"Anti-neoplasics

"Anti-Parkinsonism agents

"Anti-rheumatics

"Bronchodilators

"Cardiotonics

"Cholinesterase inhibitors

"Diuretics

"Gout suppressants

"Hypoglycemics

"Miotics

"Thyroid hormones

"Tuberculostatics

which the Committee decides are necessary for individuals using such drugs. The Committee shall exclude from the Formulary any drug entities (or dosage forms and strengths thereof) which the Committee decides are not necessary for proper patient care, taking into account other drug entities (or dosage forms and strengths thereof) which are included in the Formulary.

"(2) Such listing shall include the specific dosage forms and strengths of each drug entity (included in the Formulary in accordance with paragraph (1)) which the Committee decides are necessary for individuals using such drugs.
"(3) Such listing shall include the prices at which the products (in the same dosage form and strength) of such drug entities are generally sold by the suppliers thereof and the limit applicable to such prices under section 1823(b)(1) for purposes of determining the reasonable allowance.

"(4) The Committee may also include in the Formulary, either as a separate part (or parts) thereof or as a supplement (or supplements) thereto, any or all of the following information:

"(A) A supplemental list or lists, arranged by diagnostic, prophylactic, therapeutic, or other classifications, of the drug entities (and dosage forms and strengths thereof) included in the listing referred to in paragraph (1).

"(B) The proprietary names under which products of a drug entity listed in the Formulary by established name (and dosage form and strength) are sold and the names of each supplier thereof.

"(C) Any other information with respect to eligible drug entities which in the judgment of the Committee would be useful in carrying out the purposes of this part.

"(c) In considering whether a particular drug entity (or strength or dosage form thereof) shall be included in or excluded from the Formulary, the Committee is au-
authorized to obtain (upon request therefor) any record pertaining to the characteristics of such drug entity which is available to any other department, agency, or instrumentality of the Federal Government, and to request suppliers or manufacturers of drugs and other knowledgeable persons or organizations to make available to the Committee information relating to such drug. If any such record or information (or any information contained in such record) is of a confidential nature, the Committee shall respect the confidentiality of such record or information and shall limit its usage thereof to the proper exercise of its authority.

"(d)(1) The Committee shall establish such procedures as it determines to be necessary in its evaluation of the appropriateness of the inclusion in or exclusion from the Formulary, of any drug entity (or dosage form or strength thereof). For purposes of inclusion in or exclusion from the Formulary the principal factors in the determination of the Committee shall be:

"(A) the factor of clinical equivalence in the case of the same dosage forms in the same strengths of the same drug entity, and

"(B) the factor of relative therapeutic value in the case of similar or dissimilar drug entities in the same therapeutic category.

"(2) The Committee, prior to making a final decision
to remove from listing in the Formulary any drug entity (or dosage forms or strengths thereof) which is included therein, shall afford a reasonable opportunity for a formal or informal hearing on the matter to any person engaged in manufacturing, preparing, compounding, or processing such drug entity who shows reasonable ground for such a hearing.

“(3) Any person engaged in the manufacture, preparation, compounding, or processing of any drug entity (or dosage forms or strengths thereof) not included in the Formulary which such person believes to possess the requisite qualities to entitle such drug to be included in the Formulary pursuant to subsection (b), may petition for inclusion of such drug entity and, if such petition is denied by the Formulary Committee, shall, upon request therefor, showing reasonable grounds for a hearing, be afforded a formal or informal hearing on the matter in accordance with rules and procedures established by such Committee.

“LIMITATIONS ON MEDICARE PAYMENT FOR CHARGES OF PROVIDERS OF SERVICES

“SEC. 1822. (a) Any provider of services as defined in section 1861(u), whose services are otherwise reimbursable, under any program under this Act in which there is Federal financial participation on the basis of ‘reasonable cost’, shall not be entitled to a professional fee or dispensing
charge or reasonable billing allowance as determined pursuant to this part.

"(b) A fee, charge, or billing allowance shall not be payable under this section with respect to any drug entity that (as determined in accordance with regulations) is furnished as an incident to a physician's professional service, and is of a kind commonly furnished in physicians' offices and commonly either rendered without charge or included in the physicians' bills.

"REASONABLE ALLOWANCE FOR ELIGIBLE DRUGS

"Sec. 1823. (a) For purposes of this part, the term 'reasonable allowance' when used in reference to an eligible drug (as defined in subsection (h) of this section) means the following:

"(1) When used with respect to a prescription legend drug entity, in a given dosage form and strength, such term means the lesser of——

"(A) an amount equal to the customary charge at which the participating pharmacy sells or offers such drug entity, in a given dosage form and strength, to the general public, or

"(B) the price determined by the Secretary, in accordance with subsection (b) of this section, plus the professional fee or dispensing charges determined in accordance with subsection (c) of this section.
“(2) When used with respect to insulin, such term means the charge not in excess of the reasonable customary price at which the participating pharmacy offers or sells the product to the general public, plus a reasonable billing allowance.

“(b)(1) For purposes of establishing the reasonable allowance in accordance with subsection (a) the price shall be (A) in the case of a drug entity (in any given dosage form and strength) available from and sold by only one supplier, the price at which such drug entity is generally sold (to establishments dispensing drugs), and (B) in any case in which a drug entity (in any given dosage form and strength) is available and sold by more than one supplier, only each of the lower prices at which the products of such drug entity are generally sold (and such lower prices shall consist of only those prices of different suppliers sufficient to assure actual and adequate availability of the drug entity, in a given dosage form and strength, at such prices in a region).

“(2) If a particular drug entity (in a given dosage form and strength) in the Formulary is available from more than one supplier, and the product of such drug entity as available from one supplier possesses demonstrated distinct therapeutic advantages over other products of such drug entity as determined by the Committee on the basis of its
scientific and professional appraisal of information available to it, including information and other evidence furnished to it by the supplier of such drug entity, then the reasonable allowance for such supplier's drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(3) If the prescriber, in his handwritten order, has specifically designated a particular product of a drug entity (and dosage form and strength) included in the Formulary by its established name together with the name of the supplier of the final dosage form thereof, the reasonable allowance for such drug product shall be based upon the price at which it is generally sold to establishments dispensing drugs.

"(c)(1) For the purpose of establishing the reasonable allowance (in accordance with subsection (a)), a participating pharmacy shall, in the form and manner prescribed by the Secretary, file with the Secretary, at such times as he shall specify, a statement of its professional fee or other dispensing charges.

"(2) A participating pharmacy, which has agreed with the Secretary to serve as a provider of services under this part, shall, except for subsection (a)(1)(A), be reimbursed, in addition to any price provided for in subsection (b), the amount of the fee or charges filed in paragraph (1), except that no fee or charges shall exceed the highest
fee or charges filed by 75 per centum of participating phar-
macies (with such pharmacies classified on the basis of (A)
lesser dollar volume of prescriptions and (B) all others) in
a census region which were customarily charged to the gen-
eral public as of June 1, 1972. Such prevailing professional
fees or dispensing charges may be modified by the Secretary
in accordance with criteria and types of data comparable
to those applicable to recognition of increases in reasonable
charges for services under section 1842.

"(3) A participating pharmacy shall agree to certify
that, whenever such pharmacy is required to submit its usual
professional fee or dispensing charge for a prescription, such
charge does not exceed its customary charge."

(h) Section 1861(t) of such Act is amended—

(1) by inserting "or as are approved by the For-
mulary Committee" and after "for use in such hospital";

and

(2) by adding at the end thereof the following new
sentence: "The term 'eligible drug' means a drug or
biological which (A) can be self-administered, (B) re-
quires a physician's prescription (except for insulin),
(C) is prescribed when the individual requiring such
drug is not an inpatient in a hospital or extended care
facility, during a period of covered care, (D) is included
by strength and dosage forms among the drugs and
biologics approved by the Formulary Committee, (E)
is dispensed (except as provided by section 1814(j)),
by a pharmacist from a participating pharmacy, and
(F) is dispensed in quantities consistent with proper
medical practice and reasonable professional discretion.”

(i) Section 1861(u) of such Act is further amended by
striking out “or home health agency” and inserting in lieu
thereof “home health agency, pharmacy,”.

(j) Section 1861 of such Act is further amended by
adding at the end thereof the following new subsection:

“Participating Pharmacy

“(aa) The term ‘participating pharmacy’ means a
pharmacy, or other establishment (including the outpatient
department of a hospital) providing pharmaceutical serv-
ices, (1) which is licensed as such under the laws of the
State (where such State requires such licensure) or which
is otherwise lawfully providing pharmaceutical services in
which such drug is provided or otherwise dispensed in ac-
cordance with this title, (2) which has agreed with the Sec-
retary to act as a provider of services in accordance with
the requirements of this section, and which complies with
such other requirements as may be established by the Sec-
retary in regulations to assure the proper, economical, and
efficient administration of this title, (3) which has agreed
to submit, at such frequency and in such form as may be
prescribed in regulations, bills for amounts payable under this title for eligible drugs furnished under part A of this title, and (4) which has agreed not to charge beneficiaries under this title any amounts in excess of those allowable under this title with respect to eligible drugs except as is provided under section 1813(a)(4), and except for so much of the charge for a prescription (in the case of a drug product prescribed by a physician, of a drug entity in a strength and dosage form included in the Formulary where the price at which such product is sold by the supplier thereof exceeds the reasonable allowance) as is in excess of the reasonable allowance established for such drug entity in accordance with section 1823."

(k)(1) The first sentence of section 1866(a)(2)(A) of such Act is amended by striking out “and (ii)” and inserting in lieu thereof the following: “(ii) the amount of any copayment obligation and excess above the reasonable allowance consistent with section 1861(aa)(4), and (iii)”. (2) The second sentence of section 1866(a)(2)(A) of such Act is amended by striking out “clause (ii)” and inserting in lieu thereof “clause (iii)”. (l) Notwithstanding any other provision of this Act, the amendments made by this section shall apply with respect
to eligible drugs furnished on and after the first day of
July 1974.

RATES OF TAX FOR HOSPITAL INSURANCE

Sec. 194. Notwithstanding any other provision of
law, the rates of tax for hospital insurance imposed under
sections 1401(b)(3) through (6), 3101(b)(3) through (6),
and 3111(b)(3) through (6) of the Internal Revenue Code
(as amended by section 105(b) of this Act) shall be in-
creased from 0.90 percent to 0.95 percent, from 1.10 percent
to 1.15 percent, from 1.35 percent to 1.40 percent, and
from 1.50 percent to 1.55 percent.

JUDICIAL REVIEW OF DECISIONS OF PROVIDER REIM-
BURSEMENT REVIEW BOARD

Sec. 195. (a) Section 1878(f) of the Social Security
Act is amended to read as follows:

"(f)(1) A decision of the Board shall be final unless
the Secretary, on his own motion, and within 60 days after
the provider of services is notified of the Board's decision,
reverses, affirms, or modifies the Board's decision. Providers
shall have the right to obtain judicial review of any final
decision of the Board, or of any reversal, affirmation, or
modification by the Secretary, by a civil action commenced
within 60 days of the date on which notice of any final deci-
sion by the Board or of any reversal, affirmation or modifi-
cation by the Secretary is received. Such action shall be
brought in the district court of the United States for the judicial district in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.

“(2) Where a provider seeks judicial review pursuant to paragraph (1), the amount in controversy shall be subject to annual interest beginning on the first day of the first month beginning after the 180 day period as determined pursuant to subsection (a) (3) and equal to the rate of return of equity capital established by regulation pursuant to section 1861(v)(1)(B) and in effect at the time the civil action authorized under paragraph (1) is commenced, to be awarded by the reviewing court in favor of the prevailing party.

“(3) No interest awarded pursuant to paragraph (2) shall be deemed income or cost for the purposes of determining reimbursement due providers under this Act.”

(b) Notwithstanding any other provision of law, section 1878 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.
PRACTITIONER MAY NOT BE DENIED PARTICIPATION IN
MEDICARE OR MEDICAID FOR FAILURE TO PERFORM
STERILIZATION PROCEDURES OR ABORTIONS

Sec. 196. (a) Title XVIII of the Social Security Act is
amended by adding at the end thereof the following new
section:

"Sec. 1880. (a) Nothing in this title shall be construed
to require—

"(1) any individual to perform or assist in the per-
formance of any sterilization procedure or abortion if his
performance or assistance in the performance of such
procedure or abortion would be contrary to his religious
beliefs or moral convictions; or

"(2) any provider of services to—

"(A) make its facilities available for the per-
formance of any sterilization procedure or abortion
if the performance of such procedure or abortion in
such facilities is prohibited by the entity on the basis
of religious beliefs or moral convictions, or

"(B) provide any personnel for the perform-
ance of assistance in the performance of any sterili-
ization procedure or abortion if the performance or
assistance in the performance of such procedure or
abortion by such personnel would be contrary to the
religious beliefs or moral convictions of such personnel.

"(b) No provider of services which receives any pay-
ment under this title may—

"(1) discriminate in the employment, promotion,
or termination of employment of any physician or other
health care personnel, or

"(2) discriminate in the extension of staff or other
privileges to any physician or other health care per-
sonnel, because he performed or assisted in the per-
formance of a lawful sterilization procedure or abortion,
because he refused to perform or assist in the perform-
ance of such a procedure or abortion on the grounds
that his performance or assistance in the performance
of the procedure or abortion would be contrary to his
religious beliefs or moral convictions, or because of his
religious beliefs or moral convictions respecting sterili-
ation procedures or abortions."

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

"Sec. 1911. (a) Nothing in this title shall be construed
to require—

"(1) any individual to perform or assist in the per-
formance of any sterilization procedure or abortion in
his performance or assistance in the performance of such
procedure or abortion would be contrary to his religious beliefs or moral convictions; or

“(2) any agency, institution, or facility to—

“(A) make its facilities available for the performance of any sterilization procedure or abortion if the performance of such procedure or abortion in such facilities is prohibited by the entity on the basis of religious beliefs or moral convictions, or

“(B) provide any personnel for the performance or assistance in the performance of any sterilization procedure or abortion if the performance or assistance in the performance of such procedure or abortion by such personnel would be contrary to the religious beliefs or moral convictions of such personnel.

“(b) No agency, institution, or facility which receives any payment under this title may—

“(1) discriminate in the employment, promotion, or termination of employment of any physician or other health care personnel, or

“(2) discriminate in the extension of staff or other privileges to any physician or other health care personnel, because he performed or assisted in the performance of a lawful sterilization procedure or abortion, because he refused to perform or assist in the performance of
such a procedure or abortion on the grounds that his
performance or assistance in the performance of the
procedure or abortion would be contrary to his religious
beliefs or moral convictions respecting sterilization pro-
cedures or abortions.”.

(c) The amendments made by this section shall be effec-
tive on the first day of the month following the month in
which this Act is enacted.

LIBERALIZATION OF MEDICARE LIFETIME RESERVE

Sec. 197. (a) Section 1812 of the Social Security
Act is amended—

(1) by striking out “150” in subsection (a) (1)
and inserting in lieu thereof “210”; 
(2) by striking out “150” in subsection (b) (1)
and inserting in lieu thereof “210”; and
(3) by striking out “150-day” in subsection (c)
and inserting in lieu thereof “210-day”.

(b) The last sentence of section 1813(a)(1) of the
Social Security Act is amended to read as follows: “Such
amount shall be further reduced by a coinsurance amount
equal to one-fourth of the inpatient hospital deductible for
each day (before the day following the last day for which
such individual is entitled under section 1812(a)(1) to
have payment made on his behalf for inpatient hospital serv-
ices during such spell of illness) on which such individual
is furnished such services during such spell of illness after such services have been furnished to him for 60 days during such spell, except that the reduction under this sentence for any day shall not exceed the charges imposed for that day with respect to such individual for such services (and for this purpose, if the customary charges for such services are greater than the charges so imposed, such customary charges shall be considered to be the charges so imposed).”.

(c) The changes made by this section shall become effective January 1, 1974.

DEFINITION OF “SPELL OF ILLNESS” UNDER MEDICARE

Sec. 198. (a) Section 1861(a)(2) of the Social Security Act is amended to read as follows:

“(2) ending with the close of—

“(A) the first period of sixty consecutive days thereafter on each of which he is neither (i) an inpatient of a hospital nor (ii) an inpatient of a skilled nursing facility, or

“(B) in the case such individual meets the condition imposed by subparagraph (A)(i) but does not meet the condition imposed by subparagraph (A)(ii), the first period of one hundred and eighty consecutive days thereafter on each of which—
“(i) he is an inpatient of a skilled nursing facility,

“(ii) receives neither (I) skilled nursing care and related services (as described in subsection (j)(1)(A)), nor (II) rehabilitation services (as described in subsection (j)(1)(B)), and

“(iii) such facility is not receiving payment for skilled nursing services provided to such individual under a State plan approved under title XIX.”.

(b) The amendments made by this section shall be applicable in the case of determinations under title XVIII of the Social Security Act, with respect to the ending of any spell of illness, made after the date of enactment of this Act; except that no spell of illness shall, by reason of such amendments, be determined to have ended prior to the date of enactment of this Act.

**COVERAGE UNDER MEDICARE FOR THE DISABLED SPOUSE OF AN INDIVIDUAL WHO IS COVERED UNDER MEDICARE BY REASON OF DISABILITY**

Sec. 198A. (a) Section 226(b) of the Social Security Act is amended by adding at the end thereof the following new sentences: “If, for any month, an individual is entitled (or was entitled for the month preceding the month
in which he attained age 65), by reason of the preceding provisions of this subsection, to hospital insurance benefits under part A of title XVIII, then the spouse of such individual shall also be entitled to such benefits for such month if (A) for such month such spouse is not otherwise entitled to such benefits, (B) such spouse is under a disability (as that term is employed in section 223(d) when applied in the case of a widow, surviving divorced wife, or widower), and (C) such spouse is wholly dependent upon such individual for such spouse's support. As used in the preceding sentence, the term 'spouse', when used in reference to any individual, means the husband or wife of such individual, as those terms are employed in title II. Any individual who, by reason of the two preceding sentences is entitled to hospital insurance benefits under part A of title XVIII, shall, for purposes of such title, be treated as an individual who is entitled to such benefits by reason of the first sentence of this subsection.”.

