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91st Congress }
2d Session }

COMMITTEE PRINT

H.R. 16311
THE FAMILY ASSISTANCE
ACT OF 1970

JUNE REVISION
REVISED AND RESUBMITTED
TO THE
COMMITTEE ON FINANCE
BY THE
ADMINISTRATION

WITH ANALYSIS BY THE STAFF OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



NOVEMBER 5, 1970

(This material has not been reviewed by the Committee on Finance or by any member thereof. It is being published solely for the information of the public.)

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**Major New Features of Administration's Revised Revision of H.R. 16311—
Material Prepared by the Finance Committee Staff**

**(This material has not been reviewed by the Committee on Finance or by
any member thereof)**

(A1)

INTRODUCTION

Original Proposal.—On April 29, 30, and May 1, the Committee on Finance began its public hearings on H.R. 16311, the Family Assistance Act of 1970. During these three days of hearings with the Administration, it became clear that the bill had many defects. Accordingly, the Committee afforded the Administration an opportunity to reconsider its proposal in light of the hearings and recommend appropriate changes. In particular, the Committee was concerned about the serious work disincentives under the bill in view of its proclaimed intention to aid persons to become independent through employment.

June Revision.—In June, the Administration submitted its revised version of H.R. 16311 to the Committee. Many changes in the bill were proposed, including changes unrelated to the immediate problem of work disincentives. The revised version proposed the elimination of State supplementary payments to families headed by an unemployed father; a new method of requiring State supplementation which would result in a welfare reduction or cut-off for about 1½ million recipients in 22 States; and a new social services title designed to unite all social services programs presently linked to the cash assistance programs in a new combined program administered by a separate agency.

The revised bill did not deal with the major work disincentive problems raised at the hearings. Instead, it was proposed that three major problem areas be handled separately, either administratively or through new legislation. First, it was proposed that the schedule of entitlement to food stamps be revised administratively to insure that an increase in family income would not result in a net loss to the family because of a larger decrease in the food stamp bonus. In the public housing area, the Administration had proposed language for inclusion in the 1970 housing bill to require families in public housing to contribute a fixed percentage of their income as rent so that the value of public housing would diminish gradually as income rose. Finally, the Administration announced its plan to submit legislation next February to replace the present Medicaid program for families with a wholly Federal Family Health Insurance Plan paid for in part by the recipients, whose premium would be related to their income.

The cost of the revised bill was \$1.1 billion higher than the cost for the same year associated with the House bill in the House report. The increased cost resulted from three major factors: (1) a \$500 million increase in the estimated cost of cash welfare payments, based on more recent experience under present welfare programs; (2) a new proposal to permit welfare recipients to purchase food stamps through the welfare agency, expected to result in higher participation in the program at an estimated cost of \$400 million; and (3) the new social services proposal was projected to cost an additional \$200 million.

The Committee subsequently held hearings on the revised version of the bill, during which time all modifications proposed were thoroughly explored, often with the Secretary's agreement that some of the proposals should be eliminated or substantially modified.

Presentation of October Revised Revision.—On October 13, Under Secretary Veneman presented to the Committee in executive session a revised revision of H.R. 16311 representing the Administration's current proposal. In view of the numerous new changes and modifications proposed in this version, the Committee directed that the revised revision be printed together with accompanying material explaining the

new version and estimating its cost and impact on welfare case loads, and a staff analysis. The material contained in this document differs somewhat from the October 13 version since the Department made changes fairly continuously between that date and the date of final printing. The Committee staff has prepared the following materials on the revised revision: (1) a brief analysis, with comments, on the major new features of the revised revision; (2) a short table comparing the major features of the June revision with the October revised revision; and (3) a number of charts showing the major features and impact of the various versions.

PART 1

MAJOR FEATURES OF OCTOBER REVISED REVISION

Pretest of Family Assistance Plan and Effective Date.—The October revised revision proposes that the Family Assistance Plan be pretested in not more than two areas of the country, once appropriations become available, between January 1, 1971, and March 1, 1972. By March 1, 1972, the Secretary of Health, Education, and Welfare would have to report to the Congress on the results of the pretests. The Family Assistance Plan would become effective on January 1, 1972, for families headed by a mother or by a father who is either disabled or unemployed (in a State which makes payments to families with unemployed fathers). The Family Assistance Plan would become effective for other families (those headed by an employed father, or by an unemployed father in those States not now aiding the families of unemployed fathers) on July 1, 1972. The revised revision assumes that the Congress would have an opportunity between March 1, 1972, and July 1, 1972, to make any desirable modifications in the Family Assistance Plan before it became effective for most families headed by a father.

The staff notes that under the provision in the revised revision pretesting could not begin until the Congress has appropriated funds, presumably in a supplemental appropriation early in the first session of the 92nd Congress. In recent years, no general supplemental appropriation has been signed into law before April.

Following the appropriation, some time would be required to negotiate pretesting contracts. In order to prepare a report by March 1, 1972, it would be necessary to begin at least a month in advance. Thus it is highly unlikely that the two pretests could involve more than 8 months of experience at the most. Furthermore, the Family Assistance Plan is scheduled to become effective for families headed by mothers, disabled fathers, and unemployed fathers (in States which now aid families headed by unemployed fathers) on January 1, 1972—two months before the Congress will even receive the report on the pretesting. Those families which will begin receiving family assistance in January 1972 represent more than half of the total caseload. It is apparently assumed that the pretesting will result in no suggestions for modifying the Family Assistance Plan as it relates to these families.

Even supposing that an effective pretest could be mounted in such a brief time and that it could result in recommendations for changes in the law, the Congress would be required to act on this legislation in a very short period (4 months). If the Congress were to make any substantial changes in the legislation during the four-month period, this would require a sudden change in the program for the more than 50 percent of the potential case load already on the rolls beginning January 1972, and it would require that plans be changed in a very short time for the more than 1½ million families headed by a father who would become eligible for the first time beginning July 1, 1972. It seems unlikely that the Administration seriously contemplates that the pretesting will result in any change in the legislation, except perhaps for minor changes affecting administrative procedure.

State Supplementary Payments.—The Administration's June revision proposed that the Secretary determine the level at which the States would be required to supplement family assistance payments to needy families, based on the level of payment to a family with no income in January 1970. Since 22 States now make welfare payments on a basis of meeting less than full need as determined by the State, the effect of the proposal would have been to reduce or cut off welfare payments to most families with some income in those States. Estimates presented by the Department of Health, Education, and Welfare at the hearing projected that about 1½ million persons would face a reduction as a result of this provision.

The Administration's June revision also proposed the elimination of Federal participation in State supplementary payments to families headed by an unemployed father (the House bill by way of contrast would *require* all States to make such payments). Some 450,000 welfare recipients would face a substantial reduction in their payments if this provision became law.

At the hearings on the Administration revision, Secretary Richardson stated that it might be desirable to have some kind of "grandfather clause" to protect individuals who would face a welfare reduction or cut-off under the proposed provision in the revised bill. The October revised revision contains such a "grandfather clause." Under this provision, any family receiving welfare as of the date of enactment of the bill would be protected for two years from a reduction in assistance as a result of the provision relating to State supplementary payments. While the "grandfather clause" would protect close to 2 million persons now on the rolls, it would not protect individuals who come on the rolls between the date of enactment of the bill and January 1, 1972, nor would it provide protection for longer than two years.

Areas of Secretarial Discretion.—Throughout its consideration of H.R. 16311, the Committee has been struck by the unusual number of provisions in the bill according the Secretary broad discretion in setting policy. Rather than reducing them, the June revision expanded the number of places in the bill where the Secretary would be given such wide discretionary authority. The October revised revision, on the other hand, seriously attempts to deal with a number of these areas by writing the policy into the statute rather than leaving policy to be determined in later Department regulations. However, a number of important areas remain with little or no indication of the direction of Departmental policy.

Child Care.—The provisions of the bill relating to child care are a prime example of an area of Secretarial discretion with no indication of intended policy. It is generally agreed that lack of sufficient day care has been a major contributing factor in the failure of the Executive branch to implement the Work Incentive Program. It is also generally agreed that a broad expansion of child care is a key element if the work features of the Family Assistance Plan are to be realized.

The child care features of the October revised revision would confer upon the Secretary unusually broad authority relating to child care. Child care would be arranged for by the Secretary of Health, Education, and Welfare. Through regulation, he would set Federal standards for child care which would supersede all related State and local codes. Unlike the Chairman's child care bill (S. 4101) which would also permit preemption of State and local ordinances, the October revised revision and accompanying explanatory material give no indication what the Secretary's regulations would be. S. 4101 would write the specific Federal standards into the law.

The October revised revision would also retain the proposed provision in the June revision authorizing the Secretary to fund the construction of child care facilities when he finds that alteration of existing facilities is not feasible. Federal construction grant programs typically contain many provisions to assure equitable distribution of construction funds among the States. No such safeguards are included in the revised revision.

Social Services.—In the October revised revision, the Administration has abandoned its proposal for a new social services title to the Social Security Act.

Obligation of Deserting Parents.—H.R. 16311 contains a provision (unchanged in the June revision) which would make any father who deserts his family obligated to the Federal Government for the Federal portion of welfare payments made to his family during the period of his desertion. A modification proposed in the October revised revision would limit the deserting father's liability to instances in which it can be proven that the family's receipt of welfare payments was due to the desertion of the father. It might be expected that this new modification would seriously weaken the provision in the House bill.

Work Disincentives.—During the April hearings on the original Administration bill, three areas were highlighted as contributing to serious work disincentives because they could in some cases result in a decrease in total family income if the family's earnings increased. In the June revision, the Administration proposed handling each of these three areas outside the scope of the welfare bill itself.

First, the Administration proposed in June that the schedule of entitlement to food stamps be revised administratively to insure that an increase in family income will not result in a larger decrease in food stamp entitlement. This administrative action has not yet been undertaken.

Second, the Administration had proposed language for inclusion in the 1970 housing bill to require families in public housing to contribute a portion of their earnings as rental payment so that the value of public housing would diminish gradually as family income rose. The Senate, in action on the housing bill, has rejected this provision recommended by the Administration.

Third, the Administration stated its intention of submitting to the Congress next February a legislative proposal to repeal the present Medicaid program for families and replace it with a wholly Federal Family Health Insurance Plan with premiums, related to family income, paid by the families enrolled in the Plan. There has been no change in the Administration's plan to submit the legislation next February.

A serious work disincentive problem that has not been given sufficient attention to date relates to day care. The revised revision apparently contemplates that day care would be made available only to persons participating in the work and training programs under the bill. Thus it may be expected that situations would arise in which mothers were eligible for free or partly subsidized child care while receiving family assistance but would become ineligible for any child care aid if they worked themselves off of family assistance.

When these various work disincentive features are combined, it becomes apparent that under the October revised revision as under the earlier versions of the bill, there would be many situations in which a family would suffer an economic loss if its earnings rose.

Cost.—The cost of the October revised revision in its first full year is estimated by the Department of Health, Education, and Welfare at somewhat more than \$4 billion. The cost of the June revision was also estimated at about this level, but the fiscal year impact was different. In the June revision, the full \$4 billion impact was attributed to fiscal year 1972, since the Family Assistance Act would have become effective on the first day of that fiscal year. Because of the delayed effective dates in the October revised revision, the \$4 billion cost would be postponed until fiscal year 1973.

PART 2

**Comparison of June Revision and October Revised Revision—Prepared
by the Finance Committee Staff**

**(The table on the following pages compares the major changes made in
the June revision with those made in the October revised revision)**

(A7)

The Family Assistance Act (H.R. 16511)

MAJOR CHANGES MADE BY THE ADMINISTRATION IN JUNE REVISION AND OCTOBER REVISED REVISION

House bill	June revision	October revised revision
Authorization of pretests: No provision.	No provision.	Authorizes appropriation of "such sums as may be necessary" to enable the Secretary of Health, Education, and Welfare to evaluate State general assistance programs for the "working poor" and to conduct and evaluate 1 or 2 programs designed to test the cash assistance and the work and training provisions of the family assistance plan. These tests would generally be limited to families which are ineligible for aid under present Federally funded public assistance programs and which include a fully employed adult. The Secretary must report his evaluation of the programs to the Congress by Mar. 1, 1972.
Amount of State supplementation: Requires the States to supplement Federal payments to families in accord with the State needs standards under AFDC for January 1970. It would also require continued application of the reduction provisions incorporated in the plans of approximately 22 States under which families are generally paid assistance amounting to something less than the difference between their countable income and the State standard.	States would be required to supplement Federal payments to families in accord with a payment level set by the Secretary of Health, Education, and Welfare based on payments to families under the existing AFDC program in the State if they had no other income. The effect of the provision would be to reduce the amount of assistance for families with any other income in those 22 States which now pay less than the full difference between countable income and the State needs standard.	Largely the same as the June revision. However, the Secretary would be required to consult with the States in setting the payment levels, in accord with the amount generally paid families of given sizes without including certain extra amounts for special needs. Also would add a temporary savings clause for those families in 22 States who would otherwise have their assistance reduced under the revised revision. Under this clause, such families (if the State wishes), could continue to get assistance at the higher rate for the first 2 years after the family assistance plan goes into effect.
Work requirement: Provides \$300 reduction in family assistance for refusal of work or training. Individual may refuse work if he has demonstrated capacity, through other available training or employment opportunities, of securing work that would better enable him to achieve self-sufficiency.	Increases family assistance reduction to \$500. Provides that an individual may refuse work if he has ability to acquire such employment and if Secretary of Labor is satisfied that the employment is available and the individual has not had adequate opportunity to secure it.	Same as June revision. Changes "refusal" provision to allow individual to refuse work that is not "suitable" as described in the bill. "Suitability" is related to wages, working conditions, the individual's prior experience, and other factors.