(b) The amendment made by subsection (a) shall be effective upon enactment of this Act, except that no individual shall become entitled to hospital insurance benefits under part A of title XVIII of the Social Security Act by reason of such amendment for any month prior to the month which follows the month in which this Act is enacted.
STUDY TO DETERMINE FEASIBILITY OF PROVIDING PAYMENTS UNDER TITLE XVIII FOR THE SERVICES OF AIDS FOR HOME DIALYSIS PATIENTS

Sec. 198B. The Commissioner of Social Security shall conduct a study of the feasibility and appropriateness of providing payments under part B of title XVIII of the Social Security Act for the services of home health personnel to assist patients enrolled under such part to perform dialysis in such patients' homes, and to make a report and recommendation thereon to the Congress prior to January 1, 1975. The study shall include consideration of the number of patients involved and the medical, economic, social, and psychological impact of utilizing such home health personnel on a general or limited basis, including consideration of the economy of home dialysis with paid assistance in comparison with the costs of alternative approaches, such as the use of self-dialysis facilities.

LIMIT ON MEDICARE INPATIENT HOSPITAL DEDUCTIBLE

Sec. 198C. Section 1813(b)(1) of the Social Security Act is amended by striking out all of the second sentence and inserting in lieu thereof: "Such inpatient hospital deductible shall be equal to—"

"(A) with respect to calendar years after 1968 and before 1974, $40 multiplied by the ratio of (i) the
current average per diem rate for inpatient hospital services for the calendar year preceding the year of promulgation, to (ii) the current average per diem rate for such services for 1966;

"(B) with respect to calendar year 1974, $72; and

"(C) with respect to calendar years after 1974, $72 multiplied by the ratio of (i) the current average per diem rate for inpatient hospital services for the calendar year preceding the year of promulgation, to (ii) the current average per diem rate for such services for 1972."

PROHIBITION OF FEDERAL FUNDING FOR ABORTIONS UNDER MEDICAID

Sec. 198D. None of the funds provided under title XIX of the Social Security Act may be used for the performance of abortions.

MEDICARE FOR INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HEALTH INSURANCE

Sec. 198E. (a) Title XVIII of the Social Security Act is amended by adding after section 1818 the following new section:
"Hospital insurance for individuals, age 60 through 64, who are entitled to benefits under section 202 or who are spouses of individuals entitled to health insurance

"Sec. 1819. (a) Every individual who—

"(1) has attained the age of 60, but has not attained the age of 65; and

"(2) is either—

"(A) an individual entitled to monthly insurance benefits under section 202 or benefits under the Railroad Retirement Act of 1937, or

"(B) the wife or husband of a person entitled to benefits under this part, or

"(C) an individual entitled to benefits under—

"(i) section 223(a), or

"(ii) subsections (e), (f), (g), or (h), of section 202 based on disability,

but who has not met the conditions of section 226 (b)(2); and

"(3) is enrolled under part B of this title shall be eligible to enroll in the insurance program established by this part."
An individual may enroll only once under this section and only in such manner and form as may be prescribed in regulations, and only during an enrollment period prescribed in or under this section.

In the case of an individual who satisfies paragraph (1) of subsection (a) of this section and either subparagraph (A) or (C) of paragraph (2) of such subsection, his enrollment period shall begin with whichever of the following is the latest:

(A) April 1, 1974, or

(B) the date such individual first meets the conditions in such paragraph (2), or

(C) the date the Secretary sends notice to such individual that he is entitled to any monthly insurance benefits as specified in subparagraph (A) or (C) of such paragraph (2),

and shall end at the close of the—

(D) 90th day thereafter, if such enrollment period begins on the date specified in subparagraph (B) or (C) of this paragraph, or

(E) the 180th day thereafter, if such enrollment period begins on April 1, 1974.
“(3) In the case of an individual satisfying paragraph (1) and paragraph (2)(B) of subsection (a) of this section, his enrollment period shall begin on whichever of the following is the later: (A) April 1, 1974, or (B) the date such individual first meets the conditions specified in such paragraphs, and shall end at the close of the (C) 90th day thereafter, if such enrollment period begins on the date specified in clause (B) of this paragraph or (D) the 180th day thereafter, if such enrollment period begins on April 1, 1974.

“(c)(1) In the case of an individual who enrolls pursuant to the provisions of this section, the coverage period during which he is entitled to benefits under this part shall begin on the first day of the second month after the month in which he enrolls, or July 1, 1974, whichever is later.

“(2) An individual’s coverage period shall terminate at the earlier of the following—

“(A) for failure to make timely premium payments, at such time as may be prescribed in regulations which may include a grace period in which overdue premiums may be paid and coverage continued, but such grace period shall not exceed 30 days, except that it may be extended to not to exceed 60 days in any case where the Secretary determines that there was good cause for failure to pay overdue premiums within such 30-day period; or
(B) at the close of the month following the month in which an individual files a notice with the Secretary that he no longer desires to be enrolled under this section; or

(C) with the month before the month he no longer meets the conditions specified in subsection (a).

Notwithstanding the preceding provisions of this paragraph an individual's coverage period shall terminate at such time as such individual becomes eligible for hospital insurance benefits under section 226 of this Act or section 103 of the Social Security Amendments of 1965; and upon such termination such individual shall be deemed, solely for purposes of hospital insurance entitlement, to have filed in such month the application required to establish such entitlement.

(d) (1) The monthly premium of each individual under this section for each month in his coverage period before July 1975 shall be $33.

(2) The Secretary shall, during December of 1974 and of each year thereafter, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums chargeable to individuals for months occurring in the 12-month period commencing July 1 of the next succeeding year. Such amount shall be actuarially adequate on a per capita basis to meet the estimated amounts of incurred
claims and administrative expenses for individuals enrolled under this section during such period; and such amount shall take into consideration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest $1, or if midway between multiples of $1, to the next higher multiple of $1.

"(e) Payment of the monthly premiums on behalf of any individual who meets the conditions of subsection (a) may be made by any public or private agency or organization under a contract or other arrangement entered into between it and the Secretary if the Secretary determines that payment of such premiums under such contract or other arrangement is administratively feasible.

"(f)(1) The provisions of section 1840 shall apply to individuals enrolled under this section if such individuals are entitled to monthly insurance benefits under section 202 or 223. The provisions of subsections (e), (f), (g), and (h) of such section 1840 shall apply to any other individual so enrolled.

"(2) Where an individual enrolled under this section meets the provisions of paragraph (2)(B) of subsection (a) (but does not meet the provisions of paragraph (2)(A) or (2)(C) of such subsection) and the person referred to in such paragraph (2)(B) is entitled to monthly insurance
benefits under section 202 or section 223, the provisions of section 1840(a)(1) shall apply to such benefits as though such husband or wife were entitled to such benefits, unless such person files a notice with the Secretary that the deductions provisions of such section 1840(a)(1) shall not apply.

"(g) The term 'wife', or 'husband' as used in this section shall have the meaning assigned to those terms by subsection (b) and subsection (f) of section 216, as the case may be, except that the provisions of clause (2) of such subsection (b) and clause (2) of such subsection (f) shall not apply."

(b) Title XVIII of such Act is further amended by adding after section 1844 the following new section:

"ELIGIBILITY OF INDIVIDUALS, AGE 60 THROUGH 64, WHO ARE ENTITLED TO BENEFITS UNDER SECTION 202 OR WHO ARE SPOUSES OF INDIVIDUALS ENTITLED TO HOSPITAL INSURANCE

"Sec. 1845. (a) Any individual who meets the conditions of paragraph (1) and paragraph (2) of section 1819(a) shall be eligible to enroll in the insurance program established by this part. The provisions of subsections (b), (c), (e), (f), and (g) of section 1819 shall apply to individuals authorized to enroll under this section.

"(b) An individual's coverage period shall also terminate when (A) he no longer meets the conditions specified
in paragraphs (1) and (2) of section 1819(a) or (B) his enrollment under section 1819 is terminated. Where termination occurs pursuant to this subsection, the coverage period shall terminate with the close of whichever of the following months is the earliest: (C) the month before the month the individual attains the age of 65 or (D) the month following the month in which such individual no longer meets the conditions of paragraph (2) of section 1819(a) or (E) the month in which his enrollment under section 1819 terminates.

"(c)(1) The monthly premium of each individual under this section for each month in his coverage period before July 1975 shall be 200 per centum of the premium payable by an individual who has attained age 65 for such month.

“(2) The Secretary shall, during December of each year beginning in 1974, determine and promulgate the dollar amount (whether or not such dollar amount was applicable for premiums for any prior month) which shall be applicable for premiums for months occurring in the 12-month period commencing July 1 of the next year. Such amount shall be actuarially adequate on a per capita basis to meet the estimated amounts of incurred claims and administrative expenses for individuals enrolled under this section during such period, and such amount shall take into consid-
eration underwriting losses or gains incurred during prior years. Any amount determined under the preceding sentence which is not a multiple of $1 shall be rounded to the nearest $1 or if midway between multiples of $1, to the next higher multiple of $1.

“(d) All premiums collected from individuals enrolled pursuant to this section shall be deposited in the Federal Supplementary Medical Insurance Trust Fund.”.

TO EXTEND TO CERTAIN RECIPIENTS OF ANNUITY OR PENSION UNDER THE RAILROAD RETIREMENT ACT THE TREATMENT ACCORDED TO CERTAIN SOCIAL SECURITY RECIPIENTS UNDER SECTION 249E OF THE SOCIAL SECURITY AMENDMENTS OF 1972, AS AMENDED

Sec. 198F. Section 249E of the Social Security Amendments of 1972, as amended, is amended—

(1) by inserting “, or was a recipient of a monthly payment of annuity or pension under the Railroad Retirement Act of 1937 or the Railroad Retirement Act of 1935,” after “was entitled to monthly insurance benefits under title II of such Act”; and

(2) by inserting “, or (in the case of a recipient of such a monthly payment of annuity or pension) the increase in such payment,” after “increase in monthly insurance benefits under title II of such Act”.

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DEFINITION OF IMMEDIATE CARE FACILITY AND IMMEDIATE CARE FACILITY SERVICES IN TITLE XVIII

Sec. 198G. (a) Section 1861(e) of the Social Security Act is amended by inserting, immediately before the last sentence thereof, the following: "The term 'hospital' also includes an immediate care facility (as defined in subsection (aa)), but only with respect to immediate care facility services (as defined in subsection (bb)), and payment under this title with respect to such services provided by such a facility shall be made subject to the same terms and conditions as those applicable with respect to the payment under this title for similar services provided by an institution which meets the requirements specified in clauses (1) through (9) of the first sentence of this subsection."

(b) Section 1861 of such Act is amended by adding at the end thereof the following new subsections:

"Immediate Care Facility

"(aa) The term 'immediate care facility' means a public or nonprofit private institution which—

"(1) is primarily engaged in providing, by or under the supervision of physicians, to outpatients immediate care services for the diagnosis, treatment, and care of injured, disabled, or sick persons;

"(2) maintains clinical records on all patients;

"(3) provides twenty-four-hour nursing service
with a licensed practical nurse or a registered professional nurse on duty at all times;

"(4) has a physician in attendance at all times;

"(5) in the case of an institution in any State in which the State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law or (B) is approved, by the agency of such State or locality responsible for licensing of such institutions, as meeting the standards established for such licensing;

"(6) has in effect a written transfer agreement with one or more hospitals having agreements in effect under section 1866, under which any patient of such institution who requires other than immediate care facility services will be transferred to such a hospital at the earliest practicable time (which shall not be later than twenty-four hours after such patient is admitted to such institution);

"(7) has in effect a policy under which any patient who is provided services by the institution will, within twenty-four hours after he is admitted to such institution for services, be discharged or transferred to a hospital;

"(8) has in effect an overall plan and budget that meets the requirements of subsection (z); and

"(9) meets such other requirements as the Secre-
tary finds necessary in the interest of the health and
safety of the individuals who are furnished services in
the institution.

"Immediate Care Facility Services

"(bb) The term 'immediate care facility services' means
services, furnished to an individual by an immediate care
facility, which—

"(1) are of a type which such facility is authorized
to provide, and

"(2) are for a medical condition requiring imme-
diate medical attention."

(c) The amendments made by subsections (a) and
(b) shall be effective in the case of services furnished on
and after the first day of the first calendar month which
commences more than thirty days after the date of enact-
ment of this Act.

DEFINITION OF IMMEDIATE CARE FACILITY SERVICES
IN TITLE XIX

Sec. 1981B. (a) Section 1905(a) of the Social Security
Act is amended by adding after clause (17) thereof the fol-
lowing new clause:

"(18) immediate care facility services (as defined
in section 1861(bb)) which are furnished in an im-
mediate care facility (as defined in section 1861(aa));".

(b) Section 1902(a)(13) of such Act is amended—
(1) in subparagraph (B) thereof, by inserting "clause (18) and" immediately after "care and services listed in";

(2) in subparagraph (C)(i) thereof, by inserting "clause (18) and" immediately after "care and services listed in", and

(3) in subparagraph (C)(ii) thereof, by inserting "clause (18) and" immediately after "care and services listed in".

(c) The amendments made by this section shall become effective January 1, 1974.

PROVISION OF HOME HEALTH SERVICES UNDER THE INSURANCE PROGRAM ESTABLISHED BY PART A WITHOUT A PRIOR STAY IN A HOSPITAL

Sec. 1981. (a) (1) Section 1812(a)(3) of the Social Security Act is amended to read as follows:

"(3) home health services for up to one hundred visits within a calendar year."

(2) The first sentence of section 1812(d) of such Act is amended to read as follows: "Payment under this part may be made for home health services furnished an individual only for not more than one hundred visits during any calendar year."

(3) Section 1812(e) of such Act is amended by striking out “post-hospital” the second time it appears therein.
(b) Section 1814(a)(2)(D) of such Act is amended to read as follows:

"(D) in the case of home health services (i) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, speech pathology or audiology services, or physical therapy, (ii) a plan for furnishing skilled nursing care or physical therapy to such individual has been established and is periodically reviewed by a physician, or, in the instance of speech pathology or audiology services, such individual has been referred by a physician, and (iii) such services are or were furnished while the individual was under the care of a physician;".

(c) Section 1835(a)(2)(A) of such Act is amended to read as follows:

"(A) in the case of home health services (i) such services are or were required because the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed skilled nursing care on an intermittent basis, speech pathology or audiology services, or physical therapy, (ii) a plan for furnishing skilled nursing care or physical therapy to such individual has been established and is periodically
reviewed by a physician, or, in the instance of speech
pathology or audiology services, such individual has
been referred by a physician, and (iii) such services
are or were furnished while the individual was under
the care of a physician;”.

(d) Section 1861(m)(2) of such Act is amended to
read as follows:

“(2) physical, occupational, or speech therapy, and
speech pathology or audiology services;”.

(e) Section 1861(n) of such Act is repealed.

(f) The amendments made by subsections (a), (b), (c),
(d), and (e) shall be effective for calendar years ending

PART I—AMENDMENTS RELATING TO MATERNAL AND
CHILD HEALTH SERVICES

GRANTS TO REGIONAL PEDIATRIC PULMONARY CENTERS

Sec. 199. (a) Section 511 of the Social Security Act
is amended—

(1) by inserting “(a)” immediately after “Sec.
511.”, and

(2) by adding at the end of such section the follow-
ing new subsection:

“(b)(1) From the sums available under paragraph
(2), the Secretary is authorized to make grants to public
or nonprofit private regional pediatric respiratory centers,
which are a part of (or are affiliated with) an institution of
higher learning, to assist them in carrying out a program for the training and instruction (through demonstrations and otherwise) of health care personnel in the prevention, diagnosis and treatment of respiratory diseases in children and young adults, and in providing (through such program) needed health care services to children and young adults suffering from such diseases.

“(2) For the purpose of making grants under this subsection, there is authorized to be appropriated, for the fiscal year ending June 30, 1975, and each of the next four succeeding fiscal years, such sums (not in excess of $5,000,000 for any fiscal year) as may be necessary. Sums authorized to be appropriated for any fiscal year under this subsection for making grants for the purposes referred to in paragraph (1) shall be in addition to any sums authorized to be appropriated for such fiscal year for similar purposes under other provisions of this title.”

(b) section 502(1) of such Act is amended by inserting “(a)” immediately after “511”.

TITLE II—CLERICAL AND CONFORMING AMENDMENTS TO SOCIAL SECURITY ACT

IN GENERAL

Inclusion of All Wage Level Increases in Automatic Adjustment of Earnings Test

Sec. 201. (a) Section 203(f)(8)(B)(ii) of the Social Security Act is amended by—
(1) striking out "contribution and benefit base" and
inserting "exempt amount" in lieu thereof; and
(2) striking out "section 230(a)" and inserting
"subparagraph (A)" in lieu thereof.

Inclusion in Old-Age Insurance Benefit in Certain Cases of
Delayed Retirement

(b) Section 202(w) of such Act is amended by inserting
at the end thereof the following new paragraph:

"(5) If an individual's primary insurance amount is
determined under paragraph (3) of section 215(a) and, as
a result of this subsection, he would be entitled to a higher
old-age insurance benefit if his primary insurance amount
were determined under section 215(a) without regard to
such paragraph, such individual's old-age insurance benefit
based upon his primary insurance amount determined under
such paragraph shall be increased by an amount equal to the
difference between such benefit and the benefit to which he
would be entitled if his primary insurance amount were de-
termined under such section without regard to such para-
graph."

Elimination of Benefits at Age 72 for Uninsured Individuals

Receiving Supplemental Security Income Benefits

(c) Section 228(d) of such Act is amended by inserting
"and such individual is not an individual with respect to
whom supplemental security income benefits are payable
pursuant to title XVI or section 211 of Public Law 93-66 for the following month, nor shall such benefit be paid for such month if such individual is an individual with respect to whom supplemental security income benefits are payable pursuant to title XVI or section 211 of Public Law 93-66 for such month, unless the Secretary determines that such benefits are not payable with respect to such individual for the month following such month" immediately before the period at the end thereof.

Limitations on Eligibility Determinations Under Resources Tests of State Plans

(d) Section 1611 of such Act (as amended by Public Law 92-603) is amended by striking out subsection (g) and inserting in lieu thereof the following new subsection:

"(g) In the case of any individual or any individual and his spouse (as the case may be) who—

“(1) received aid or assistance for December 1973 under a plan of a State approved under title I, X, XIV, or XVI,

“(2) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

“(3) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or eligible spouse with
respect to whom supplemental security income benefits are payable,

the resources of such individual or such individual and his spouse (as the case may be) shall be deemed not to exceed the amount specified in sections 1611(a)(1)(B) and 1611(a)(2)(B) during any period that the resources of such individual or individuals and his spouse (as the case may be) does not exceed the maximum amount of resources specified in the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973.”