Secretary of Labor decides who to train and in what order of priority.	Same as House bill.	Adds provision specifying priority: (1) for unemployed fathers and volunteer mothers; (2) for other unemployed adults and youths age 16 and over, who are not regularly attending school and not employed full-time; (3) for employed persons; and (4) for all others registered.
Child care: The Federal Government would pay up to 100 percent of the cost of child care projects for children whose parents are or have been participating in work and training programs under the bill.	Basically same as House bill, but also authorizes the Secretary to construct facilities to whatever extent he determines this is necessary.	Adds requirement that Secretary of HEW prescribe standards pertaining to all aspects of child care provided under the bill. Child care and facilities provided under the bill would not be subject to licensing or other requirements of State and local governments with respect to which the Secretary had prescribed standards.
Unemployed fathers: States would be required to supplement family assistance payments for families headed by an unemployed father; 30-percent Federal matching would be provided. Families would be covered under medicaid program.	Eliminates requirement for State supplementation of payments to families headed by an unemployed father. Also eliminates Federal matching for such families if covered on a voluntary basis. Medicaid coverage optional, with Federal matching.	Adds requirement that States which pay families with unemployed fathers under present law must, for up to 2 years, provide supplementation to the families receiving payments at the time the supplemental payments program becomes effective. After 24 months no matching for unemployed fathers would be provided. Medicaid coverage optional, with Federal matching.
Federal income tax exclusion: No provision.	Allows an exclusion from income, for purposes of determining the amount of assistance, equal to any Federal income tax paid or withheld—in effect, reimbursing the recipient for income tax payments.	Eliminates the Federal income tax exclusion provided in the June revision.
Mandatory application for benefits under other programs: No provision.	No provision.	Provides that no assistance will be payable for any family member who refuses to apply for unemployment, social security, or other such benefits for which he is apparently eligible.
Obligation of deserting parents: Makes deserting parents obligated to the United States for any family assistance benefits and for the Federal share of any State supplemental benefits paid to his family during the period of the desertion. This liability would be reduced by the amount of any support payments the deserting parent actually made and would not exceed the amount of any support payments required by a court order.	Same as House bill.	Limits the liability of deserting parents for repayment to the United States of family assistance benefits to instances in which it can be shown that the family is getting family assistance as a result of the desertion.

The Family Assistance Act (H.R. 16511)—Continued

MAJOR CHANGES MADE BY THE ADMINISTRATION IN JUNE REVISION AND OCTOBER REVISED REVISION—Continued

House bill	June revision	October revised revision
Family relationships:		
In determining family relationships for purposes of the family assistance plan, appropriate State law would apply.	Deletes House provision.	Same as June revision.
Administration of programs:		
(a) For aid to families, 3 alternatives are provided: (1) Federal administration of the Federal payment and, under agreement with the State, of the State supplement; (2) under agreement with HEW, the State could administer both payments; (3) Federal administration of the Federal payment and State administration of the supplemental. The Federal Government would pay the cost of administering the Federal payment. It would pay 100 percent of the cost of administering the State supplement if it is federally administered, and 50 percent if the State made its own supplemental payments.	Adds provision that if an agreement for Federal administration was made having an effective date not later than 2 years after the date of implementation of FAP, the Federal Government would assume 100 percent of the cost of administration during the period after the execution of the agreement and before Federal administration began.	Adds provision which prohibits the Secretary from making agreements with the States for State administration of Federal payments to the working poor after Jan. 1, 1974. Adds provision preventing States from returning to State administration once they have chosen Federal administration. Adds provision for 100 percent Federal matching for administrative costs for programs to establish paternity of illegitimate children and to secure support payments.
(b) For aid to the aged, blind, and disabled, States could continue to administer assistance to adult recipients or make an agreement with the Federal Government for Federal administration. If the Federal Government performed the administration, it would pay full administrative cost.	Same as House bill.	Adds requirement that administration of cash assistance and social services be separated.
(c) No provisions related to Federal administration of other programs.	Adds authority for Secretary of HEW to enter into agreements with States for Federal administration of the food stamp program (with the State paying the cost of administration), Federal eligibility determination for medicaid (with 50-50 matching by the State and Federal Governments of the cost of making the determinations), Federal determination of eligibility for surplus commodities (with the State paying the full cost of the determination), the Federal administration of State general assistance programs (with the States paying the full cost of administration).	Same as June bill.

"Savings clause":

Provides generally that in the first 2 years after enactment the cost to a State of payments under the bill would not be greater than it would have been for payments required under present law.

Eliminates the 2-year restriction on the saving provision. Changes the basis for determining the amount to be paid by the State from "what would have been" paid under existing law in each future year to what was actually paid by the State in fiscal year 1971, increased as the cost of living rises. Would require State to bear the cost of increases in welfare payment levels, but not the full cost of caseload increases.

Essentially the same as June revision.

Effective dates:

Provisions for the payment of Federal family assistance and of State supplemental payments would be effective as of July 1, 1971. Child care provisions would become effective upon passage of the bill.

Same as House bill.

Effective date for family assistance and State supplemental payments Jan. 1, 1972, but payments to families headed by an employed father would not become effective until July 1972.

Child care and new pretest provisions would become effective upon passage of the bill.

Social services:

Maintains present law, under which States receive 75 percent Federal matching for social services provided under State plans, with open-end appropriation.

Repeals present law provisions for social services. Adds provision for new title XX of the Social Security Act to provide Federal matching funds for a variety of social services to be provided by States under State plans, with complex administrative relationships.

Eliminates new title XX in June revision. Same as House bill.

PART 3

**Charts Showing Major Features and Impact of October Revised
Revision—Prepared by the Finance Committee Staff**

(A13)

CHART 1—WELFARE RECIPIENTS UNDER PRESENT LAW AND H.R. 16311

In June 1970, about 11 million persons received Federally aided cash assistance payments. More than 8 million of these persons were in families with dependent children, while the rest were aged, blind or disabled.

The Department of Health, Education and Welfare estimates that under H.R. 16311 in 1971, 24 million persons would be eligible to receive welfare (the bill would not actually be effective until fiscal year 1972). About 21 million of these persons would be in families with children; the remainder would be aged, blind and disabled persons. Most of the persons newly eligible for family assistance benefits would be in families headed by a working father.