Limitations on Eligibility and Benefit Determinations Under Income Tests of State Plans for Aid to the Blind

(e) Section 1611 of such Act is amended by striking out subsection (h) and inserting in lieu thereof the following new subsection:

“(h) In determining eligibility for, and the amount of, benefits payable under this section in the case of any individual or any individual and his spouse (as the case may be) who—

“(1) received aid or assistance for December 1973 under a plan of a State approved under title X or XVI,

“(2) is blind under the definition of that term in the plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973,
"(3) has, since December 31, 1973, continuously resided in the State under the plan of which he or they received such aid or assistance for December 1973, and

"(4) has, since December 31, 1973, continuously been (except for periods not in excess of six consecutive months) an eligible individual or an eligible spouse with respect to whom supplemental security income benefits are payable,

there shall be disregarded an amount equal to the greater of (A) the maximum amount of any earned or unearned income which could have been disregarded under the State plan, as in effect for October 1972, under which he or they received such aid or assistance for December 1973, and (B) the amount which would be required to be disregarded under section 1612 without application of this subsection."

Correction of Erroneous Designations and Cross-References

(f)(1) Section 226 of such Act is amended by—

(A) redesignating subsection (a)(1) as subsection (a);

(B) redesignating clauses (A) and (B) of subsection (a), as redesignated by this subsection, as clauses (1) and (2), respectively; and

(C) redesignating subsection (f) (as added by section 201(b)(5) of the Social Security Amendments of 1972 and redesignated by section 299I of that Act)
and the subsection (f) (as enacted by section 101 of the Social Security Amendments of 1965 and redesignated by section 201(b)(5) of the Social Security Amendments of 1972) as subsections (h) and (i), respectively; and by inserting such subsections (h) and (i) (as so redesignated) immediately after subsection (g) of such section.

(2) Section 226(h)(1)(A) of such Act, as redesignated by this subsection, is amended by striking out “and 202(e)(5), and the term ‘age 62’ in sections” and inserting “, 202(e)(5),” in lieu thereof.

(3) Section 226(h)(1)(B) of such Act, as redesignated by this subsection, is amended by striking out “shall” and inserting “and the phrase ‘before he attained age 60’ in the matter following subparagraph (G) of section 202(f)(1) shall each” in lieu thereof.

(4) Paragraphs (2) and (3) of section 226(h) of such Act, as redesignated by this subsection, are each amended by striking out “(a)(2)” and inserting “(b)” in lieu thereof.

Initial Payments to Presumptively Disabled Individuals

Unrecoverable Only if Individual Is Ineligible Because Not Disabled

(g) Section 1631(a)(4)(B) of such Act is amended by inserting “solely because such individual is determined not to
be disabled” immediately before the period at the end thereof.

Technical Correction of Limitation on Fiscal Liability

of States for Optional Supplementation

(h) (1) Section 401(a)(1) of the Social Security Amendments of 1972 is amended by—

(A) inserting “, other than fiscal year 1974,” immediately after “any fiscal year”; and

(B) inserting “, and the amount payable for fiscal year 1974 pursuant to such agreement or agreements shall not exceed one-half of the non-Federal share of such expenditures” immediately before the period of the end thereof.

(2) Section 401(c)(1) of such Act is amended by inserting “excluding” immediately before “expenditures authorized under section 1119”.

Modification of Transitional Administrative Provisions

(i) Section 402 of the Social Security Amendments of 1972 is amended by—

(1) striking out “XVI” the first time that it appears therein and inserting “VI” in lieu thereof;

(2) inserting “the third and fourth quarters in the fiscal year ending June 30, 1974, and” immediately after “with respect to expenditures for”; and

(3) inserting “the third and fourth quarters of
the fiscal year ending June 30, 1974, and any quarter
of” immediately after “during such portion of”.

Inclusion of Title VI in Limitation on Grants to States for
Social Services

(j) Section 1130(a) of such Act is amended by insert-
ing “603(a)(1),” immediately after “403(a)(3),”.

Clarification of Coverage of Hospitalization for Dental
Services

(k)(1) Section 1814(a)(2)(E) of such Act (as
amended by Public Law 92-603) is amended to read as
follows:

“(E) in the case of inpatient hospital services in
connection with the care, treatment, filling, removal, or
replacement of teeth or structures directly supporting
teeth, the individual, because of his underlying medical
condition and clinical status, requires hospitalization in
connection with the provision of such dental services;”.

(2) The last sentence of section 1814(a) is amended
by striking out “or (D)” and inserting “(D), or (E)”
in lieu thereof.

(3) Section 1862(a)(12) of such Act is amended by
striking out “a dental procedure” and all that follows there-
after, and inserting “the provision of such dental services if
the individual, because of his underlying medical condition
and clinical status, requires hospitalization in connection with the provision of such services; or” in lieu thereof.

Continuation of State Agreements for Coverage of Certain Individuals

(1) Section 1843(b) of such Act is amended by adding at the end thereof the following: “Effective January 1, 1974, and subject to section 1902(e), the Secretary shall, at the request of any State not eligible to participate in the State plan program established under title XVI, continue in effect the agreement entered into under this section with such State subject to such modifications as the Secretary may by regulations provide to take account of the termination of any plans of such State approved under titles I, X, XIV, and XVI and the establishment of the supplemental security income program under title XVI.”.

Technical Improvement of Provisions Governing Disposition of HMO Savings

(m) Section 1876(a)(3)(A)(ii) of such Act is amended by striking out “, with the apportionment of savings being proportional to the losses absorbed and not yet offset”.

Technical Improvement of Provisions Governing Allowable HMO Premium Charges

(n) The last sentence of section 1876(g)(2) of such Act is amended by—

(1) inserting “of its premium rate or other charges” immediately after “portion”;
(2) striking out "may" and inserting "shall";

(3) striking out "(i)"; and

(4) striking out "less (ii) the actuarial value of other charges made in lieu of such deductible and co-

insurance".

Applications for Assistance on Behalf of Deceased Individuals

(o) Section 1902(a)(34) of the Social Security Act (as amended by Public Law 92–603) is amended by inserting "(or application was made on his behalf in the case of a deceased individual)" immediately after "he made application".

Expansion of Intermediate Care Facility Ownership Disclosure Requirements

(p) Section 1902(a)(35)(A) of such Act is amended by inserting "or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility" immediately after "intermediate care facility".

Technical Modification of Extended Medicaid Eligibility for AFDC Recipients

(q) Section 1902(e) of such Act is amended to read as follows:

"(e) Notwithstanding any other provision of this title,
Act, and (2) administrative activities carried out after December 31, 1973, which such Secretary determines are necessary to bring to a close activities carried out under such State plans.

TITLE III--AMENDMENT TO PART A OF TITLE IV OF THE SOCIAL SECURITY ACT

ELIMINATION OF PRECONDITION FOR FEDERAL FINANCIAL PARTICIPATION THAT CHILDREN IN FOSTER CARE BE REMOVED FROM THEIR HOMES AS A RESULT OF JUDICIAL DETERMINATION

Sec. 301. (a) Paragraph (1) of section 408(a) of the Social Security Act is amended by deleting the “,” at the end thereof and inserting in lieu thereof “or any other procedures authorized under the State law and approved by the Secretary”.

(b) Paragraph (3) of such section is amended by deleting the “,” immediately preceding “and” and inserting in lieu thereof “or any other procedure authorized under State law and approved by the Secretary”.

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

Sec. 401. Section 203(2) of the Federal-State Extended Unemployment Compensation Act of 1970 is amended by adding at the end thereof the following new sentence: “Effective with respect to compensation for weeks of unemployment beginning after the date of the enactment of this
Federal Payment for Cost of Inspecting Institutions Limited to Expenses Incurred During Covered Period

(s) Section 1903(a)(4) of such Act is amended by striking out “sums expended” and inserting “sums expended with respect to costs incurred” in lieu thereof.

Federal Payment for Family Planning Expenditures Not Limited to Administrative Costs

(t) Section 1903(a)(5) of such Act is amended by striking out “(as found necessary by the Secretary for the proper and efficient administration of the plan)”.

Exception to Limitation on Payments to States for Expenditures in Relation to Individuals Eligible for Medicare

(u) Section 1903(b)(2) of such Act is amended by inserting “, other than amounts expended under provisions of the plan of such State required by section 1902(a)(34)” immediately before the period at the end thereof.

Utilization Review by Medical Personnel Associated With an Institution

(v) Section 1903(g)(1)(C) of such Act is amended by striking out “and who are not employed by” and by inserting “or, except in the case of hospitals, employed by the institution” immediately after “any such institution”.

Authority To Prescribe Standards Under Title XIX for Active Treatment of Mental Illness
Section 1905(h)(1)(B) of such Act is amended by—

(1) striking out "", involves active treatment (i)"
and inserting "(i) involve active treatment" in lieu thereof,
(2) striking out "pursuant to title XVIII", and
(3) striking out "(ii) which" and inserting "(ii)"
in lieu thereof.

Correction of Erroneous Designations and Cross References

(x)(1) Section 1902(a)(13)(C) of such Act is amended by striking out "(14)" and inserting "(16)" in lieu thereof.
(2) Section 1902(a)(33)(A) of such Act is amended by striking out "last sentence" and inserting "penultimate sentence" in lieu thereof.
(3) Section 1902(a) of such Act is amended by—

(A) striking out the period at the end of paragraph (35) and inserting "; and" in lieu thereof; and
(B) redesignating paragraph (37) as paragraph (36).
(4) Sections 1902(a) (21), (24), and (26)(B), and the last sentence of section 1902(a), of such Act are each amended by striking out "nursing home" and "nursing homes" each time that they appear therein and inserting
“nursing facility” and “nursing facilities”, respectively, in lieu thereof.

(5) Section 1903(a) of such Act is amended by striking out “and section 1117” in the first parenthetical phrase.

(6) Section 1903(b) of such Act is amended by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(7) Section 1905(a)(16) of such Act is amended by striking out “under 21, as defined in subsection (e);” and inserting “under age 21, as defined in subsection (h);” and” in lieu thereof.

(8) Section 1905(c) of such Act is amended by striking out “skilled nursing home” each time that it appears therein and inserting “skilled nursing facility” in lieu thereof.

(9) Section 1905 of such Act is amended by redesignating subsection (h) (which was enacted by section 299L (b) of the Social Security Amendments of 1972) as subsection (i).

(10) Section 1905(h)(2) is amended by striking out “(e)(1)” and inserting “(1)” in lieu thereof.

Deletion of Obsolete Provisions

(y)(1) Section 1903 of such Act is amended by—

(A) striking out subsection (c);

(B) striking out “(a), (b), and (c)” in subsection
(d) and inserting "(a) and (b)" in lieu thereof.

(2) Section 1905(b) of such Act is amended by striking out everything after "section 1110(a)(8)" and inserting a period in lieu thereof.

(3) Section 1908 of such Act is amended by striking out the last sentence of subsection (d) and subsections (e) and (f), and redesignating subsection (g) as subsection (e).

Determination of Amount of Exclusion for Disapproved Capital Expenditures by Institutions Reimbursed on Fixed Fee or Negotiated Rate Basis

(z) The last sentence of section 1122(d)(1) of such Act is amended by inserting "or a fixed fee or negotiated rate" immediately after "per capita" each time that it appears therein.

Technical Improvement of Authority To Include Expenses Related to Capital Expenditures in Certain Cases

(z—1) Section 1122(d)(2) of such Act is amended by striking out "include" the last time that it appears therein and inserting "exclude" in lieu thereof.

Conforming Amendments to Title XI of the Social Security Act

(z—2)(1) Title XI of the Social Security Act is amended—

(A) in section 1101(a)(1), by—
(i) striking out “I,” “X,” “XIV,”, and “XVI,”, and

(ii) by adding at the end of such section 1101 (a) the following new sentence: “In the case of Puerto Rico, the Virgin Islands, and Guam, titles I, X, and XIV, and title XVI (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term ‘State’ when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, and Guam.”,

(B) in section 1115, by—

(i) inserting (in the matter preceding subsection (a)) “VI,” immediately after “title I,”,

(ii) inserting (in subsection (a)) “602,” immediately after “402,”, and

(iii) inserting (in subsection (b)) “603,” immediately after “403,”, and

(C) in section 1116, by—

(i) inserting (in subsection (a)(1)) “VI,” immediately after “title I,”,

(ii) inserting (in subsection (a)(3)) “604,” immediately after “404,”,
(iii) inserting (in subsection (b)) "VI," immediately after "title I," and

(iv) inserting (in subsection (d)) "VI," immediately after "title I,"

(2) The amendments made by this subsection shall be effective on and after January 1, 1974.

Effective Dates

(z-3)(1) The amendments made by subsections (g), (h), (j), and (l) shall be effective January 1, 1974.

(2) The amendments made by subsection (k) shall be effective with respect to admissions subject to the provisions of section 1814(a)(2) of the Social Security Act which occur after December 31, 1972.

(3) The amendments made by subsections (m) and (n) shall be effective with respect to services provided after June 30, 1973.

(4) The amendments made by subsections (o) and (u) shall be effective July 1, 1973.

MODIFICATION OF PROVISIONS ESTABLISHING SUPPLEMENTAL SECURITY INCOME PROGRAM

Sec. 202. (a) Section 303(c) of the Social Security Amendments of 1972 is amended to read as follows:

"AMENDMENT TO ACT OF APRIL 19, 1950

"(c) Section 9 of the Act of April 19, 1950 (64 Stat. 47) is amended to read as follows:"
"Sec. 9. Beginning with the quarter commencing July 1, 1950, the Secretary of the Treasury shall pay quarterly to each State (from sums made available for making payments to the States under section 403(a) of the Social Security Act) an amount, in addition to the amount prescribed to be paid to such State under such section, equal to 80 per centum of the total amount of contributions by the State toward expenditures during the preceding quarter by the State, under the State plan approved under the Social Security Act for aid to dependent children to Navajo and Hopi Indians residing within the boundaries of the State on reservations or on allotted or trust lands, with respect to whom payments are made to the State by the United States under section 403(a) of the Social Security Act, not counting so much of such expenditure to any individual for any month as exceeds the limitations prescribed in such section.'

(b) Notwithstanding the provisions of section 301 of the Social Security Amendments of 1972 (as amended by subsection (a) of this section), the Secretary of Health, Education, and Welfare shall make payments to the 50 States and the District of Columbia after December 31, 1973, in accordance with the provisions of the Social Security Act as in effect prior to January 1, 1974, for (1) activities carried out through the close of December 31, 1973, under State plans approved under title I, X, XIV, or XVI, of such
Act, and (2) administrative activities carried out after
December 31, 1973, which such Secretary determines are
necessary to bring to a close activities carried out under such
State plans.

TITLE III—AMENDMENT TO PART A OF TITLE
IV OF THE SOCIAL SECURITY ACT

ELIMINATION OF PRECONDITION FOR FEDERAL FINANCIAL
PARTICIPATION THAT CHILDREN IN FOSTER CARE BE
REMOVED FROM THEIR HOMES AS A RESULT OF JUDI-
CIAL DETERMINATION

Sec. 301. (a) Paragraph (1) of section 408(a) of the
Social Security Act is amended by deleting the “,” at the
end thereof and inserting in lieu thereof “or any other proce-
dures authorized under the State law and approved by the
Secretary”.

(b) Paragraph (3) of such section is amended by
deleting the “,” immediately preceding “and” and inserting
in lieu thereof “or any other procedure authorized under
State law and approved by the Secretary”.

TITLE IV—MISCELLANEOUS

PROVISIONS RELATING TO UNEMPLOYMENT COMPENSATION

Sec. 401. Section 203(2) of the Federal-State Ex-
tended Unemployment Compensation Act of 1970 is amended
by adding at the end thereof the following new sentence:
“Effective with respect to compensation for weeks of unem-
ployment beginning after the date of the enactment of this
law), the State may by law provide that the determination of
whether there has been a State 'on' or 'off' indicator begin-
ning or ending any extended benefit period shall be made
under this subsection as if paragraph (1) did not contain
subparagraph (A) thereof.”.

PROVISIONS RELATING TO THE PROHIBITION OR LIMITA-
TION BY A FOREIGN COUNTRY OF EXPORTATION OF
CRUDE OIL TO THE UNITED STATES

SEC. 402. During any period during which any foreign
country prohibits or limits the export of crude oil or refined
petroleum products from such country to the United States,
there shall be no export of articles, materials, and supplies
used in the exploration for crude oil, the extraction or refin-
ing of crude oil, or the transportation of crude oil or refined
petroleum products, from the United States to—

(1) such country, or

(2) any other foreign country which is exporting
such articles, materials, or supplies to such country.

Amend the title so as to read: “An Act to amend the
Social Security Act, and for other purposes.”

Attest: W. PAT JENNINGS,
Clerk.