Under the Administration June revision, the Department also estimates that 24 million persons would be eligible to receive welfare payments. While a number of persons would be cut off the rolls under the June revision, others would be eligible for the first time under a new provision requiring that an amount equal to Federal income tax payments be disregarded in calculating welfare eligibility.

Under the October revised revision, the Department continues to estimate that 24 million persons would be eligible to receive welfare payments in the first year.

Welfare Recipients Under Present Law and Number Eligible Under H.R.16311

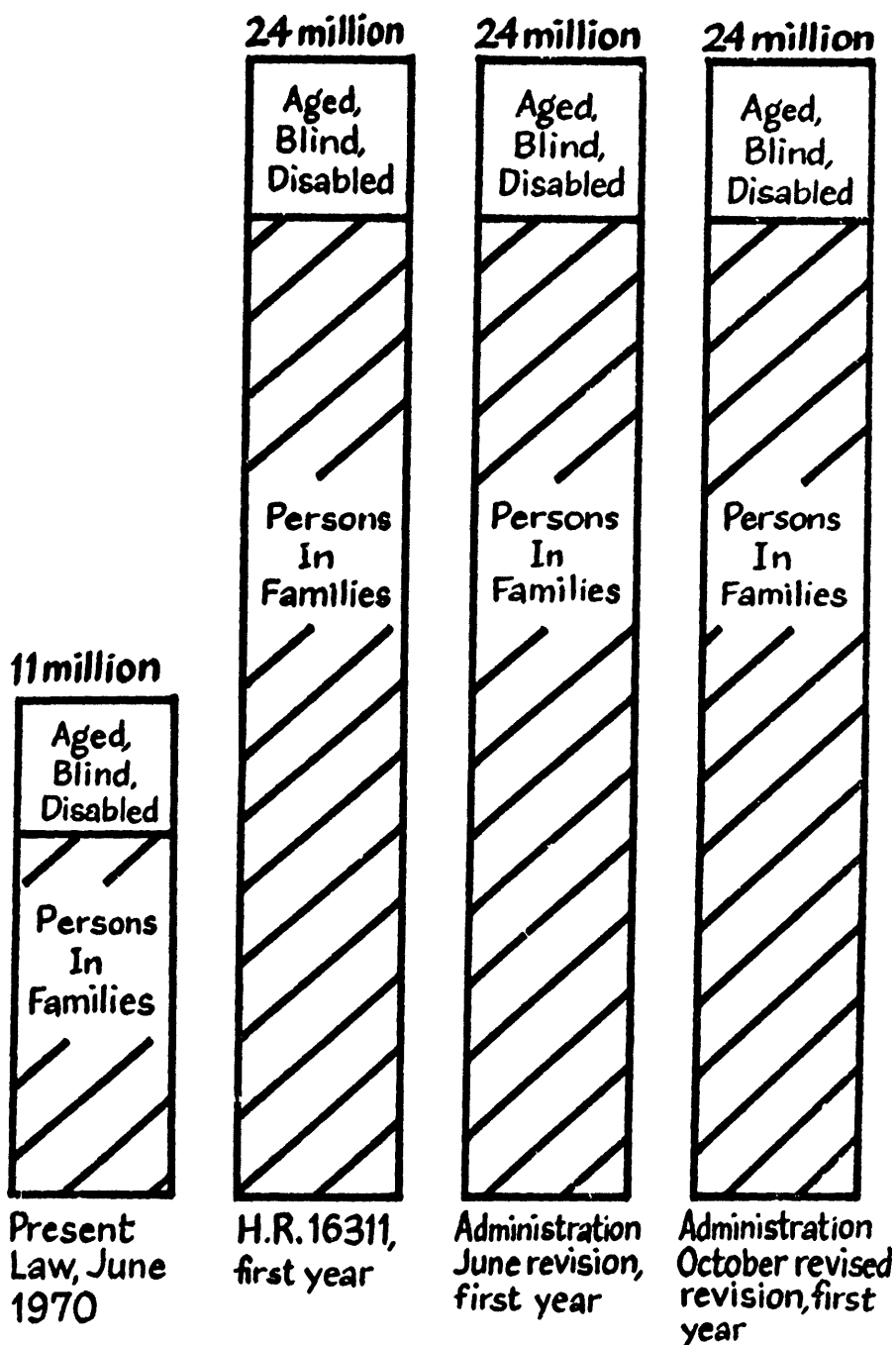


CHART 2—IN 15 STATES, MORE THAN 15 PERCENT OF THE POPULATION WILL BE ELIGIBLE FOR WELFARE UNDER THE ADMINISTRATION OCTOBER REVISED REVISION

In June 1970, about 11 million persons were receiving cash public assistance under Federally-aided welfare programs. This represents 5 percent of the total United States population of 204 million persons. The Administration October revised revision will bring the number of persons eligible to 24 million, or 12 percent of the population. For the most part, the increase in the number of persons eligible for welfare results from the extension of assistance to families where the father is employed. On a State-by-State basis the percentage of the population eligible for welfare will range from 5 percent in Utah to 35 percent in Mississippi. As shown on this chart, there will be 15 States in which 15 percent of the population or more will be eligible for welfare. Table 1 which follows the chart shows the proportion of the population on welfare by State; table 2 shows the increase in the welfare rolls by State.

In 15 States, more than 15% of the population will be eligible for welfare under the Administration October revised revision