Passed the Senate with amendments November 30, 1973.
Attest: FRANCIS R. VALEO,
Secretary.
AN ACT

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

IN THE SENATE OF THE UNITED STATES

November 30, 1973
Ordered to be printed with the amendments of the Senate
H.R. 3153
Social Security Amendments of 1973

Brief Description of Senate Amendments

Prepared for the Use of the Conferees

DECEMBER 10, 1973
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- Increases in certain cases of delayed retirement
- Elimination of special age 72 benefits for people entitled to SSI
- Correction of erroneous designations and cross-references

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- Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind
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- Clarification of coverage of hospitalization for dental services
- Continuation of State agreements for coverage of certain individuals
- Technical improvement of provisions governing disposition of HMO savings
- Technical improvement of provisions governing allowable HMO premium charges
- Application for assistance on behalf of deceased individuals
- Expansion of intermediate care facility ownership disclosure requirements
- Technical modification of extended medicaid eligibility for AFDC recipients
- Limitation on payments to States for expenditures in relation to disabled individuals eligible for medicare
- Federal payment for cost of inspecting institutions limited to expenses incurred during covered period
- Federal payments for family planning expenditures not limited to administrative costs
- Exception to limitation on payments to States for expenditures in relation to individuals eligible for medicare
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3. Old-age, survivors, and disability system: Progress of the combined OASI and DI trust funds, under present law, under H.R. 11333, and under H.R. 3153, calendar years 1972-78

4. Old-age, survivors, and disability system: Start-of-year trust fund assets as percentage of expenditures for the year

5. Benefit increases and changes in the earnings base under present law, and the Senate bill

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11. Estimated operations of the supplementary medical insurance trust fund under present law, fiscal years 1973-76

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14. Estimated operations of the hospital insurance trust fund under H.R. 3153, as amended by the Senate, fiscal years 1973-78
I. Old Age, Survivors, and Disability Insurance

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<td></td>
<td></td>
<td>Table of contents.—Provides a table of contents corresponding to the Senate bill.</td>
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<tr>
<td>101</td>
<td>15–17</td>
<td>Interim benefit increase.—Provides a 7 percent increase in social security benefits effective for the month of enactment and subsequent months through May 1974. (H.R. 11333 provides a &quot;flat&quot; 7 percent increase for March through May 1974.)</td>
</tr>
<tr>
<td>102</td>
<td>17–21</td>
<td>Eleven-percent benefit increase.—Effective June 1974, provides an eleven percent social security benefit increase (over the rates in effect prior to enactment). This is in lieu of the 5.9 percent increase scheduled to take place in June 1974 under existing law. (H.R. 11333 also provides an 11 percent increase effective June 1974.)</td>
</tr>
<tr>
<td>103</td>
<td>21–24</td>
<td>Automatic cost-of-living increases.—Under present law, if the consumer price index rises by at least 3 percent between the second quarter of one year and the second quarter of the next year, social security benefits will be increased by the percentage that the cost of living has risen, beginning with the January following the latter year. The Senate bill would modify this by measuring the increase in the cost of living from the first quarter of one year to the first quarter of the following year, with the automatic cost-of-living increase effective beginning with June of the latter year. (An exception is made for the first automatic increase, effective June 1975, which would be based on the rise in the consumer price index between the second quarter of 1974 and the first quarter of 1975.) (H.R. 11333 also includes this provision.)</td>
</tr>
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1
### Section 103(l) 24

**Special minimum benefit.**—Present law provides a special minimum social security benefit equal to $8.50 times the individual’s years of coverage under social security over 10 and up to 30 years. The Senate bill makes the 7 and 11 percent benefit increases applicable to the special minimum. This increases the $8.50 to $9.10 effective with the month of enactment and to $9.50 effective June 1974. For a worker with 30 years of coverage this would mean an increase in his special minimum monthly benefit from $170 under current law to $182 on enactment and to $190 effective June 1974. The Senate bill also makes the automatic cost-of-living increases applicable to the special minimum. (H.R. 11333 would provide a one-time increase of about six percent in the special minimum effective March 1974. This would increase the factor to $9.00 which would provide a worker with 30 years of coverage a special minimum of $180 per month.)

### Section 104 25–27

**Tax base increase.**—Provides that wages and self-employment income taxable under social security each year would be increased for 1974 from $12,600 to $13,200. Thereafter, as under present law, the base would be increased automatically as wage levels rise. (This provision is also included in H.R. 11333.)

### Section 105; 194 27–30; 191

**Tax rate changes.**—The Senate bill changes the social security tax rates as shown in the following table:
I. Old Age, Survivors, and Disability Insurance—Continued

SOCIAL SECURITY TAX RATES

(in percent)

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<th>Cash benefits</th>
<th>Hospital insurance</th>
<th>Total taxes</th>
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<tr>
<td></td>
<td>Present law</td>
<td>Senate bill</td>
<td>Present law</td>
</tr>
<tr>
<td>Hospital insur.</td>
<td>4.85</td>
<td>4.95</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>4.85</td>
<td>4.95</td>
<td>1.25</td>
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<tr>
<td></td>
<td>4.80</td>
<td>4.95</td>
<td>1.35</td>
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<tr>
<td></td>
<td>4.80</td>
<td>4.95</td>
<td>1.45</td>
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<tr>
<td></td>
<td>5.85</td>
<td>5.95</td>
<td>1.45</td>
</tr>
<tr>
<td>Self-employed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974 to 1977</td>
<td>7.00</td>
<td>7.00</td>
<td>1.00</td>
</tr>
<tr>
<td>1978 to 1980</td>
<td>7.00</td>
<td>7.00</td>
<td>1.25</td>
</tr>
<tr>
<td>1981 to 1985</td>
<td>7.00</td>
<td>7.00</td>
<td>1.35</td>
</tr>
<tr>
<td>1986 to 2010</td>
<td>7.00</td>
<td>7.00</td>
<td>1.45</td>
</tr>
<tr>
<td>2011 and after.</td>
<td>7.00</td>
<td>7.00</td>
<td>1.45</td>
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Section  Bill page  Description

105; 194 27–30; 191 (H.R. 11333 provides for the same tax schedule as the Senate bill for the cash benefit programs; a Ribicoff floor amendment provided for an increase in the hospital insurance tax rates by .05 percent to meet the costs of the amendment relating to coverage of maintenance drugs (sec. 193). Thus the hospital insurance rates—and, therefore, the total tax rates—are in each year .05 percent higher in the Senate bill than in H.R. 11333.)
## I. Old Age, Survivors, and Disability Insurance—Continued

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<td><strong>Allocation to Disability Trust Fund.</strong>—Under present law, an amount equal to 1.1 percent of wages taxed is allocated out of social security tax collections to the disability insurance trust fund. This is scheduled to increase to 1.15 percent effective in 1978 and to 1.5 percent effective 2011. Under the Senate bill, the allocation would be increased effective 1974 to 1.15 percent with further increases to 1.2 percent in 1978, to 1.3 percent in 1981, to 1.4 percent in 1986 and to 1.7 percent in 2011. Similarly, current law provides for an allocation to the disability trust fund of an amount equal to 0.795 percent of the amount of self-employment income which is subject to social security tax with increases scheduled to 0.84 percent starting in 1978 and to 0.895 percent starting in 2011. The Senate bill would increase the allocation starting in 1974 to 0.815 percent with subsequent increases to 0.85 percent starting in 1979, to 0.92 percent in 1981, to 0.99 percent in 1986, and to 1 percent in 2011. (H.R. 11333 also includes this provision.)</td>
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<td>107</td>
<td>32-38</td>
<td><strong>Social security agreements with other countries.</strong>—Provides general authority for the President (or the Secretary of Health, Education, and Welfare, as his delegate) to enter into bilateral agreements (generally known as totalization agreements) with interested foreign countries to provide for limited coordination between the U.S. social security system and that of the other country. Each agreement with another country would be reported to the Congress and would become effective not earlier than 90 days later. An agreement would prevent the impairment of social security protection which results when a person works during his lifetime under the social security systems of two countries but is not eligible for benefits on the basis of his work in one of the two countries when he retires, becomes disabled, or dies.</td>
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I. Old Age, Survivors, and Disability Insurance—Continued

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<tr>
<td>108</td>
<td>38-40</td>
<td>Treatment of certain farm rental income.— Provides that an individual land owner who enters into an agreement with a person to manage his farm shall not have his rental income under the agreement counted as income for social security purposes, provided that the landowner does not personally participate in the management or production of the farmland.</td>
</tr>
<tr>
<td>109</td>
<td>40-41</td>
<td>Cost-of-living study.—Directs the Department of Health, Education, and Welfare (HEW) to study the various programs under the Social Security Act to determine the feasibility of relating eligibility criteria and benefit amounts to the cost-of-living differentials among the States or among different areas within a State.</td>
</tr>
<tr>
<td>110</td>
<td>41-42</td>
<td>Policemen in Louisiana.—Permits policemen eligible under the newly created Municipal Police Employees Retirement System of Louisiana to withdraw from social security coverage at any time during 1974 without requiring that other employees lose their social security coverage.</td>
</tr>
<tr>
<td>111</td>
<td>42-44</td>
<td>Policemen and firemen in California.—Permits policemen and firemen in California to withdraw from social security coverage without requiring that other employees lose their social security coverage. The regular termination procedures, including 2 years' advance notice, would apply.</td>
</tr>
<tr>
<td>111A</td>
<td>44</td>
<td>New Jersey employees.—Adds New Jersey to the list of States permitted to divide a public retirement system coverage group to obtain social security coverage for a part of the group. (Williams floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>111B</td>
<td>44-46</td>
<td>Actuarially reduced benefits for widows at age 55.—Reduces the age of eligibility of widows for reduced social security benefits from age 60 to age 55; applies the same reduction as applies to disabled widows under age 60. (Byrd, W. Va. floor amendment adopted by roll call vote of 74 yeas, 13 nays.)</td>
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I. Old Age, Survivors, and Disability Insurance—Continued

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<tr>
<td>111C</td>
<td>46-47</td>
<td>Increase in earnings limitation; lowering of age at which limitation ceases to apply.—(1) Increases from $2,400 to $3,000 the amount a social security beneficiary may earn in calendar year 1974 with no reduction in social security benefits; (2) reduces from 72 to 70 the age at which there is no reduction in social security benefits due to earnings. (Byrd, W. Va. floor amendment, modified at the suggestion of Senator Tower to include the second provision, adopted by roll call vote of 83 yeas, 1 nay.)</td>
</tr>
<tr>
<td>111D</td>
<td>47-48</td>
<td>Consumer price index for the aged.—Directs the Secretary of Labor to prepare a &quot;consumer price index for the aged&quot;, separate from the regular consumer price index, designed to reflect the relative price information for persons 65 and over. Amends the automatic cost-of-living provisions of the social security program to relate the automatic increases to either the consumer price index or the new consumer price index for the aged, whichever is higher. (Buckley floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>111E</td>
<td>48-53</td>
<td>Disability insurance for the blind.—Provides for paying disability benefits for blind people who have at least 6 quarters of social security coverage and for allowing an alternative method of computing the amount of such benefits. Benefits for the blind would be paid without regard to earnings (both before and after age 65) or ability to work. Blind persons would also not be required to accept vocational rehabilitation services. (Hartke floor amendment adopted by voice vote.)</td>
</tr>
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</table>

II. Tax Credit for Low-Income Workers With Families

112      | 53-64     | The Senate amendment adds a new provision to the tax laws which provides that a low-income worker who maintains a household in the United States which includes one or more of his dependent children is to receive a credit equal to a specified percentage of the combined employer-employee social security taxes generated by his employment if his wages do not exceed $4,000. (This percentage of social security taxes is the equivalent of 10 percent of wages.) In the case of
II. Tax Credit for Low-Income Workers With Families—Con.

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<tr>
<td>112</td>
<td>53-64</td>
<td>Married taxpayers, the tax credit would be computed on the basis of the combined earnings of both the husband and wife. The tax credit is to be gradually reduced for income over $4,000 a year by one-fourth of the income (from whatever source derived) of the individual (and of the spouse in the case of a married taxpayer) over this amount. This will result in a complete phaseout of the credit where the total income equals $5,000. In determining when an individual's &quot;income&quot; exceeds $4,000 for purposes of this tax credit, &quot;income&quot; is defined as including all his adjusted gross income, including certain income which is specifically excluded from the income tax base (for purposes of subtitle A of the Internal Revenue Code) and including certain transfer payments and payments for the general support of the taxpayer (such as social security, welfare, and veterans' payments, and food stamps, but not transfer payments for medicare, medicaid, and the furnishing of prosthetic devices). Individuals who are eligible to receive the tax credit may apply for advance payments on a quarterly basis throughout the year, but any payments made in excess of what the individual is entitled to receive would be subject to recapture. An individual could elect to take a credit against his income tax in the same manner as an overpayment of income tax. Applications for advance refund payments are to be filed with the Internal Revenue Service and are to be made in a manner prescribed by regulations. The Internal Revenue Service is expected to make these payments as promptly as possible after the application (but not less frequently than once every three months). These payments are not to be included in the income of the taxpayer for income tax purposes, and are to be made regardless of any tax liability, or lack of it, on the part of the taxpayer. This amendment would apply in 1974; however, the first advance refund is not to be made before July 1974. Payments under this tax credit provision would reduce AFDC payments on a dollar-for-dollar basis.</td>
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## III. Supplemental Security Income Program

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<td>121</td>
<td>64–65</td>
<td><em>Increases in SSI benefits.</em>—The new Federal Supplemental Security Income (SSI) program, which becomes effective in January 1974, would under present law provide Federal payments to assure the aged, blind, and disabled a monthly income of at least $130 ($195 for couples). These amounts are now scheduled to be increased effective July 1974 to $140 for an individual and $210 for a couple. The Senate bill would make these higher amounts of $140 and $210 effective from the start of the SSI program in January 1974 and provides for a further increase, effective July 1974, to $146 for an individual and $219 for a couple. (H.R. 11333 also provides for these increases.)</td>
</tr>
<tr>
<td>122</td>
<td>65–68</td>
<td><em>Food stamp eligibility for SSI recipients.</em>—Repeals the provisions of current law which make some SSI recipients ineligible to participate in the food stamp or surplus commodities programs. (Under present law an individual is ineligible if his SSI benefit, plus any State supplementary payment, is at least equal to what his assistance payment would have been under the former welfare program plus the bonus value of food stamps.) In conformity with this, section 122 also eliminates from the savings clause for State supplementary payments the adjustment for &quot;cashing out&quot; food stamps, since SSI recipients will not be statutorily ineligible for food stamps. (The Senate bill provides for a transitional period until July 1975 during which States could receive this adjustment for cashing out food stamps; during this period SSI recipients in the affected States would be ineligible for food stamps.)</td>
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| 123     | 68        | *Limitation on grandfather clause for disabled individuals.*—When the SSI program goes into effect in January 1974, disabled persons who were on the welfare rolls in December 1973 would, under existing law, continue to be considered to be disabled even if they did not meet the new definition of disability. The Senate bill would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.
### III. Supplemental Security Income Program—Continued

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<td>124</td>
<td>68-70</td>
<td><strong>SSI recipients living with AFDC families.</strong>—Under current law, States will be required starting in January 1974 to provide supplementary payments to persons getting aid to the aged, blind, and disabled as of December 1973 in an amount sufficient to assure that such persons will have no reduction in total income when they come under the new SSI program. The Senate bill would permit States to adjust the level of mandatory supplementation in such a way that it assures the same level of total family income (rather than the individual's total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides, however, that the SSI recipient would have to be assured at least as great a total income as a comparable aged, blind or disabled person not living with an AFDC family and having no other income.</td>
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<tr>
<td>125</td>
<td>70</td>
<td><strong>Disregard of certain benefits.</strong>—Provides that certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit. This provision would apply to such benefits only if they are limited to persons aged 65 or over who have lived in a State at least 25 years. It also applies only to benefit programs which had been established prior to July 1973.</td>
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| 126     | 70-73     | **Continuation of demonstration projects.**—Authorizes the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles under his demonstration project authority in section 1115 of the Act. Section 1115 does not apply to the new SSI program. The Senate bill would permit the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects and would also authorize continued Federal funding of projects to the same
### III. Supplemental Security Income Program—Continued

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<tr>
<td>126</td>
<td>70–73</td>
<td>extent as such funding would have been available if the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the provision permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.) This section of the bill applies only to projects which were already approved prior to October 1, 1973.</td>
</tr>
<tr>
<td>127</td>
<td>73</td>
<td><strong>Combined checks for married couples.</strong>—Current law permits the Social Security Administration to enable a surviving spouse to negotiate a social security check which had been issued jointly to the survivor and the deceased spouse. The Senate bill makes this authority also applicable to SSI checks thus making it feasible for the Social Security Administration to issue joint SSI checks to couples who request them.</td>
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<tr>
<td>128</td>
<td>73</td>
<td><strong>Emergency payments to SSI recipients.</strong>—Authorizes the Secretary to enter into arrangements with States under which the States will act as the Secretary's agent in emergency circumstances in making SSI benefit payments. (Magnuson floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>129</td>
<td>74–75</td>
<td><strong>Disregard of certain income for SSI purposes.</strong>—Under Public Law 93–66, States are required to guarantee present recipients of aid to the aged, blind, and disabled no reduction in income when the new SSI program goes into effect next January. Section 129 would require States to increase this guarantee level by the amounts that Federal SSI benefits, social security benefits, and railroad retirement benefits have been increased due to the enactment of legislation this year. (Eagleton floor amendment adopted by roll call vote of 49 yeas, 34 nays.)</td>
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<td><strong>Value of an individual's home.</strong>—Directs the Secretary of HEW, in setting a reasonable upper limit on the value of the home an individual may have and still be eligible for SSI payments, to take into account the value of other homes in the region and area in which the individual lives. (Cranston floor amendment adopted by voice vote.)</td>
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III. Supplemental Security Income Program—Continued

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<tbody>
<tr>
<td>130A</td>
<td>75-76</td>
<td>Individual living in another person's household.—Present law requires that SSI payments be reduced one-third if the recipient lives in another person's household and receives support and maintenance in-kind from the person. Section 130A decreases this one-third reduction by the amount the recipient actually pays for the support and maintenance. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>130B</td>
<td>76</td>
<td>Value of resources.—Directs the Secretary, in determining the value of a resource for purposes of the SSI program, to decrease that value by the amount of any encumbrance on the resource. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>130C</td>
<td>76</td>
<td>Education expenses.—Present law excludes from income, for SSI purposes, that portion of a scholarship which pays for tuition and fees. Section 130C extends the exclusion to that portion of a scholarship used for books, supplies, services, and other expenses reasonably attributable to going to school. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
</tbody>
</table>

IV. Social Services

131(a)    | 77-87     | State control of social services.—Provides effective November 1, 1973 that, subject to the statutory limit on the amount of Federal funding available for social services, the provisions of the Social Security Act are not to be construed as restricting the freedom of States to determine what social services will be made available, who will be eligible for services, or how and under what conditions services will be furnished. Defines “social services” as services which the States find appropriate to meet the goals of self-support, family care or self care, community-based care, or institutional care and lists 24 services which are included in that definition. Provides further that States may also include any other service they find appropriate for meeting the specified goals. |

87        |           | Prohibition against refinancing of State costs.—Provides effective July 1, 1974, that Federal social services funds may not be used for
IV. Social Services—Continued

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<tr>
<td>131(a)</td>
<td>87</td>
<td>purchasing services from public agencies which were previously funded with non-Federal funds except in cases where Federal funding had been provided for those services within the past three years.</td>
</tr>
<tr>
<td>131(b)</td>
<td>87</td>
<td>Repeal of limit on funding of services to potential recipients.—Repeals the provision under which States must limit their use of Federal funds for social services (except for certain specific types of services) in such a way that at least 90 percent of the funding is used for actual (as opposed to potential) welfare recipients.</td>
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<tr>
<td>132</td>
<td>88–92</td>
<td>Fiscal 1974 funding limit on social services.—For fiscal year 1974 only, reduces the $2.5 billion limit on Federal funding for social services to $1.9 billion. Establishes a formula under which each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of its expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining first quarter expenditure levels and $1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the $2.5 billion limit enacted in 1972, except that $50 million would be available for allocation by the Secretary of Health, Education, and Welfare: (1) to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the $2.5 billion limit under a savings clause in Public Law 92–603) from falling below fiscal 1973 funding levels; (2) to provide additional funding for States which would otherwise be limited under the basic formula to a relatively small part of their regular allocation under the full $2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974; and (3) for funding programs with a potential for yielding a high level of benefit in relation to the costs involved.</td>
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<td>133</td>
<td>92-98</td>
<td><strong>Elimination of restrictive language.</strong>—Revises the present provisions of titles I, IV, VI, X, XIV, and XVI of the Social Security Act which deal with the funding of social services provided under those titles by removing language authorizing the Department of Health, Education, and Welfare to place restrictions on State social services programs; these restrictions would be inconsistent with the changes made by section 131 of the Senate bill.</td>
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<tr>
<td>134</td>
<td>99-100</td>
<td><strong>Annual reports on social services.</strong>—Requires an annual report by the Secretary of HEW to the Congress on the uses which each State has made of its social services funds.</td>
</tr>
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<td>135</td>
<td>100</td>
<td><strong>Use of donated funds for social services matching.</strong>—Permits States to use donated funds (including in-kind contributions) as the State share of matching for social services.</td>
</tr>
<tr>
<td>136</td>
<td>100-101</td>
<td><strong>Minimum mandatory services for aged, blind, and disabled.</strong>—Requires States to provide at least three types of services for recipients of supplemental security income. (Kennedy floor amendment adopted by voice vote.)</td>
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<tr>
<td>137</td>
<td>101-102</td>
<td><strong>Prior reporting requirement.</strong>—Requires that States compile and make public, at least 45 days before the beginning of a fiscal year, a list of the social services to be provided during the fiscal year, indicating the types of service, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type of service. The State may subsequently revise its plan. (Dole floor amendment adopted by voice vote.)</td>
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<tr>
<td>138</td>
<td>102</td>
<td><strong>Effective dates.</strong>—Sections 131, 133, and 135 of the Senate bill are effective November 1, 1973.</td>
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</table>
| 139     | 102-103   | **Child care standards.**—Requires that child care provided under the Social Security Act meet the following standards: (1) in-home care shall meet standards established by the State reasonably in accord with recommended standards of national standards-setting organizations; and (2) out-of-home day care facilities shall meet State licensing requirements and (with modifications) the provisions of the Federal Interagency Day Care
### IV. Social Services—Continued

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<td>139</td>
<td>102–103</td>
<td>Requirements of 1968. Specifically, section 139 sets a limit of not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 15 children age 6 to 9 per adult; and not more than 20 children age 10 to 14 per adult. Other requirements involve staff qualifications, health services and social services, and parent involvement. (Mondale floor amendment adopted by roll call vote of 67 yeas, 20 nays.)</td>
</tr>
<tr>
<td>140</td>
<td>103–104</td>
<td>Social work training.—Present law authorizes 75 percent federal matching under the Social Security Act for &quot;the training of personnel employed or preparing for employment by the State or local welfare agency.&quot; Under this provision, States have made grants to educational institutions and have given financial assistance to students. Section 140 explicitly authorizes them to do so in the statute. (Nelson floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>140A</td>
<td>105</td>
<td>Fair hearing.—In the program of services for the aged, blind, and disabled, section 140A requires the State to provide an opportunity for a fair hearing to individuals denied services or otherwise aggrieved. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>140B</td>
<td>105–107</td>
<td>Reallotment of social services funds.—Provides, in any year after fiscal year 1974 that States do not use the full $2.5 billion authorized for social services under the Social Security Act, that unused funds may be reallocated, on the basis of population, among the States which can use additional funds. (Cranston floor amendment adopted by voice vote.)</td>
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### V. Child Welfare Services

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| 141     | 107       | National adoption information exchange system.—Authorizes $1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. Authorizes the Secretary of Health, Education, and Welfare to "provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist
V. Child Welfare Services—Continued

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<td>141</td>
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<td>in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption.</td>
</tr>
<tr>
<td>142</td>
<td>108</td>
<td>Child abuse and neglect; protective services.— Adds requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.</td>
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VI. Child Support

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<td>151</td>
<td>110–137</td>
<td>Federal duties and responsibilities.—The Senate amendment leaves basic responsibility for child support and establishment of paternity to the States and provides for a far more active role on the part of the Federal government in monitoring and evaluating State child support programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them. To assist and oversee the operations of State child support programs the Department of Health, Education, and Welfare would be required to set up a separate organizational unit under the direct control of an Assistant Secretary for child support who would report directly to the Secretary. This agency would review and approve State child support plans, evaluate the implementation of the child support program in each State and provide technical assistance to the States to help them to establish effective systems for determining paternity and collecting support. HEW would be specifically required to prescribe the organizational structures, minimum staffing levels (and types of staffing, e.g., attorneys, collection agents, locator personnel), and other program requirements which</td>
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VI. Child Support—Continued

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<tr>
<td>151</td>
<td>110-137</td>
<td>States must have in order to be found in conformity with the law. The Department would also be required to maintain adequate records of and publish periodic reports on the operations of the program in the various States and nationally. HEW duties would also include approving applications from a State for permission to sue in Federal court in a situation where a prosecuting attorney or court in another State does not undertake to enforce the court order against a deserting father within a reasonable time. The originating State, under these circumstances, would be authorized to enforce the order against the deserting father in the Federal courts.</td>
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**Penalty for State non-compliance.**—HEW would have the duty of performing an annual audit in each State and of making a specific finding each year as to whether or not the child support program as actually operated in that State conforms to the requirements of law and the minimum standards for an effective support program. These audits are to be conducted by the new child support agency which the bill creates within the Department. A State will not be found to have an acceptable program unless it adequately cooperates in obtaining child support payments from the absent parents of AFDC children who reside in other States. If the minimum standards are not met, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable lead time to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1976.

**Locating a deserting parent; access to information.**—Establishes a parent locator service within the Department of HEW's separate child support unit. This unit, upon request of (1) a local or State official with support collection responsibility under this program,
VI. Child Support—Continued

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| 151     | 110-137   | (2) a court with support order authority, or (3) the agent of a deserted child not on welfare, will make available the most recent address and place of employment of a deserting parent which it can obtain from HEW files or the files of any other Federal agency, or of any State. Information of a national security nature or information in highly confidential files such as those of the Bureau of the Census would not be divulged. Welfare information now withheld from public officials under regulations concerning confidentiality would be made available; this information would also be available for other official purposes. This change would permit a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official to obtain welfare information required in connection with official duties, such as obtaining support payments or prosecuting fraud or other criminal or civil violations.

Collection of support payments by State and local agencies.—Requires that a mother, as a condition of eligibility for welfare, assign her right to support payments to the State and cooperate in identifying and locating the father, in securing support payments, and in obtaining any money or property due the family. (The ineligibility of a non-cooperating mother would apply only to her and not to her children. Assistance payments would be made to the children under a protective payment provision which would assure that the children get the benefit of such payments.) The assignment of support rights will continue as long as the family continues to receive assistance. When the family goes off the welfare rolls, the deserting parent may be required, if the State wishes, to continue for a period not to exceed three months to make payments to the government collection agency (which will pay the money over to the family at no cost to them). This period will allow the collection agency time to notify the father that he will be making support payments in the future directly to the family, and to take any other necessary
VI. Child Support—Continued

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| 151     | 110–137   | administrative actions. The support obligation would become a debt owed by the absent father to the State. The amount of this debt would be determined by a court order if one were in existence. In the absence of a court order the amount of the obligation would be an amount determined by the State in accordance with a formula approved by the Secretary of HEW. Also, the rights of the wife and child may not be discharged in bankruptcy merely because the support obligation is a debt to the State. Federal matching of the State administrative costs will be increased from 50 percent to 75 percent; matching will apply to expenditures under the State or local support programs which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent. States would be free to establish such a unit within or outside their welfare agencies. Financial arrangements for costs of law enforcement officials and courts directly related to the child support program will also be subject to 75 percent Federal matching. States would be allowed to use the Federal income tax collection mechanism for collecting support payments. This mechanism would be available only in cases in which the State can establish to the satisfaction of HEW that it has made diligent efforts to collect the payments through other processes but without success. A preexisting court garnishment order for support of another child against the absent father’s wages would take precedence over this procedure. Incentives for localities to collect support payments.—If the actual collection and deter-
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<td>Examination of paternity is carried out by local authority, the local authority would receive a special bonus based on the amount of any child support payments collected which result in a recapture of amounts paid to the family as AFDC. The bonus based on collections of the parent's support obligation would be 25 percent for the first 12 months of support obligations owed; subsequent collections recovered would result in a bonus of 10 percent. This bonus would come out of the Federal share of the amounts recovered. Similarly, in the situation where the location of runaway parents and the enforcement of support orders is carried out in a State other than that in which the deserted family resides, the State or local authority which actually carries out the location and enforcement functions will be paid the bonus. The Federal Government would have to be reimbursed for any Federal costs (other than for blood typing tests) incurred to aid the States and localities in their support collection and determination of paternity efforts. These costs for welfare recipients would be subject to 75 percent Federal matching. Distribution of proceeds.—The amount collected would be retained by the Government to partly offset the current welfare payment (except that for the first year of the program 40 percent of the first $50 a month collected will go to the family). If the collection is more than what is needed to fully offset the current month's AFDC payment, the additional amount up to the family's support rights as specified in a court order goes to the family. If there is still an excess above this, it is retained by the Government to offset past welfare payments. In any case in which a large collection is made which more than repays all past welfare payments, any such excess would go to the family. The amounts retained by the Government are distributed as between Federal and State Governments according to the proportional matching shares which each has under the AFDC formula. States would be required to make the AFDC payment without a reduction for</td>
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child support collections until the proceeds for a month equal or exceed the assistance payment for that month. (In such a month the family would not be eligible for AFDC.) All collections of child support would be made to the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance.

Blood typing laboratories.—The Department of Health, Education, and Welfare will establish or arrange for regional laboratories that can perform the blood typing work necessary for purpose of establishing paternity for State and local collection agencies and the courts. The services of the laboratories would be available through a court with respect to any paternity proceeding, not just a proceeding brought on behalf of a welfare recipient. Services will be provided by the Department of HEW to courts and governmental collection agencies without cost.

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

Support collection for non-welfare families.—The procedures adopted for locating absent parents, establishing paternity, and collecting child support would be made available to families even if they are not on the welfare rolls. The expert blood typing services provided for in the bill would be available through a court in non-welfare cases without cost. In the case of parent location services, a fee would be charged in non-welfare cases. For other support collection services, States
VI. Child Support—Continued

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<td>could charge an application fee which would have to be approved as reasonable by the Department of Health, Education, and Welfare, and States could deduct the remaining costs of collection from any amounts actually collected. The 75 percent Federal matching for State costs would be provided for this part of the program for the first year of operation. Effective date.—The garnishment of Federal wages would be effective January 1, 1974; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1976; and the other child support provisions of section 151 would be effective July 1, 1974.</td>
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VII. Aid to Families With Dependent Children

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<td>161</td>
<td>137-138</td>
<td>Pass-along of social security benefit increase to AFDC recipients.—Requires States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective as of the first month in which increased social security benefits are paid under the bill's social security benefit increase provisions.</td>
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<tr>
<td>162</td>
<td>138-139</td>
<td>Modification of earnings disregard provision.—Modifies the earnings disregard formula and allows only day care as a separate deductible work expense (with reasonable limitations on the amount allowable for day care expenses). Under section 162, States would be required to disregard the first $60 earned monthly by an individual working full time ($30 in the case of an individual working part-time) plus one-third of the next $300 earned plus one-fifth of amounts earned above this.</td>
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<tr>
<td>163</td>
<td>139-140</td>
<td>Community work and training programs.—When the Work Incentive Program was enacted as part of the Social Security Amendments of 1967, the community work and training provisions of the Aid to Families with Dependent Children program (which permitted States</td>
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### VII. Aid to Families With Dependent Children—Continued

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<td>163</td>
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<td>to make AFDC payments in the form of payments for work performed meeting certain statutory criteria) were deleted. Section 163 permits States to have community work and training programs as in prior law, in addition to work and training under the Work Incentive Program. The Senate bill precludes States from requiring participation in a community work and training program by a father who is incapacitated or by a mother who (1) has children under 6; (2) is ill, incapacitated, or of advanced age; (3) is too remote from an employment program to be able to participate in such a program; (4) is needed at home to care for an incapacitated family member; (5) is attending school on a full-time basis; or (6) is participating in a work incentive program. In addition, if a relative with whom a child is living is denied aid because of failure to comply with the requirements of the community work and training program, the child will be eligible for assistance in the form of protective payments. (Committee amendment; exemptions from mandatory participation and protective payment provision added by Long floor amendment on behalf of Senator Cranston, adopted by voice vote.)</td>
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<tr>
<td>164</td>
<td>140-143</td>
<td>State demonstration projects.—Authorizes demonstration projects to permit States to achieve more efficient and effective use of funds for public assistance, to reduce dependency, and to improve the living conditions and increase the incomes of persons who are on assistance. States would be limited to not more than 3 demonstration projects under this authority; one of the projects could be statewide. None of the projects could last for more than two years, and all authority for the projects would terminate June 30, 1976. States would be permitted for demonstration purposes to waive the requirements of the Aid to Families with Dependent Children program relating to (1) statewideness; (2) administration by a single State agency; (3) the earned income disregard (but in no case could a State offer an earned income disregard of more than 50 percent); and (4) registration</td>
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<td>in the Work Incentive Program and other requirements related to that program. The State could waive any or all of these requirements on its own initiative unless and until the Secretary disapproved the waiver as inconsistent with the purposes of section 1115 and the AFDC law. If the waiver was disapproved by the Secretary, the demonstration project would terminate by the end of the month following the month in which it was disapproved. As part of a demonstration project, the State could use welfare funds to pay part of the cost of public service employment. Revenue sharing funds could be used for the non-welfare share of the salaries. Wages of project participants could not be higher than those for similar work in the community. The conditions of public service employment which apply to the Work Incentive Program (relating to health and safety standards, no displacement of employed workers, working conditions, and workmen’s compensation) would also apply to public service employment under these demonstration projects. The State welfare agency would also be free to contract with non-profit private institutions organized for a public purpose, such as hospitals, to carry out such projects. When unemployed fathers (as well as other relatives) are placed in public service employment, Federal matching will continue for the portion of the salary equal to the former welfare payments and it will be available for wage payments. Participation by welfare recipients in the demonstration projects would be voluntary. The amount matchable with respect to any participant in the project may not exceed the amount which would otherwise have been payable to him had he continued to receive AFDC.</td>
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165 | 143–144 | Study of minimum AFDC ineligibility rates.— Directs the Secretary of HEW to study and report to the Congress within one year his recommendations concerning the appropriateness of establishing nationwide rates of ineligibility and overpayment which may reasonably be expected to occur under AFDC. (Bellmon floor amendment, adopted by voice vote.) |
### VII. Aid to Families With Dependent Children—Continued

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<td>151(c)(5)</td>
<td>132</td>
<td>Social security numbers.—Requires applicants, as a condition of eligibility for assistance, to furnish their social security numbers to the welfare agency and requires welfare agencies to use social security numbers in addition to other means of identification in administering their welfare plans.</td>
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<td>301</td>
<td>234</td>
<td>AFDC foster care.—Under existing law, the Federal Government participates in the cost of foster care under Aid to Families with Dependent Children only if the placement of the child results from a judicial determination that continuation in his own home would be contrary to the welfare of the child. Section 301 would also permit Federal matching if the child is placed in foster care under any other procedures authorized under State law and approved by the Secretary. (Javits floor amendment adopted by voice vote.)</td>
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### VIII. Medicare and Medicaid Amendments

| Section  | 144–159 | Amendments relating to Medicaid eligibility for recipients under the Supplemental Security Income program: A. Conforming changes.—When Congress passed the Supplemental Security Income (SSI) program, which next January will replace the Federal-State cash assistance programs for the aged, blind and disabled, by oversight the necessary conforming changes were not made in the Medicaid (Title XIX) law to reflect the federalization of the adult categories under Title XVI. Medicaid eligibility is thus linked only to eligibility for cash assistance under the old Federal-State programs which expire December 31, 1973. The bill makes the necessary conforming changes, effective January 1, 1974, to allow Federal matching under Title XIX for persons eligible for the SSI program. (A similar provision is incorporated in the House version of H.R. 3153.) B. Mandatory extension of Medicaid coverage.—States are required by P.L. 93–66, as a condition for Medicaid matching, to pay a mandatory supplement to any recipient of assistance in December 1973 who is receiving more than the Federal SSI amount, until such time that his income changes or he otherwise |
becomes ineligible. All persons who would qualify for the mandatory supplement are eligible for Medicaid under current law on the basis of their receipt of cash assistance. Although the Congress required States to pay a mandatory supplement to persons on the rolls in December who receive more than $130 under the current cash assistance programs (due to rise to $140 under the Senate bill), it did not specifically require that States continue Medicaid benefits for these persons. Section 171 requires States to continue Medicaid coverage for persons who receive mandatory State supplementary benefits until such time as the person becomes ineligible for the mandatory supplement. For all other recipients of State supplements only (that is, persons coming on the rolls for the first time after December 1973 whose income is too high for them to be eligible for SSI payments but who are eligible for a State supplementary payment), the State could cover them, but would not have to.

C. Medicaid eligibility determinations.—In Public Law 92–603, a provision was written into Medicaid allowing a State the option of either covering all SSI recipients or not covering the newly eligible SSI recipients who would not have met the State's January 1, 1972 standard for determining Medicaid eligibility. However, the provision did not specify the criteria for Medicaid eligibility which would be applicable to persons receiving State supplemental payments only. Making all persons who receive an SSI payment eligible for Medicaid matching does not automatically assure that all recipients of cash payments authorized under the new Title XVI (SSI program) will be eligible for Medicaid matching. Some persons will receive only a State supplementary payment; because their countable income is more than $140 ($146 effective July 1, 1974) they will not receive an SSI benefit. Many of these persons are currently eligible for Medicaid on the basis of their receipt of cash assistance under the current adult titles and therefore would continue their eligibility under the bill.
However, persons newly eligible for cash payments as State-supplement-only individuals would be precluded from coverage if States are not allowed Medicaid matching to cover these persons as cash assistance recipients for purposes of Title XIX. Section 171 would allow all States the option of covering all persons or a reasonable classification of persons who receive only State supplementary payments under Medicaid, regardless of whether the supplement is federally or State administered. Eligibility must, however, be based on rational classifications (such as the aged, or the blind, or the disabled or persons in domiciliary care).