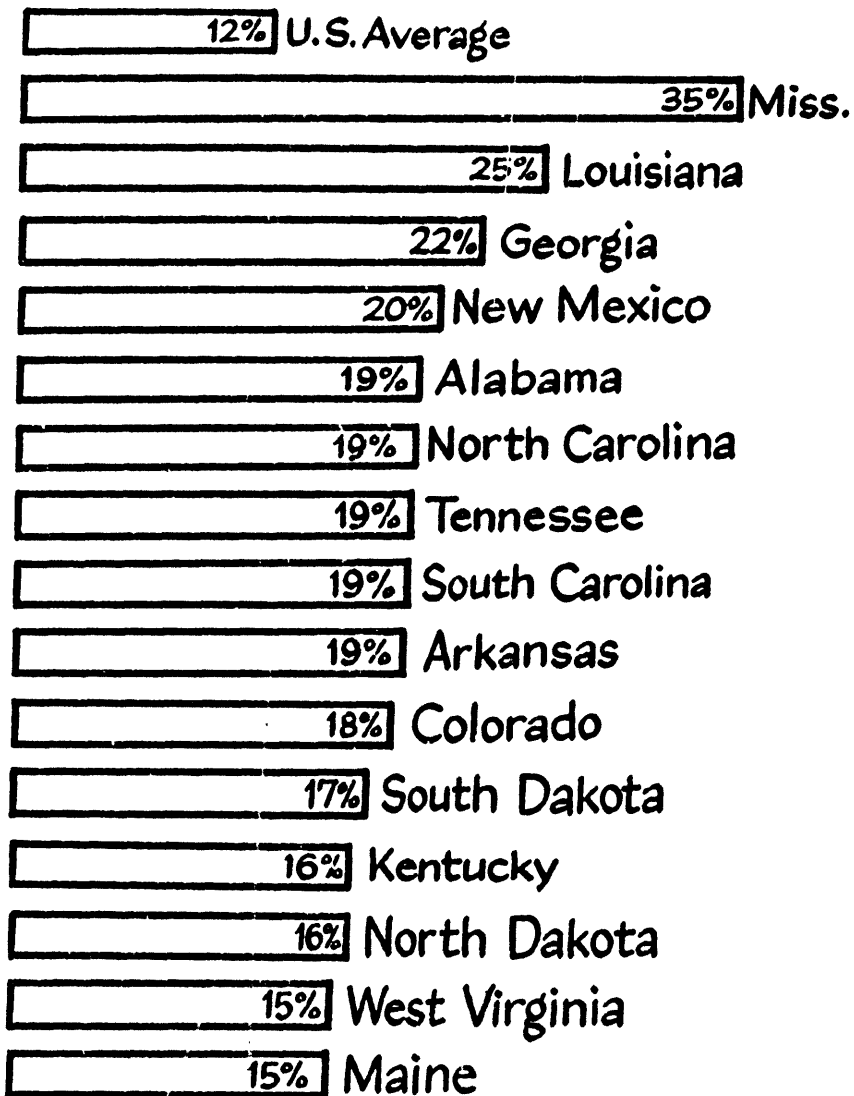


TABLE 1

PROPORTION OF POPULATION ON FEDERALLY AIDED WELFARE UNDER
PRESENT LAW AND ADMINISTRATION REVISED REVISION

	Civilian resident population	Federally aided welfare recipients, January 1970		Welfare recipients eligible under administration revised revision	
		Number	Percent of population	Number	Percent of population
Total, United States.....	203,796,700	10,436,197	5.1	23,806,300	11.7
Alabama.....	3,505,000	255,400	7.3	665,800	19.0
Alaska.....	252,000	10,274	4.1	25,109	10.0
Arizona.....	1,685,000	72,440	4.3	204,600	12.2
Arkansas.....	1,996,000	115,000	5.8	369,700	18.5
California.....	19,213,000	1,655,400	8.6	2,323,400	12.1
Colorado.....	2,065,000	114,110	5.5	368,000	17.8
Connecticut.....	3,009,000	97,140	3.2	187,900	6.2
Delaware.....	537,000	23,860	4.4	55,000	10.2
District of Columbia.....	783,000	47,490	6.1	65,900	8.4
Florida.....	6,332,000	295,900	4.7	683,600	10.8
Georgia.....	4,565,000	328,400	7.2	1,025,500	22.5
Hawaii.....	747,000	29,072	3.9	62,700	8.4
Idaho.....	717,000	22,100	3.1	54,400	7.6
Illinois.....	11,031,000	446,100	4.0	806,300	7.3
Indiana.....	5,136,000	98,100	1.9	298,100	5.8
Iowa.....	2,785,000	92,300	3.3	235,700	8.5
Kansas.....	2,288,000	73,940	3.2	158,600	6.9
Kentucky.....	3,192,000	211,200	6.6	523,500	16.4
Louisiana.....	3,724,000	346,500	9.3	934,200	25.1
Maine.....	967,000	48,920	5.1	145,400	15.0
Maryland.....	3,732,000	157,850	4.2	262,800	7.0
Massachusetts.....	5,475,000	282,500	5.2	438,500	8.0
Michigan.....	8,798,000	316,200	3.6	646,400	7.3
Minnesota.....	3,714,000	108,120	2.9	320,300	8.6
Mississippi.....	2,336,000	211,000	9.0	806,100	34.5
Missouri.....	4,637,000	255,200	5.5	443,600	9.6
Montana.....	688,000	18,880	2.7	52,200	7.6
Nebraska.....	1,587,000	43,550	3.0	167,700	11.7
Nevada.....	600,000	15,570	3.4	37,000	8.2
New Hampshire.....	712,000	14,260	2.0	39,800	5.5
New Jersey.....	7,128,000	318,720	4.5	508,800	7.1
New Mexico.....	976,000	69,260	7.1	194,400	19.9
New York.....	18,369,000	1,227,400	6.7	1,979,300	10.8
North Carolina.....	5,110,000	194,600	3.8	960,600	18.9
North Dakota.....	600,000	16,583	2.8	96,900	16.2
Ohio.....	10,786,000	355,400	3.3	799,800	7.4
Oklahoma.....	2,545,000	188,700	7.4	366,200	14.4
Oregon.....	2,044,000	93,800	4.6	143,500	7.0
Pennsylvania.....	11,797,000	511,800	4.3	1,234,800	10.5
Rhode Island.....	886,000	45,810	5.2	67,200	7.6
South Carolina.....	2,636,000	83,900	3.2	490,800	18.6
South Dakota.....	650,000	22,110	3.4	107,400	16.5
Tennessee.....	3,971,000	205,400	5.2	741,800	18.7
Texas.....	11,097,000	478,800	4.3	1,521,500	13.7
Utah.....	1,049,000	42,760	4.1	55,100	5.3
Vermont.....	444,000	18,000	4.1	46,800	10.5
Virginia.....	4,514,000	109,400	2.4	431,300	9.6
Washington.....	3,386,000	153,450	4.5	312,300	9.2
West Virginia.....	1,819,000	115,580	6.4	275,300	15.1
Wisconsin.....	4,242,000	101,180	2.4	238,400	5.6
Wyoming.....	317,000	7,447	2.3	20,000	6.3
Puerto Rico.....	2,763,000	264,930	9.6	800,000	29.0
Guam.....	87,700	2,072	2.4	3,400	3.9
Virgin Islands.....	59,000	2,319	3.9	2,900	4.9