The Social Security Amendments of 1972 included a provision requiring States who do not cover all SSI recipients under Medicaid to make eligible aged, blind or disabled persons who meet all other eligibility requirements and whose medical expenses reduce their income to the medical assistance eligibility level. Section 171 specifies that persons who become eligible for Medicaid under this "spend-down" provision will be deemed "categorically needy" (that is, the equivalent, for Medicaid purposes, of cash assistance recipients) in States which do not have medically needy programs. In States which cover the medically needy, such persons would be deemed categorically needy if (1) they are receiving or are eligible to receive a State supplementary payment and similarly situated individuals are similarly treated; or (2) they are an individual or spouse eligible to receive a Title XVI benefit. Persons not meeting the income criteria for cash assistance would be deemed medically needy.

D. Medicaid coverage of institutionalized individuals.—Under current law, States are permitted to make institutionalized individuals eligible for Medicaid by declaring that such persons would need cash assistance if they were outside the institution. States establish this standard of need (usually higher than the standard applicable to non-institutionalized individuals) in their cash assistance programs for the aged, blind, and
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<td>Disabled. Section 171 allows a State to deem an institutionalized person in need of a supplementary payment if his income is within 300 percent of the SSI benefit level applicable to a noninstitutionalized individual with no other income. This limitation would not apply to current Medicaid eligibles in nursing homes who were grandfathered into continued Title XIX coverage by Section 231 of P.L. 93–66.</td>
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<td>172</td>
<td>159-161</td>
<td>Health Maintenance Organizations under Medicaid.—Requires, beginning July, 1974, that Medicaid payments to HMO’s generally be subject to the same requirements as Medicare payments to HMO’s, under final regulations prescribed by the Secretary of Health, Education, and Welfare issued no later than April 30, 1974. However, section 172 (1) authorizes incentive capitation payments to otherwise qualified organizations without requiring that they have at least two years of operating experience; and (2) sets a required minimum enrollment of 5,000 individuals, generally at least half of whom may not be Medicare or Medicaid recipients, compared with the 25,000 minimum required for Medicare. (Committee amendment; requirement that regulations be issued by April 30, 1974 added by Cranston floor amendment adopted by voice vote.)</td>
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<td>173</td>
<td>161-162</td>
<td>Payments to substandard facilities.—The bill contains a provision which amends Title XVI to provide that the Federal SSI payment will be reduced dollar-for-dollar for any State supplemental payment which is made for care provided to institutionalized individuals if this care could be provided under the State’s Medicaid program. This provision is intended to prevent States from using their cash grant programs to finance care in institutions which do not meet Medicaid standards, and is similar to a provision in present law with respect to adult assistance categories.</td>
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<td>174</td>
<td>162</td>
<td>Federal matching under Medicaid for care to Indians.—Effective January 1, 1974, provides 100% Federal matching under Medicaid for services provided individuals who at any time during the year preceding the</td>
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<td>month in which services were received were eligible under the Indian Health Services Program and resided (1) on or adjacent to a Federal Indian reservation; or (2) in Alaska. (Committee amendment; Alaska added by Gravel floor amendment adopted by voice vote.)</td>
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<td>175</td>
<td>163</td>
<td><strong>Buy-in agreement under Medicare.</strong>—Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program. The bill provides that, effective January 1, 1974, a State which did not have a Medicaid program as of October 1, 1973 shall be deemed to have a Medicaid program for purposes of Federal matching for the buy-in under Part B of Medicare for covered individuals.</td>
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<td>176</td>
<td>164-166</td>
<td><strong>Payment for supervisory physicians in teaching hospitals.</strong>—Section 176 directs the Secretary of Health, Education, and Welfare to undertake a study covering all aspects related to payment for professional services in medical schools and teaching hospital settings. While the study is being undertaken, certain provisions of Section 227 of P.L. 92–603, limiting Medicare reimbursements to medical centers for the services of teaching physicians on a fee-for-service basis, would be suspended for 11 years (with the Secretary permitted a further 6 month suspension). However, the suspension would not apply to those hospitals which are reimbursed on the more favorable cost basis under present law.</td>
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<td>181</td>
<td>166-167</td>
<td><strong>Medicare administration and policy.</strong>—The bill includes a provision formally assigning policy and operating responsibility for the Medicare program to the Social Security Administration.</td>
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<td>182</td>
<td>167-168</td>
<td><strong>Chronic renal disease.</strong>—In extending Medicare coverage to include chronic renal disease, the Congress authorized the Secretary to establish standards for facilities participating in the renal disease program. Under the law such standards if promulgated must include at least requirements for minimum utilization rates and for medical review boards. The bill requires the Secretary to develop and apply minimum utilization rates</td>
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<td>for facilities reimbursed under the dialysis and transplantation provision and mandates the Secretary to require that such facilities have independent medical review boards to evaluate the appropriateness of patients for treatment. The bill also requires that payment for dialysis services will be reasonably related to the cost of providing those services.</td>
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<td>183</td>
<td>168-169</td>
<td>Capital expenditures planning.—Last year's Social Security Amendments preclude Federal reimbursement for major capital expenditures which have been disapproved by State planning agencies. Section 183 provides that effective July 1, 1974, authorization of reimbursement from Medicare for expenditures incurred in the administration of this capital planning provision shall be limited to those costs directly associated with submitting reports and processing appeals concerning approved or disapproved capital expenditures.</td>
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<td>184</td>
<td>169-170</td>
<td>Occupational therapy under Medicare.—Expands the outpatient physical therapy and speech pathology benefits as provided through clinics and other organized settings to include occupational therapy. Additionally, provides that a need for occupational therapy alone can qualify the home-bound patient for home health benefits.</td>
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<tr>
<td>185</td>
<td>170</td>
<td>Basis of Medicare payment for services furnished by providers.—Present law limits Medicare reimbursement to the lesser of an institution's costs or charges to the general public, effective January 1973. Section 185 postpones the effective date to January 1974.</td>
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<td>186</td>
<td>170-171</td>
<td>Outpatient speech pathology—Makes clear that a physician's referral for speech pathology service need not necessarily detail the amount, duration and scope of services required.</td>
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<td><strong>Statewide professional standards review organizations.</strong> Specifically provides that the Secretary may designate a State as a PSRO area and that he may not refuse to make such designation solely on account of the number of physicians in a State.</td>
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<td>188</td>
<td>171-172</td>
<td><strong>Priority in designation of professional standards review organizations.</strong>—Specifies that the Secretary shall give priority to designating PSRO areas on a local (medical service area) basis and also give priority to designating qualified local organizations as PSRO's where feasible.</td>
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<td>189</td>
<td>172-174</td>
<td><strong>Statewide professional standards review councils.</strong>—Present law does not provide for a Statewide Council and, therefore, for an appeals mechanism at the State level, where there are only one or two PSRO's in a State. Section 189 provides that in a State with two PSRO's, a Statewide Council would be established consisting of two physician representatives from each PSRO in the State plus two physicians designated by the State medical society plus two physicians designated by the State hospital association, as well as four persons knowledgeable in health care selected by the Secretary as public representatives. Two of the public representatives would be chosen from nominees recommended by the Governor of the State. In a State with one PSRO, a Statewide Council would be established consisting of two physicians designated by the State hospital association, four physicians nominated and elected from and by the general PSRO membership on an annual basis, plus four public representatives knowledgeable in health care selected by the Secretary. Two of the public representatives would be selected from nominees recommended by the Governor of the State.</td>
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| 190     | 174       | **Reimbursement of physical therapists and other therapists under Medicare.**—Section 251 of P.L. 92-603, which details the approved means of reimbursing for the services of physical therapists under Medicare, has an effective date of January 1, 1973. Regulations implementing the provisions have not
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<td>been issued as yet; section 190 postpones the effective date of Public Law 92–603 until after final regulations have been published.</td>
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<td>191</td>
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<td>Federal employees' health plan and Medicare.— Section 210 of P.L. 92–603 provides that Medicare will not pay for services covered under the Federal employee health programs beginning January 1, 1975, unless the Secretary certifies before then that certain coordination features between the 2 programs have been accomplished. Section 191 changes the effective date of the provision to January 1, 1976.</td>
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<td>192</td>
<td>175</td>
<td>Coverage of Diagnostic Services by Optometrists.— Directs the Secretary to conduct a study of the appropriateness of reimbursement under Medicare for diagnostic professional services performed by optometrists on aphakic patients (patients whose natural lenses have been removed), other than refractive services.</td>
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| 193     | 175–191   | Coverage of drugs under Medicare.— Amends Part A of Medicare to cover the costs of certain specified drugs, purchased on an outpatient basis, which are necessary in the treatment of certain crippling or life-threatening chronic disease conditions of the aged. Beneficiaries would be liable for $1.00 of the cost of each prescription of a drug included in the reasonable cost range plus any cost in excess of the top of the reasonable cost range. Under the provision, the drugs covered are those within specified therapeutic categories which are necessary in the treatment of the following conditions: Diabetes; high blood pressure; chronic cardiovascular disease; chronic respiratory disease; chronic kidney disease; arthritis and rheumatism; gout; tuberculosis; glaucoma; thyroid disease; cancer; epilepsy; parkinsonism; myasthenia gravis. The bill would exclude drugs not requiring a physician's prescription (except for insulin), drugs such as antibiotics which are generally used for a short period of time and drugs such as tranquilizers and sedatives which may be used not only by beneficiaries suffering from serious chronic illnesses, but also by many other persons as
VIII. Medicare and Medicaid Amendments—Continued

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<td>Well. Section 193 would establish a Medicare Formulary. The Formulary would be compiled by a committee consisting of five members, a majority of whom would be physicians. Members would include the Commissioner of Food and Drugs and four individuals of recognized professional standing and distinction in the fields of medicine, pharmacology or pharmacy who are not otherwise employed by the Federal Government and who do not have a direct or indirect financial interest in the economic aspects of the committee's decisions. The Formulary Committee's primary responsibility would be to compile a Medicare Formulary which would contain a listing of the drug entities within the therapeutic categories covered by the program which, based upon its professional judgment, the committee finds necessary for proper patient care. Participating pharmacies would file either their usual and customary markup or professional fee schedules as of June 1, 1972, which would then be applied to the estimated acquisition cost (usually average wholesale price) of the drug product. The usual and customary charge, including markup or professional fee, for purposes of program payments and allowances could not exceed the 75th percentile of charges by comparable vendors in an area. (Ribicoff floor amendment adopted by roll call vote of 77 yeas, 11 nays.)</td>
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<td>(See social security tax rates, p. 3.)</td>
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<td>195</td>
<td>191-192</td>
<td>Judicial review of decisions of Provider Reimbursement Review Board.—Present law grants judicial review to providers of services only when the Secretary of HEW on his own motion reverses or modifies adversely to the provider a decision of the Provider Reimbursement Review Board. Section 195 gives providers the right of judicial review of any board decision or subsequent affirmations, modification, or reversal by the Secretary. In addition, when a provider seeks judicial review the amount in controversy shall be subject to annual interest beginning 6 months after the intermediary has made a final determination or within 6 months after final</td>
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<td>Determination would have been made had it been on a timely basis. (Mondale floor amendment adopted by voice vote.)</td>
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<td>196</td>
<td>193-196</td>
<td>Practitioners refusing to perform abortions.—Provides that nothing in the Medicare or Medicaid statute may be construed to require (1) any individual to perform or assist in the performance of any sterilization procedure or abortion if this would be contrary to his religious beliefs or moral convictions; and (2) any provider of services to make its facilities available for these procedures if this is prohibited by the entity on the basis of religious beliefs or moral convictions. (Church floor amendment adopted by voice vote.)</td>
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<td>196-197</td>
<td>Medicare lifetime reserve days.—Increases lifetime reserve days under Medicare from 60 to 120 days and reduces the co-insurance on lifetime reserve days, effective January 1, 1974, from one-half to one-quarter of the amount of the inpatient hospital deductible. (Church floor amendment adopted by voice vote.)</td>
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<td>198</td>
<td>197-198</td>
<td>Definition of spell of illness.—Under present law a “spell of illness” for Medicare purposes ends on the sixtieth consecutive day that an individual is neither in a hospital nor in a skilled nursing facility. Under Section 198, a spell of illness could end following the first period of 180 consecutive days that an individual (1) is an inpatient of a skilled nursing facility; (2) receives neither skilled nursing care or related services nor rehabilitation services; and (3) the facility is not receiving Medicaid payments for skilled nursing services provided to the individual. (Eagleton floor amendment approved by voice vote.)</td>
</tr>
<tr>
<td>198A</td>
<td>198-199</td>
<td>Certain disabled spouses.—Extends Medicare coverage to the dependent disabled spouse of an individual who is covered under Medicare because of his disability, if the spouse meets the definition of disability applicable for a widow. (Taft floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198B</td>
<td>200</td>
<td>Study of coverage of home dialysis aides.—Directs the Commissioner of Social Security to conduct a study of the feasibility and appropriateness of extending Medicare coverage to</td>
</tr>
</tbody>
</table>
### VIII. Medicare and Medicaid Amendments—Continued

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>198B</td>
<td>200</td>
<td>Include the services of home aides to assist patients with kidney disease to perform dialysis in their own homes. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198C</td>
<td>200-201</td>
<td>Limitation on Part A deductible.—Holds the Part A deductible at $72 through December, 1974; beginning January, 1975 the deductible would be increased, to the nearest multiple of $4, based on the increased cost of hospital care in comparison to 1972 costs (under present law, the increased costs are compared with 1966 costs). (Muskie floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198D</td>
<td>201</td>
<td>Abortions under Medicaid.—Prohibits Federal matching under Title XIX for the performance of abortions. (Buckley floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198E</td>
<td>201-209</td>
<td>Medicare coverage for certain persons aged 60 to 64.—Provides optional Medicare protection to spouses aged 60 to 64 of Medicare beneficiaries and other persons aged 60 to 64 entitled to benefits under the Social Security Act. Cost of this protection will be fully met by the enrollees. Persons electing coverage would be required to enroll in both Part A and Part B. Effective date: July 1, 1974. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198F</td>
<td>209</td>
<td>Savings clause for railroad retirement beneficiaries.—In a savings clause in present law, Medicaid eligibility is continued, until June 30, 1975, for persons who would otherwise become ineligible because of the 20% social security benefit increase enacted in 1972. Section 198F of the Senate bill would extend this savings clause to include railroad retirement beneficiaries who would otherwise lose their Medicaid eligibility because of the 20% railroad retirement increase enacted in 1972. (Cranston floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>198G, 198H</td>
<td>210-213</td>
<td>Facilities providing immediate care.—Authorizes Medicare and Medicaid payments for care provided in “immediate care facilities” defined in the amendment as including freestanding facilities which provide immediate care facility services on a 24-hour basis. Effective date: January 1, 1974. (Biden floor amendment adopted by voice vote.)</td>
</tr>
</tbody>
</table>
### VIII. Medicare and Medicaid Amendments—Continued

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>198I</td>
<td>213-215</td>
<td><strong>Home health visits.</strong>—Deletes the requirement for prior hospitalization in order to be eligible for 100 home health visits under Part A of Medicare and provides that the 100 visit limitation is applicable to a calendar year rather than to a spell of illness. (Humphrey floor amendment adopted by voice vote.)</td>
</tr>
</tbody>
</table>

### IX. Maternal and Child Health

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>199</td>
<td>215-216</td>
<td><strong>Pediatric pulmonary centers.</strong>—Amends Sec. 511 of the maternal and child health program so as to specifically authorize up to $5 million in each of fiscal years 1975–1979 for support of pediatric pulmonary centers. (Talmadge floor amendment adopted by voice vote.)</td>
</tr>
</tbody>
</table>

### X. Miscellaneous Clerical and Conforming Amendments

201 The Senate amendment includes a number of clerical and conforming amendments designed to correct errors and oversights in last year's social security amendments. A number of these are included in the House version of the bill.

### Social Security Cash Benefits

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(a)</td>
<td>216-217</td>
<td><strong>Automatic increases in earnings test exempt amount.</strong>—The Senate amendment would provide that the percentage rise in the retirement test exempt amount under the automatic increase provisions (adopted in connection with the automatic cost-of-living benefit increase provisions) will be measured from the last increase in the exempt amount rather than from the last increase in taxable base. This amendment would assure that the automatic increases in the exempt amount increase in proportion to all increases in wage levels.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
</table>
| 201(b)  | 217       | **Increases in certain cases of delayed retirement.**—When an individual delays his retirement past age 65, his benefits are increased 1 percent for each year of delay up to age 72. However, this increase for delayed retirement does not apply when a person is eligible for the special minimum benefit for low-wage, long-term workers (now a $170 monthly
### X. Miscellaneous Clerical and Conforming Amendments—Con.

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(b)</td>
<td>217</td>
<td>Benefit if the worker has 30 years of covered employment. It is possible that an individual's primary insurance amount may be less than the special minimum benefit he is eligible for; but delaying retirement would yield a higher benefit than the special minimum. Under present law the individual could receive the lower benefit in this case; the Senate amendment would let him take the higher benefit.</td>
</tr>
<tr>
<td>201(c)</td>
<td>217-218</td>
<td>Elimination of special age 72 benefits for people entitled to SSI.—This Senate amendment would prohibit the payment of the special benefits payable to certain people over age 72 who are not insured for regular benefits and who are eligible for SSI payments. Under the present law, these special benefits are not payable to people who are receiving welfare payments. The 1972 amendments, however, failed to include a conforming change to prevent the payment of the special benefits to people receiving SSI payments. This amendment is included in H.R. 3153 as it passed the House.</td>
</tr>
<tr>
<td>201(d)</td>
<td>218-219</td>
<td>Limitations on eligibility determinations under resources tests of State plans.—The SSI program includes a grandfather clause under which an individual who was getting aid to the aged, blind, or disabled in both December 1972 and December 1973, will continue to be allowed as much in resources (assets) under SSI as he was allowed under the State assistance plan in effect in October 1972. This Senate amendment would remove the requirement that such an individual have been on the rolls in December 1972 and would make the grandfather clause applicable only for as long as he remains continuously resident in the State in which he was getting assistance in December 1973 and continuously eligible for SSI (except that periods of ineligibility of no more than 6 consecutive months will not be counted).</td>
</tr>
<tr>
<td>201(e)</td>
<td>219-220</td>
<td>Limitation on eligibility and benefit determinations under income tests of State plans for aid to the blind.—The SSI program includes a grandfather clause under which an individual...</td>
</tr>
</tbody>
</table>
## X. Miscellaneous Clerical and Conforming Amendments—Con.