TABLE 2

INCREASE IN WELFARE RECIPIENTS UNDER ADMINISTRATION
REVISED REVISION

	Federally aided welfare recipients, January 1970	Welfare recipients eligible under admin- istration revised revision	Percent increase
Total United States.....	10, 436, 197	23, 806, 300	128
Alabama.....	255, 400	665, 800	161
Alaska.....	10, 274	25, 100	146
Arizona.....	72, 440	204, 600	183
Arkansas.....	115, 000	369, 700	222
California.....	1, 655, 400	2, 323, 400	41
Colorado.....	114, 110	368, 000	221
Connecticut.....	97, 140	187, 000	93
Delaware.....	23, 860	55, 000	130
District of Columbia.....	47, 490	65, 900	39
Florida.....	295, 900	683, 600	131
Georgia.....	328, 400	1, 025, 500	212
Hawaii.....	29, 072	62, 700	116
Idaho.....	22, 100	54, 400	146
Illinois.....	446, 100	806, 300	81
Indiana.....	98, 100	298, 100	204
Iowa.....	92, 300	235, 700	155
Kansas.....	73, 940	158, 600	114
Kentucky.....	211, 200	523, 500	148
Louisiana.....	346, 500	934, 200	170
Maine.....	48, 920	145, 400	197
Maryland.....	157, 850	262, 800	67
Massachusetts.....	282, 500	438, 500	55
Michigan.....	316, 200	646, 400	104
Minnesota.....	108, 120	309, 300	196
Mississippi.....	211, 000	356, 300	282
Missouri.....	255, 200	412, 500	74
Montana.....	18, 880	54, 200	176
Nebraska.....	43, 550	167, 700	285
Nevada.....	15, 570	37, 000	138
New Hampshire.....	14, 260	39, 800	179
New Jersey.....	313, 720	508, 800	60
New Mexico.....	69, 260	194, 400	180
New York.....	1, 227, 400	1, 979, 300	61
North Carolina.....	104, 600	960, 600	394
North Dakota.....	16, 583	96, 900	485
Ohio.....	355, 400	799, 800	125
Oklahoma.....	188, 700	366, 200	94
Oregon.....	93, 800	143, 500	53
Pennsylvania.....	511, 800	1, 234, 800	141
Rhode Island.....	45, 810	67, 200	47
South Carolina.....	83, 900	490, 800	485
South Dakota.....	22, 110	107, 400	386
Tennessee.....	205, 400	741, 800	262
Texas.....	478, 800	1, 521, 500	218
Utah.....	42, 760	55, 100	29
Vermont.....	18, 000	46, 800	160
Virginia.....	109, 400	431, 300	294
Washington.....	153, 450	312, 300	104
West Virginia.....	115, 580	275, 300	138
Wisconsin.....	101, 180	238, 400	136
Wyoming.....	7, 447	20, 000	169
Puerto Rico.....	264, 930	800, 000	202
Guam.....	2, 072	3, 400	64
Virgin Islands.....	2, 319	2, 900	25

CHART 3--FAMILY ASSISTANCE PLAN

The Administration June revision would make two changes with regard to payments to families under the Family Assistance Plan. Under H.R. 16311, a family's payment would be reduced by \$300, in cases where a family member refused to register for employment or participate in work or training. Under the Administration revision, the family's payment would be reduced by \$500. In addition, it would require that the amount of income paid by a family as Federal personal income tax be disregarded in determining eligibility for, and the amount of, welfare assistance. The October revised revision would retain the \$500 penalty provision but would delete the provision for disregarding income tax payments. (Testimony developed during the hearings on the bill showed that a \$500 reduction in family assistance would actually result in a reduction of only \$241 in family income, since benefits under other kinds of welfare-type programs increase as family income decreases.)

Both Administration revisions would retain the basic provisions of H.R. 16311 in regard to a basic benefit level of \$500 a year for each of the first two members of a family, and \$300 for each additional member. As in H.R. 16311, a family of four with no other income would be eligible to receive \$1600 a year, all of which would be paid from Federal funds.

Both Administration revisions would retain the requirement of H.R. 16311 that all heads of households, with certain exceptions, register for work or training as a condition of receiving assistance.

As under H.R. 16311, both Administration revisions would require that a portion of earned income not be counted for purposes of establishing eligibility for, and the amount of, assistance payments.

Family Assistance Plan

H.R. 16311

- \$500 each for first 2 family members
- \$300 for each additional member
- 100% Federal funds
- Generally, head of family must register for work and training; family assistance reduced \$300 for failure to register or participate in work and training
- Portion of earned income not counted in determining benefits

Changes in Administration Revision

- Family assistance reduced \$500 (instead of \$300) when family member refuses to register or participate in work and training
- In addition to disregard of portion of earned income, amount of income equal to Federal income tax disregarded in determining benefits

Changes in Revised Revision

- Proposed income tax disregard deleted

CHART 4—STATE SUPPLEMENTARY PAYMENTS

Significant changes were made in both Administration revisions concerning requirements on the States for supplementation of the Federal payment. In H.R. 16311, each State would be required to supplement the FAP payment (for families headed by a mother or a disabled or unemployed father) up to the level of its January 1970 AFDC payment, or to the poverty level, whichever was lower. The intent was to provide welfare benefits which generally would not be lower than those which are paid under current law. Under the Administration June revision, a State would be required to make supplementary payments only up to a payment level, "determined by the Secretary after considering the payment which would have been made to a family group of such size with no income" under its State plan in effect in January 1970 (sec. 452(a)). The effect, in the 22 States which now pay less than full need, would be to reduce or cut off welfare payments to most families which have some income.

The October revised revision includes a "grandfather clause" which could, at the State's option, protect families receiving welfare as of the date of enactment from a welfare reduction or cutoff which would otherwise occur under the bill. This period of protection would be limited to 2 years.

Under H.R. 16311, the Federal Government would pay 30 percent matching for supplementary payments up to the poverty level.

Both Administration revisions would also provide 30% Federal matching; however, they would eliminate Federal matching for existing State programs of aid to needy families with unemployed fathers, now operative in 23 States. H.R. 16311 would have required the establishment of programs of aid to such families in all States, with Federal matching provided. The intent of eliminating the unemployed father program was to avoid a situation in which a family headed by a father working part time had a higher income than a family in which the father works full time. The two-year "grandfather clause" in the October revised revision would also apply to families headed by an unemployed father which would otherwise face a welfare reduction.

The Administration June revision also would eliminate the provision of present law (retained in H.R. 16311) which requires States to offer family planning services to all appropriate recipients of welfare. The October revised revision would reinstate this requirement.

State Supplementary Payments

H.R. 16311

- State must supplement FAP up to lower of
 - level of Jan. 1970 AFDC payment
 - poverty level
- 30% Federal matching
- Required for family with unemployed father; Federal matching provided
- Appropriate recipients must be offered family planning services

Administration Revision

- State must supplement FAP up to level set by Secretary after considering Jan. 1970 AFDC payment to family with no income; results in welfare cutoff or reduction to many recipients in 22 States
- 30% Federal matching
- Not required if father unemployed; if provided, no Federal matching
- Requirement concerning family planning deleted

Changes in October Revised Revision

- Recipients facing cutoff or reduction given 2-year "Grandfather clause" protection if State so chooses
- Requirement concerning family planning reinstated

**CHART 5—DIMINISHED INCENTIVE FOR LOW-INCOME WORK UNDER
ADMINISTRATION REVISIONS**

This chart shows the monetary incentives under a combination of welfare programs for a female-headed family of four persons to seek full-time employment with earnings of \$3000 annually, about the minimum wage. Under the Administration June and October revisions, after taking into account social security taxes and reductions in medical, food stamp, and cash assistance benefits, such a family in Phoenix, Arizona, would have as net value twenty-eight cents out of every dollar earned. This compares with a net value of sixty cents out of every dollar of earnings which the same family would have under H.R. 16311 and sixty-two cents under present law. In each of the other cities shown, the pattern is similar. Monetary incentives at the minimum wage level for female-headed families of four are lower under the revised Administration proposals than under H.R. 16311, which in turn is lower than under present law.

The decrease in incentives under the revised Administration proposals results partly from a change in how the mandatory State supplement is figured (in Delaware and Arizona) and partly from the proposed revision of the food stamp program, the proposed replacement of commodity distribution programs with the food stamp program, and the proposed replacement of the medicaid program with a medical insurance program. These proposed changes in other types of welfare programs are designed to eliminate strong work disincentives at higher earnings levels but they do so at the expense of reducing work incentives sharply at lower earnings levels.

Diminished Incentive for Low-Income Work Under Administration Revisions

For family of 4 headed by a woman,
the net value of each dollar if she
moves from unemployment with no
income to full-time work at the
minimum wage

	<u>Present Law</u>	<u>H.R. 16311</u>	<u>Administration Revisions</u>
Phoenix, Ariz.	62¢	60¢	28¢
Wilmington, Del.	71¢	67¢	23¢
Chicago, Ill.	54¢	38¢	27¢
New York, N.Y.	60¢	44¢	30¢

(Note: value of public housing excluded)

**CHART 6—WELFARE RECIPIENTS UNDER PRESENT LAW AND ADMINISTRATION
REVISED REVISION**

In 1965, 4.4 million persons in families with children received Federally shared welfare payments. Under present law, this number is expected to rise to 9.6 million by 1972—a more than two-fold increase in seven years. In order to slow down this explosive rate of growth, the Administration proposal, which would make an additional 11 million persons in families eligible for welfare immediately, is estimated to result in a substantially slower rate of growth in the succeeding years. Thus it is anticipated that the number of persons in families eligible for welfare will increase from 20.7 million in 1972 to 21.4 million in 1976, assuming that the Congress does not increase the payment level (\$1,600 for a family of 4) over the 5-year period. These estimates project a slower rate of growth than was shown in the Department's June figures; at that time 21.1 million persons in families were estimated to become eligible for welfare in 1972, rising to 24.4 million by 1976.

In 1965, 2.7 million aged, blind, and disabled individuals received welfare payments. This number is estimated to increase to 3.2 million by 1972. The Department of Health, Education, and Welfare estimates that the number will increase 100,000 if H.R. 16311 is enacted, and that this figure will rise to 3.9 million aged, blind, and disabled individuals on welfare by 1976. No significant change is estimated in these figures under either the June revision or the October revised revision.

If the payment levels under any of the welfare programs are increased, it would be expected that the number of persons eligible for welfare would grow more rapidly during the period.

Welfare Recipients Under Present Law and Administration Revised Revision

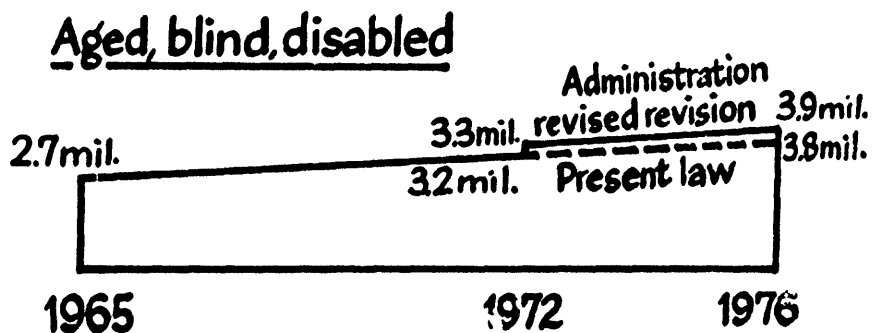
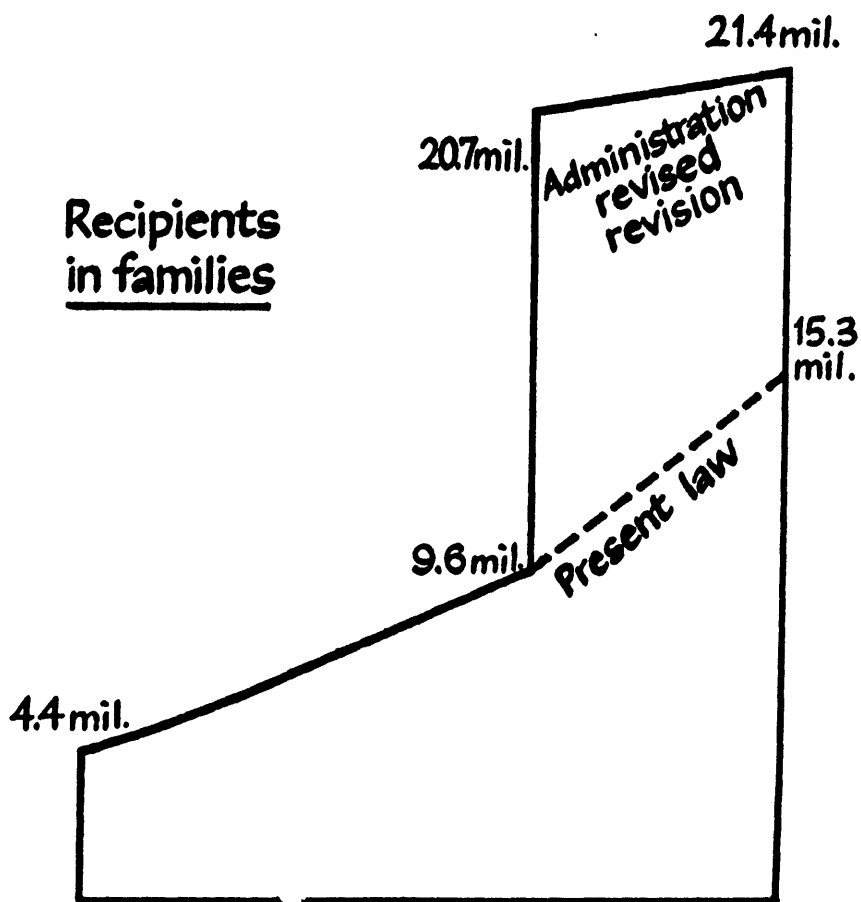


CHART 7—FEDERAL COST OF H.R. 16311 IN FISCAL YEAR 1971

Although neither H.R. 16311 nor the Administration revisions would become effective until fiscal year 1972, virtually all of the tables furnished the Committee by the Department of Health, Education, and Welfare are related to fiscal year 1971.