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(e)</td>
<td>219-220</td>
<td>who was getting aid to the blind in December 1973 will remain eligible under SSI for any income disregards which he would have enjoyed under the State aid to the blind plan as in effect in October 1972. This Senate amendment would make the grandfather clause applicable for only so long as the individual remains continuously eligible for SSI (except for periods of ineligibility not exceeding 6 months) and only for so long as he remains continuously a resident of the State in which he was getting assistance in December 1973.</td>
</tr>
<tr>
<td>201(f)</td>
<td>220-221</td>
<td>Correction of erroneous designations and cross-references.—This subsection would correct erroneous section numbers and cross references in the present law.</td>
</tr>
<tr>
<td>201(g)</td>
<td>221-222</td>
<td>Initial payments to presumptively disabled individuals unrecoverable only if individual is ineligible because not disabled. Payments under the SSI program may be made for up to three months to otherwise eligible individuals who are presumptively disabled but not yet determined to be disabled. Such payments are not considered overpayments under any condition under existing law. This Senate amendment would allow such payments to be considered overpayments (and hence subject to recapture) if they were incorrectly made for reasons other than the fact the individual was found not to be disabled.</td>
</tr>
<tr>
<td>201(h)</td>
<td>222</td>
<td>Technical correction of limitation of fiscal liability of States for optional supplementation.—Public Law 92-603 includes a savings clause under which States are assured that certain State supplementary costs under the SSI program will not exceed their costs under the old programs of aid to the aged, blind, and disabled during calendar year 1972. This Senate amendment provides that in fiscal 1974, States will be guaranteed that these costs will not exceed an amount equal to one-half of their calendar 1972 costs. This change reflects the fact that the SSI program is in effect for only one-half a year in fiscal 1974. The amendment also restores a word inadvertently dropped from section 401(c)(1) of Public Law 92-603.</td>
</tr>
<tr>
<td>Section</td>
<td>Bill page</td>
<td>Description</td>
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<tr>
<td>---------</td>
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<td>-------------</td>
</tr>
<tr>
<td>201(i)</td>
<td>222-223</td>
<td>Modification of transitional administrative provisions.—Public Law 92-603 included a transitional administrative provision requiring the States to agree to administer all or part of the new SSI program on behalf of the Federal Government, for a 1-year transitional period. As a result of an error in drafting, this 1-year transitional period would begin in July 1974, 6 months after the program is effective. The Senate amendment would add the first 6 months of 1974 to the transitional period (making an 18-month period). This amendment also adds title VI (the new social services title for the aged, blind, and disabled) to the list of titles under which Federal funding would be denied to the States if they refuse to enter into these transitional arrangements.</td>
</tr>
<tr>
<td>201(j)</td>
<td>223</td>
<td>Inclusion of title VI in limitation on grants to States for social services.—This Senate amendment would change the social services limitation enacted in Public Law 92-512 to conform it to the transfer of services for the aged, blind, and disabled from the old titles I, X, XIV, and XVI to the new title VI.</td>
</tr>
<tr>
<td>201(z-2)</td>
<td>230-232</td>
<td>Conforming amendments to general provisions of Social Security Act.—A number of general provisions in title XI of the Social Security Act dealing with the definition of the term &quot;State&quot;, with demonstration projects, and with the procedures for review of State assistance plans do not reflect provisions enacted last year which transfer the services programs for the aged, blind, and disabled to a new title VI of the Act and which make special provision for programs for the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands. The Senate amendment would conform these sections to the law enacted last year. (The House version of H.R. 3153 includes similar provisions.)</td>
</tr>
<tr>
<td>202(b)</td>
<td>233-234</td>
<td>Transitional federal payments.—P.L. 92-603 repeals the existing programs of aid to the aged, blind, and disabled at the same time that the new SSI program is commenced—January 1, 1974. The Senate amendment would authorize the Secretary of H.E.W to...</td>
</tr>
</tbody>
</table>
### X. Miscellaneous Clerical and Conforming Amendments—Con.

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>202(b)</td>
<td>233-234</td>
<td>Continue to make payments to the States under the repealed programs for two purposes: (1) to meet the Federal matching obligation based on State expenditures prior to the repeal date, and (2) to match State expenditures after the repeal date in connection with closing out the old programs.</td>
</tr>
</tbody>
</table>

**Aid to Families With Dependent Children**

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>202(a)</td>
<td>232-233</td>
<td>Federal matching for AFDC payments to Indians.—Under an Act of April 19, 1950 the Federal matching for assistance payments for the aged and the blind and for families with children is increased substantially with respect to assistance furnished to Navajo and Hopi Indians. Section 303(c) of P.L. 92-603 repealed this provision effective January 1, 1974 when the new SSI program takes effect. This Senate amendment would restore that Act insofar as it applies to the AFDC program.</td>
</tr>
</tbody>
</table>

**Medicare and Medicaid**

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(k)</td>
<td>223-224</td>
<td>Clarification of coverage of hospitalization for dental services.—The Senate amendment clarifies that Medicare Part A coverage of hospitalization in connection with dental services is available only in behalf of an individual for whom a physician or dentist certifies that his underlying medical condition and clinical status require hospitalization in connection with the provision of such dental services.</td>
</tr>
<tr>
<td>201(l)</td>
<td>224</td>
<td>Continuation of State agreements for coverage of certain individuals.—The Senate amendment provides for the continuation of State agreements for the purchase of Medicare Part B coverage (buy-in) on behalf of individuals eligible for the supplemental security income program. (The House-passed version of H.R. 3153 includes a similar provision.)</td>
</tr>
<tr>
<td>201(m)</td>
<td>224</td>
<td>Technical improvement of provisions governing disposition of HMO savings.—The Senate amendment deletes an unnecessary and ambiguous clause in the provisions governing the disposition of savings realized by an HMO.</td>
</tr>
</tbody>
</table>
### X. Miscellaneous Clerical and Conforming Amendments—Con.

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(n)</td>
<td>224–225</td>
<td><strong>Technical improvement of provisions governing allowable HMO premium charges.</strong> —The Senate amendment provides for the inclusion of the cost of reinsurance required by State laws in determining the costs incurred by an HMO.</td>
</tr>
<tr>
<td>201(o)</td>
<td>225</td>
<td><strong>Application for assistance on behalf of deceased individuals.</strong> —The Senate amendment clarifies that application for retroactive Medicaid coverage may be made on behalf of a deceased individual by another person.</td>
</tr>
<tr>
<td>201(p)</td>
<td>225</td>
<td><strong>Expansion of intermediate care facility ownership disclosure requirements.</strong> —The Senate amendment contains a provision requiring the disclosure of the names of those who own obligations secured by the assets of the intermediate care facility as well as the names of those who are owners of the facility.</td>
</tr>
<tr>
<td>201(q)</td>
<td>225–226</td>
<td><strong>Technical modification of extended Medicaid eligibility for AFDC recipients.</strong> —P.L. 92–603 included a provision which would require States to provide Medicaid coverage for an additional 4-month period to persons who lose their eligibility for AFDC cash assistance and therefore Medicaid because of increased income. The Senate amendment restricts to applicability of this provision to persons actually receiving AFDC payments (as opposed to persons eligible for but not actually receiving payments). It also extends coverage to persons who become ineligible for AFDC because of increased hours of employment as well as increased income. Section 201(q) also makes technical corrections.</td>
</tr>
<tr>
<td>201(r)</td>
<td>226</td>
<td><strong>Limitation on payments to States for expenditures in relation to disabled individuals eligible for Medicare.</strong> —The Senate amendment contains a provision under which payments will not be available under Medicaid for services which could have been provided to eligible disabled individuals under Medicare if such individuals had been enrolled in Part B of Medicare. Current law includes this requirement for the aged.</td>
</tr>
</tbody>
</table>
| 201(s)  | 227       | **Federal payment for cost of inspecting institutions limited to expenses incurred during covered period.** —The Senate amendment clarifies that 100 percent Federal matching for the cost of inspecting long-term care institutions
## X. Miscellaneous Clerical and Conforming Amendments—Con.

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(s)</td>
<td>227</td>
<td>will be made for costs incurred rather than sums expended between October 1, 1972 and June 30, 1974.</td>
</tr>
<tr>
<td>201(i)</td>
<td>227</td>
<td>Federal payments for family planning expenditures not limited to administrative costs.—The Senate amendment contains a provision clarifying the fact that 90 percent Federal matching for family planning is available for the cost of providing family planning services and not merely for the cost attributable to administering such programs.</td>
</tr>
<tr>
<td>201(u)</td>
<td>227</td>
<td>Exception to limitation on payments to States for expenditures in relation to individuals eligible for Medicare.—Current law provides that Federal matching will not be available under Medicaid for amounts expended for medical assistance with respect to individuals 65 or over which would not have been so expended if the individuals involved had been enrolled in Part B of Medicare. The Senate bill has included a provision which would extend this stipulation to disabled persons eligible for Medicare. Section 201(u) clarifies that this stipulation will not, however, apply to expenditures arising out of the requirement that States provide retroactive Medicaid eligibility in certain instances.</td>
</tr>
<tr>
<td>201(v)</td>
<td>227</td>
<td>Utilization review by medical personnel associated with an institution.—The Senate amendment eliminates requirement in Medicaid that the review of institutional care may not be performed by an employee of a hospital.</td>
</tr>
<tr>
<td>201(w)</td>
<td>227–228</td>
<td>Authority to prescribe standards under title XIX for active treatment of mental illness.—The Senate amendment deletes the reference to regulations for active treatment under Medicare (which do not exist in such form) and gives the Secretary authority under Medicaid to establish such regulations. Corrects clerical errors.</td>
</tr>
<tr>
<td>201(x)</td>
<td>228–229</td>
<td>Correction of erroneous designations and cross-references.—Corrects clerical errors in title XIX.</td>
</tr>
<tr>
<td>201(y)</td>
<td>229–230</td>
<td>Deletion of obsolete provisions.—Deletes obsolete provisions in title XIX.</td>
</tr>
<tr>
<td>201(z)</td>
<td>230</td>
<td>Determination of amount of exclusion for disapproved expenditures by institutions reimbursed on fixed fee or negotiated rate basis.—P.L. 92–603 included a provision providing a limitation on Federal participation for dis-</td>
</tr>
</tbody>
</table>
**X. Miscellaneous Clerical and Conforming Amendments—Con.**

<table>
<thead>
<tr>
<th>Section</th>
<th>Bill Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>201(z-1)</td>
<td>230</td>
<td>Technical improvement of authority to include expenses related to capital expenditures in certain cases.—Corrects clerical errors.</td>
</tr>
<tr>
<td>201(z-2)</td>
<td>230-232</td>
<td>See page 38.</td>
</tr>
<tr>
<td>201(z-3)</td>
<td>232</td>
<td>Effective dates.—Specifies effective dates of clerical and conforming amendments.</td>
</tr>
<tr>
<td>401</td>
<td>234-235</td>
<td>Extended unemployment compensation.—Under present law, 13 weeks of extended unemployment insurance benefits (in addition to the 26 weeks of regular benefits) are available with 50 percent Federal financing if the rate of insured unemployment is high enough either nationally or in a particular State. Under the permanent provisions of present law, as they relate to triggering programs in individual States, insured unemployment in a State must be at least 4 percent and it must be at least 20 percent higher than it was in a comparable period in the two prior years. Under temporary provisions in the law, due to expire at the end of December, 1973, a State whose insured unemployment rate exceeds 4.5 percent may pay extended benefits with 50 percent Federal matching even though the unemployment rate drops to below 120 percent of the rate during the prior two years and may continue to make such payments so long as its insured unemployment rate does not drop below 4 percent. Section 401 modifies permanent law by permitting Federal matching of extended benefits in any State whose insured unemployment rate exceeds 4 percent without regard to the 120 percent requirement. (Javits floor amendment adopted by voice vote.)</td>
</tr>
<tr>
<td>Section</td>
<td>Bill page</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
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</tr>
<tr>
<td>402</td>
<td>235</td>
<td><strong>Embargo on exportation of oil drilling equipment.</strong>—Prohibits the shipment of articles, materials, and supplies used in the exploration of crude oil, the extraction or refining of crude oil, or the transportation of crude oil or refined petroleum products from the United States to any country prohibiting or limiting the export of crude oil or refined petroleum to the United States, or to any other country exporting these materials to a country prohibiting or limiting the export of crude oil or refined petroleum products to the United States. (Dole floor amendment adopted by roll call vote of 54 yeas, 25 nays.)</td>
</tr>
</tbody>
</table>
Appendix

Statistical Material
TABLE 1.—SOCIAL SECURITY CASH BENEFIT PROGRAMS: 1ST FULL-YEAR COST OF SENATE PROVISIONS OF H.R. 3153

[Amounts in millions; numbers of persons in thousands]

<table>
<thead>
<tr>
<th>Provision</th>
<th>Additional benefit payments in 1st full year</th>
<th>Present-law beneficiaries immediately affected</th>
<th>New beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Committee bill:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit increases</td>
<td>$3,400</td>
<td>29,600</td>
<td></td>
</tr>
<tr>
<td>Special minimum benefit increase</td>
<td>23</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Senate floor amendments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced widows benefits at age 55</td>
<td>600</td>
<td>310</td>
<td></td>
</tr>
<tr>
<td>$3,000 annual earnings limit exempt amount</td>
<td>630</td>
<td>1,230</td>
<td>370</td>
</tr>
<tr>
<td>Age 70 exemption from earnings limit</td>
<td>240</td>
<td>160</td>
<td>80</td>
</tr>
<tr>
<td>Liberalized disability provisions for the blind</td>
<td>470</td>
<td>150</td>
<td>230</td>
</tr>
</tbody>
</table>

1 Includes $1 billion payable for the months of December 1973, January and February 1974. The benefit increases under H.R. 11333 would not be effective until March 1974.

2 If combined with a $3,000 exempt amount; with no change in exempt amount, first year cost would be $280 million.
### TABLE 2.—CHANGES IN ACTUARIAL BALANCE OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM EXPRESSED IN TERMS OF ESTIMATED AVERAGE COST AS PERCENT OF TAXABLE PAYROLL, BY TYPE OF CHANGE, LONG-RANGE DYNAMIC COST ESTIMATES, PRESENT LAW, H.R. 11333, AND THE SENATE BILL

[In percent]

<table>
<thead>
<tr>
<th>Item</th>
<th>OASI</th>
<th>DI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial balance under present law</td>
<td>-0.48</td>
<td>-0.28</td>
<td>-0.76</td>
</tr>
<tr>
<td>H.R. 11333 and Finance Committee bill:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit increase and change in automatics</td>
<td>-0.04</td>
<td>('')</td>
<td>-0.04</td>
</tr>
<tr>
<td>$13,200 earnings base in 1974</td>
<td>+0.04</td>
<td>+0.01</td>
<td>+0.05</td>
</tr>
<tr>
<td>Revised tax schedule</td>
<td>+0.05</td>
<td>+0.19</td>
<td>+0.24</td>
</tr>
<tr>
<td>Finance Committee bill: Modification of special minimum.</td>
<td>-0.05</td>
<td>('')</td>
<td>-0.05</td>
</tr>
<tr>
<td>Senate floor amendments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced widows' benefits.</td>
<td>-0.07</td>
<td>('')</td>
<td>-0.07</td>
</tr>
<tr>
<td>Change in disability benefits for blind</td>
<td>('')</td>
<td>-0.13</td>
<td>-0.13</td>
</tr>
<tr>
<td>$3,000 exempt amount</td>
<td>-0.09</td>
<td>('')</td>
<td>-0.09</td>
</tr>
<tr>
<td>Age 70 limit on retirement test</td>
<td></td>
<td>('')</td>
<td>-0.07</td>
</tr>
<tr>
<td><strong>Total effect of changes in bill</strong></td>
<td>-0.23</td>
<td>+0.07</td>
<td>-0.16</td>
</tr>
<tr>
<td>Actuarial balance under bill</td>
<td>-0.71</td>
<td>-0.21</td>
<td>-0.92</td>
</tr>
</tbody>
</table>

1 Less than 0.005.
2 Not applicable under this program.
3 If combined with $3,000 exempt amount. With $2,400 exempt amount, cost is 0.08.
TABLE 3.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM: PROGRESS OF THE COMBINED OASI AND DI
TRUST FUNDS, UNDER PRESENT LAW, UNDER H.R. 11333, AND UNDER H.R. 3153, CALENDAR YEARS,
1973-78

[In billions]

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Income</th>
<th></th>
<th></th>
<th>Outgo</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present law</td>
<td>H.R. 11333</td>
<td>Finance Committee bill</td>
<td>Senate bill</td>
<td>Present law</td>
<td>H.R. 11333</td>
</tr>
<tr>
<td>1973</td>
<td>$54.8</td>
<td>$54.8</td>
<td>$54.8</td>
<td>$54.8</td>
<td>$53.4</td>
<td>$53.4</td>
</tr>
<tr>
<td>1974</td>
<td>61.4</td>
<td>63.1</td>
<td>63.1</td>
<td>63.1</td>
<td>58.9</td>
<td>61.2</td>
</tr>
<tr>
<td>1975</td>
<td>66.5</td>
<td>68.5</td>
<td>68.3</td>
<td>68.2</td>
<td>66.6</td>
<td>67.6</td>
</tr>
<tr>
<td>1976</td>
<td>72.6</td>
<td>74.8</td>
<td>74.5</td>
<td>74.2</td>
<td>72.7</td>
<td>73.1</td>
</tr>
<tr>
<td>1977</td>
<td>78.4</td>
<td>80.9</td>
<td>80.5</td>
<td>80.2</td>
<td>78.5</td>
<td>77.8</td>
</tr>
<tr>
<td>1978</td>
<td>82.0</td>
<td>85.5</td>
<td>85.2</td>
<td>84.6</td>
<td>82.3</td>
<td>83.7</td>
</tr>
</tbody>
</table>

Net increase in funds

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Present law</th>
<th>H.R. 11333</th>
<th>Finance Committee bill</th>
<th>Senate bill</th>
<th>Present law</th>
<th>H.R. 11333</th>
<th>Finance Committee bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$1.4</td>
<td>$1.4</td>
<td>$1.4</td>
<td>$1.4</td>
<td>$44.2</td>
<td>$44.2</td>
<td>$44.2</td>
<td>$44.2</td>
</tr>
<tr>
<td>1974</td>
<td>2.6</td>
<td>1.9</td>
<td>0.7</td>
<td>-0.4</td>
<td>46.8</td>
<td>46.1</td>
<td>45.0</td>
<td>43.8</td>
</tr>
<tr>
<td>1975</td>
<td>-0.1</td>
<td>0.8</td>
<td>0.8</td>
<td>-1.2</td>
<td>46.7</td>
<td>46.9</td>
<td>45.8</td>
<td>42.5</td>
</tr>
<tr>
<td>1976</td>
<td>(&lt;)</td>
<td>1.7</td>
<td>1.6</td>
<td>-0.8</td>
<td>46.6</td>
<td>48.6</td>
<td>47.4</td>
<td>41.7</td>
</tr>
<tr>
<td>1977</td>
<td>-0.2</td>
<td>3.1</td>
<td>2.9</td>
<td>0.3</td>
<td>46.5</td>
<td>51.7</td>
<td>50.3</td>
<td>42.0</td>
</tr>
<tr>
<td>1978</td>
<td>-0.3</td>
<td>1.9</td>
<td>1.7</td>
<td>-1.2</td>
<td>46.2</td>
<td>53.6</td>
<td>51.9</td>
<td>40.8</td>
</tr>
</tbody>
</table>

Assets, end of year

1 Finance Committee bill estimates were based on an assumed November 1973 month of enactment. A December 1973 enactment would reduce calendar year 1974 outgo under that bill by $0.3 billion.

2 Outgo exceeds income by less than $50,000,000.
TABLE 4.—OLD-AGE, SURVIVORS, AND DISABILITY SYSTEM:
START-OF-YEAR TRUST FUND ASSETS AS PERCENTAGE OF
EXPENDITURES FOR THE YEAR

<table>
<thead>
<tr>
<th>Calendar year</th>
<th>Present law</th>
<th>H.R. Committee bill</th>
<th>Finance Committee bill</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>1974</td>
<td>75</td>
<td>72</td>
<td>71</td>
<td>70</td>
</tr>
<tr>
<td>1975</td>
<td>70</td>
<td>68</td>
<td>67</td>
<td>63</td>
</tr>
<tr>
<td>1976</td>
<td>64</td>
<td>64</td>
<td>63</td>
<td>57</td>
</tr>
<tr>
<td>1977</td>
<td>59</td>
<td>63</td>
<td>61</td>
<td>52</td>
</tr>
<tr>
<td>1978</td>
<td>56</td>
<td>62</td>
<td>60</td>
<td>49</td>
</tr>
</tbody>
</table>
### TABLE 5.—BENEFIT INCREASES AND CHANGES IN THE EARNINGS BASE UNDER PRESENT LAW, AND THE SENATE BILL

<table>
<thead>
<tr>
<th>Year</th>
<th>General benefit increase (percent)</th>
<th>Contribution and benefit base</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Present law</td>
<td>Senate bill</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special increases: ³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>7.0</td>
<td>$10,800</td>
</tr>
<tr>
<td>1974</td>
<td>5.9</td>
<td>12,600</td>
</tr>
<tr>
<td>Permanent increases: ³</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>11.0</td>
<td>12,600</td>
</tr>
<tr>
<td>1975</td>
<td>11.5</td>
<td>13,500</td>
</tr>
<tr>
<td>1976</td>
<td>4.0</td>
<td>14,400</td>
</tr>
<tr>
<td>1977</td>
<td>3.0</td>
<td>15,300</td>
</tr>
<tr>
<td>1978</td>
<td>5.8</td>
<td>15,300</td>
</tr>
</tbody>
</table>

¹ Senate bill is the same as H.R. 11333 except that 7 percent increase would occur in 1974 under H.R. 11333.
² Under present law, as modified by Public Law 93–66, the special benefit increase of 5.9 percent is effective for June–December 1974; under the Senate bill, the special benefit increase of 7 percent is effective from the month of enactment through May 1974.
³ The first permanent benefit increase (11.5 percent under present law and 11 percent under the Senate bill) will be figured on the benefit rates now in effect and not on top of the special benefit increase (5.9 percent under present law and 7 percent under the Senate bill). Permanent benefit increases under present law become effective for January of the stated year; under the Senate bill they become effective for June.
4 Amounts for 1975 and later are estimated.

### TABLE 6.—ANNUAL EXEMPT AMOUNT FOR EARNINGS LIMITATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Exempt amount under present law, H.R. 11333, and Finance Committee bill</th>
<th>Exempt amount under Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>$2,100</td>
<td>$2,100</td>
</tr>
<tr>
<td>1974</td>
<td>2,400</td>
<td>3,000</td>
</tr>
<tr>
<td>1975</td>
<td>2,520</td>
<td>3,240</td>
</tr>
<tr>
<td>1976</td>
<td>2,640</td>
<td>3,480</td>
</tr>
<tr>
<td>1977</td>
<td>2,880</td>
<td>3,720</td>
</tr>
<tr>
<td>1978</td>
<td>2,880</td>
<td>3,720</td>
</tr>
</tbody>
</table>

¹ Amounts for 1975 and later years are estimated.
TABLE 7.—COSTS OR SAVINGS OF SENATE BILL RELATED TO SUPPLEMENTAL SECURITY INCOME, TAX CREDIT FOR LOW INCOME WORKERS, AID TO FAMILIES WITH DEPENDENT CHILDREN, SOCIAL SERVICES, CHILD SUPPORT, MEDICAID AND UNEMPLOYMENT COMPENSATION

[1st full-year costs; dollars in millions]

<table>
<thead>
<tr>
<th>Provision</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental security income provisions:</td>
<td></td>
</tr>
<tr>
<td>Increase in SSI benefits</td>
<td>$130</td>
</tr>
<tr>
<td>Eligibility of SSI recipients for food stamps (assumes 50-percent particip.)</td>
<td>70</td>
</tr>
<tr>
<td>Limitation on grandfather clause for disabled</td>
<td>-150</td>
</tr>
<tr>
<td>Limit on benefit reduction for support and maintenance provided in-kind</td>
<td></td>
</tr>
<tr>
<td>Tax credit for low-income workers with families</td>
<td>600</td>
</tr>
<tr>
<td>Social services and child welfare services:</td>
<td></td>
</tr>
<tr>
<td>Reallocation of ceilings under $2,500,000,000 limit</td>
<td>25</td>
</tr>
<tr>
<td>National adoption information exchange system</td>
<td>1</td>
</tr>
<tr>
<td>Requirement of hearings with respect to services for aged, blind, and disabled</td>
<td>1</td>
</tr>
<tr>
<td>Aid to families with dependent children:</td>
<td></td>
</tr>
<tr>
<td>Pass along of social security increase to AFDC recipients</td>
<td>7</td>
</tr>
<tr>
<td>Change in AFDC disregard provisions</td>
<td>-155</td>
</tr>
<tr>
<td>Alternative nonjudicial procedure for AFDC foster care</td>
<td>20</td>
</tr>
<tr>
<td>Child support program</td>
<td>43</td>
</tr>
<tr>
<td>Medical assistance program amendments:</td>
<td></td>
</tr>
<tr>
<td>Coverage of persons getting optional SSI State supplements</td>
<td>(?)</td>
</tr>
<tr>
<td>Increased matching with respect to Indians</td>
<td>4</td>
</tr>
<tr>
<td>Matching for Medicare buy-in Arizona</td>
<td>2</td>
</tr>
<tr>
<td>Grandfather clause for certain railroad retirement beneficiaries</td>
<td>2</td>
</tr>
<tr>
<td>Coverage of services in &quot;immediate care facilities&quot;</td>
<td>(?)</td>
</tr>
<tr>
<td>Prohibition of matching for abortions</td>
<td>(?)</td>
</tr>
<tr>
<td>Maternal and child health:</td>
<td></td>
</tr>
<tr>
<td>Grants to regional pediatric pulmonary centers</td>
<td>5</td>
</tr>
<tr>
<td>Unemployment compensation amendment</td>
<td>438</td>
</tr>
</tbody>
</table>

1 Does not include the following provisions for which it is estimated that there will be minimal costs: SSI amendments: Regional variation in allowable exclusion from resources of value of home; value of resources—reduction for encumbrances; exclusion from income of certain scholarships. Social work training: Specific authorization for grants to colleges and training in educational institutions. Aid to Families with Dependent Children: Study of ineligibility.

2 The cost of the provision will depend upon the extent to which recipients make payments to persons furnishing them in-kind support and maintenance. The Department's estimates of the cost of the SSI program had included an estimate that SSI benefit costs would in the first year be reduced by $665 million because of the one-third reduction in benefits to people getting support and maintenance in-kind.

3 HEW estimates that in the 2d full-year instead of a cost there will be a savings of $1,48,000,000.

4 Public Law 92-603 which established the SSI programs did not make clear the medicaid status of persons getting optional State supplementary payments. The provision in the Senate bill dealing with this issue will not require any increase in the Administration's budget estimates for the program.

5 Less than $1,000,000.

6 This amendment could have substantial overall cost impact on both welfare and Medicaid to the extent of increases in the number of families or family members on welfare and the additional cost of medical services associated with delivery, post partum care for the mother, and well baby care generally covered under medicaid.

7 Maximum estimated cost if all eligible States (under October 1973 estimate) utilize provision. Amount is from unemployment trust fund: $225,000,000 Federal and $213,000,000 from State accounts.
TABLE 8.—CHANGE IN THE ACTUARIAL BALANCE OF THE HI SYSTEM UNDER THE SENATE FINANCE COMMITTEE PROPOSAL AND UNDER THE SENATE BILL

<table>
<thead>
<tr>
<th>Item</th>
<th>Finance Committee bill</th>
<th>Senate-passed bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial balance under present law</td>
<td>-0.01</td>
<td>-0.01</td>
</tr>
<tr>
<td>Tax base and tax rates</td>
<td>+.01</td>
<td>+.01</td>
</tr>
<tr>
<td>Drugs</td>
<td></td>
<td>-.14</td>
</tr>
<tr>
<td>Financing for drugs</td>
<td></td>
<td>+.10</td>
</tr>
<tr>
<td>Change inpatient deductible</td>
<td></td>
<td>-.02</td>
</tr>
<tr>
<td>Extend lifetime reserve</td>
<td></td>
<td>-.02</td>
</tr>
<tr>
<td>Terminate benefit period in SNF</td>
<td></td>
<td>-.01</td>
</tr>
<tr>
<td>Cover disabled spouses</td>
<td></td>
<td>-.02</td>
</tr>
<tr>
<td>Change in blind disability</td>
<td></td>
<td>-.02</td>
</tr>
<tr>
<td>Home health liberalization</td>
<td></td>
<td>(?)</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>-1.13</td>
</tr>
</tbody>
</table>

1 It has not yet been possible to estimate the cost of covering immediate care facilities.
2 Minor.
TABLE 9.—ESTIMATED OUTLAYS FOR NEW MEDICARE PROVISIONS OF SENATE PASSED VERSION OF H.R. 3153 BY FISCAL YEAR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital insurance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drugs—benefits</td>
<td>$100</td>
<td>$700</td>
<td>$708</td>
<td>$761</td>
<td>$819</td>
</tr>
<tr>
<td>Drugs—administration</td>
<td>30</td>
<td>70</td>
<td>75</td>
<td>80</td>
<td>86</td>
</tr>
<tr>
<td>Redetermine deductible</td>
<td>35</td>
<td>105</td>
<td>107</td>
<td>130</td>
<td>170</td>
</tr>
<tr>
<td>Extend lifetime reserve</td>
<td>5</td>
<td>75</td>
<td>85</td>
<td>100</td>
<td>115</td>
</tr>
<tr>
<td>Cover disabled spouses</td>
<td>25</td>
<td>60</td>
<td>71</td>
<td>82</td>
<td>94</td>
</tr>
<tr>
<td>Home health without prior stay</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Liberalize blind disability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immediate care facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terminate benefit period in SNF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total hospital insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Except for Immediate Care Facilities)</td>
<td>207</td>
<td>1,040</td>
<td>1,089</td>
<td>1,299</td>
<td>1,454</td>
</tr>
<tr>
<td>Supplementary medical insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cover disabled spouses</td>
<td>5</td>
<td>20</td>
<td>24</td>
<td>28</td>
<td>32</td>
</tr>
<tr>
<td>Liberalize blind disability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total supplementary medical insurance</td>
<td>5</td>
<td>20</td>
<td>27</td>
<td>58</td>
<td>75</td>
</tr>
</tbody>
</table>

1 No estimate.
TABLE 10.—HOSPITAL INSURANCE: PROGRESS OF THE HOSPITAL INSURANCE TRUST FUND UNDER PRESENT LAW, H.R. 11333, SENATE FINANCE COMMITTEE BILL, AND SENATE BILL, CALENDAR YEARS 1974-78

[In billions]

<table>
<thead>
<tr>
<th>Income</th>
<th>Outgo</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.R. 11333, and Finance Committee bill</td>
<td>H.R. 11333, and Senate Finance Committee bill</td>
</tr>
<tr>
<td>Present law</td>
<td>Senate bill</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar year:</th>
<th>Present law</th>
<th>Senate bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>$13.1</td>
<td>$12.1</td>
</tr>
<tr>
<td>1975</td>
<td>14.3</td>
<td>13.1</td>
</tr>
<tr>
<td>1976</td>
<td>15.7</td>
<td>14.3</td>
</tr>
<tr>
<td>1977</td>
<td>17.1</td>
<td>15.4</td>
</tr>
<tr>
<td>1978</td>
<td>22.0</td>
<td>19.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calendar year:</th>
<th>Net Increase in funds</th>
<th>Assets, end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>$3.3</td>
<td>$2.3</td>
</tr>
<tr>
<td>1975</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td>1976</td>
<td>2.7</td>
<td>1.2</td>
</tr>
<tr>
<td>1977</td>
<td>2.3</td>
<td>.7</td>
</tr>
<tr>
<td>1978</td>
<td>5.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

1 Estimates do not include costs attributable to provision relating to "immediate care facilities."
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td>$1,427</td>
<td>$1,700</td>
<td>$1,847</td>
<td>$2,000</td>
<td>$2,127</td>
<td>$2,228</td>
</tr>
<tr>
<td>Government contributions</td>
<td>1,430</td>
<td>2,031</td>
<td>2,504</td>
<td>2,998</td>
<td>3,522</td>
<td>4,121</td>
</tr>
<tr>
<td>Interest</td>
<td>45</td>
<td>55</td>
<td>77</td>
<td>99</td>
<td>126</td>
<td>155</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>2,902</td>
<td>3,786</td>
<td>4,428</td>
<td>5,097</td>
<td>5,775</td>
<td>6,504</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>2,391</td>
<td>3,003</td>
<td>3,624</td>
<td>4,158</td>
<td>4,745</td>
<td>5,354</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>246</td>
<td>392</td>
<td>451</td>
<td>506</td>
<td>558</td>
<td>613</td>
</tr>
<tr>
<td><strong>Total disbursements</strong></td>
<td>2,637</td>
<td>3,395</td>
<td>4,075</td>
<td>4,664</td>
<td>5,303</td>
<td>5,967</td>
</tr>
<tr>
<td><strong>Trust fund at end of year</strong></td>
<td>746</td>
<td>1,137</td>
<td>1,490</td>
<td>1,923</td>
<td>2,395</td>
<td>2,932</td>
</tr>
</tbody>
</table>
### TABLE 12—ESTIMATED OPERATIONS OF THE SUPPLEMENTARY MEDICAL INSURANCE TRUST FUND UNDER H.R. 3153, AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income:</strong></td>
<td></td>
<td></td>
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<td>$1,935</td>
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<td>$2,179</td>
<td>$2,282</td>
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<td>77</td>
<td>100</td>
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<td>154</td>
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<td>3,795</td>
<td>4,453</td>
<td>5,113</td>
<td>5,815</td>
<td>6,571</td>
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<td><strong>Income:</strong></td>
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</tr>
<tr>
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<td>$17,318</td>
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<td>125</td>
<td>135</td>
<td>136</td>
<td>137</td>
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<tr>
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<td>537</td>
<td>530</td>
<td>533</td>
<td>534</td>
<td>527</td>
</tr>
<tr>
<td>Premiums for voluntary enrollees</td>
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<td>82</td>
<td>104</td>
<td>118</td>
<td>144</td>
<td>166</td>
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<tr>
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<td>548</td>
<td>723</td>
<td>870</td>
<td>1,039</td>
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<td>13,954</td>
<td>15,108</td>
<td>16,114</td>
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<tr>
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<td>19,586</td>
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TABLE 14.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER H.R. 3153, AS AMENDED BY THE SENATE, FISCAL YEARS 1973-78

<table>
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<td>$11,939</td>
<td>$12,945</td>
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<td>105</td>
<td>121</td>
<td>130</td>
<td>131</td>
<td>131</td>
</tr>
<tr>
<td>Reimbursement for uninsured persons</td>
<td>381</td>
<td>537</td>
<td>530</td>
<td>533</td>
<td>534</td>
<td>527</td>
</tr>
<tr>
<td>Premiums for voluntary enrollees</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>Reimbursement for military wage credits</td>
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<td>572</td>
<td>617</td>
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</tr>
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<td>13,206</td>
<td>14,305</td>
<td>15,653</td>
<td>18,179</td>
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</table>

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
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<td>Benefit payments 1</td>
<td>6,648</td>
<td>8,967</td>
<td>11,410</td>
<td>12,874</td>
<td>14,669</td>
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<td>520</td>
<td>555</td>
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<td>4,363</td>
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<td>8,631</td>
<td>9,573</td>
<td>10,037</td>
<td>11,113</td>
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</tbody>
</table>

1 These estimates do not include amounts for "Immediate care facilities."
Mr. ULLMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3153) to amend the Social Security Act to make certain technical and conforming changes, with the Senate amendments.
thereeto, disagree to the Senate amend-
ments, and agree to the conference re-
quested by the Senate.
The SPEAKER. Is there objection to
the request of the gentleman from Ore-
gon? The Chair hears none, and ap-
points the following conferees: Messrs.
Ullman, Burke of Massachusetts, Mrs.
Griffiths, Messrs. Rothenkowski,
Schneider, Collier and Broyhill of
Virginia.