At the time H.R. 16311 was being considered in the House of Representatives, the Department of Health, Education, and Welfare assumed that its enactment would result in a total Federal welfare cost of \$13.7 billion, an increase of \$3.8 billion above the estimate of \$9.9 billion associated with present law.

In the June revision, the Administration projected a total Federal welfare cost of \$14.8 billion, \$1.1 billion more than was estimated when the bill was under consideration in the House. This \$1.1 billion increase consisted of (1) a \$0.5 billion increase in the estimated cost of cash payments to welfare recipients, based on more recent information on trends under present law; (2) a \$0.4 billion increase in the cost of the food stamp program as a result of a provision designed to make it easier for welfare recipients to participate in the food stamp program; and (3) a \$0.2 billion increase in expenditures for social services, primarily related to increased matching for foster care. The total net cost of the June revision was thus estimated to be \$4.4 billion more than present law.

The October revised revision is estimated by the Department to result in total Federal welfare costs of \$14.7 billion, a net increase of \$4.3 billion above present law. The net decrease of \$0.1 billion from the June revision is due to the elimination of the proposal to add a new social services title to the Social Security Act (-\$0.2 billion) and the addition of a new provision for pretesting the Family Assistance Program (expected to cost \$0.1 billion). This latter item is included in the chart as part of the cost of administration.

Though the cost of both Administration revisions is about the same, the fiscal year impact would be different. In the June revision, the full cost of the bill was attributed to fiscal year 1972, since the bill would become effective on the first day of that fiscal year. Because of the delayed effective dates in the October revised revision, most of the \$4.3 billion cost would be postponed until fiscal year 1973.

Federal Cost of H. R. 16311

<u>FISCAL YEAR 1971</u>	<u>H. R. 16311</u>	<u>June Revision</u>	<u>October Revised Revision</u>
Payments to families	\$4.6 bil.	\$5.0 bil.	\$5.0 bil.
Payments to aged, blind, disabled	2.7 bil.	2.8 bil.	2.8 bil.
Food stamps	1.2 bil.	1.6 bil.	1.6 bil.
Medicaid	3.2 bil.	3.2 bil.	3.2 bil.
Administration	0.6 bil.	0.6 bil.	0.7 bil.
Child care, training	0.8 bil.	0.8 bil.	0.8 bil.
Other social services	<u>0.6 bil.</u>	<u>0.8 bil.</u>	<u>0.6 bil.</u>
TOTAL	13.7 bil.	14.8 bil.	14.7 bil.

INCREASED COSTS ONLY:

Payments to families	\$2.1 bil.	\$2.2 bil.	\$2.2 bil.
Payments to aged, blind, disabled	0.7 bil.	0.6 bil.	0.6 bil.
Food stamps	---	0.4 bil.	0.4 bil.
Medicaid	0.1 bil.	0.1 bil.	0.1 bil.
Administration	0.3 bil.	0.3 bil.	0.4 bil.
Child care, training	0.6 bil.	0.6 bil.	0.6 bil.
Other social services	<u>---</u>	<u>0.2 bil.</u>	<u>---</u>
TOTAL INCREASED COST OF THE BILL	3.8 bil.	4.4 bil.	4.3 bil.

CHART 8—REVENUE SHARING UNDER ADMINISTRATION REVISION

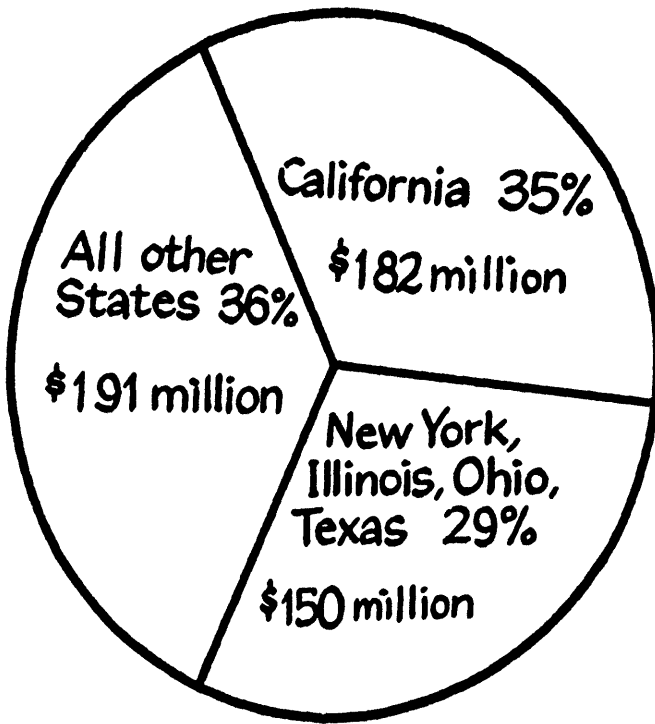
Although the Administration October revised revision would not become effective until fiscal year 1972, the Department of Health, Education, and Welfare has provided a table showing savings to States of \$523 million in fiscal year 1971.

The Department of Health, Education, and Welfare estimates that 85 percent of this total will represent the replacement of State funds by Federal funds in California.

An additional 20 percent of the total will represent the replacement of State funds by Federal funds in four States: New York, Illinois, Ohio, and Texas.

Revenue Sharing Under Administration Revision

Total: \$523 million in fiscal 1971



**Administration October Revision of H.R. 16311 and Accompanying
Material Prepared by the Department of Health, Education, and
Welfare**

**(This material has not been reviewed by the Committee on Finance or by
any member thereof)**

(B1)

STATEMENT BY THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE ON OCTOBER CHANGES IN FAMILY ASSIST- ANCE ACT AND REVISED ESTIMATES OF COSTS AND CASE- LOADS

The hearings conducted by the Senate Finance Committee in July and August demonstrated the agreement between the Committee and the Administration on the need for welfare reform. Past programs have clearly failed—and are continuing to fail. Both the poor and the taxpayers demand reform.

Since the Committee resumed its hearings on the Family Assistance Act in July, a number of suggestions have been made for further changes in the bill. We have sought to take account of that extended debate by incorporating the most useful of those suggestions in a revised bill which was submitted to the Committee on October 13. These revisions include proposals from members of the Finance Committee and from others interested in welfare reform.

I believe that these changes further strengthen a measure the need for which is becoming more and more apparent as time passes. Just within the last year we estimate that the rate of growth in the welfare rolls has again risen sharply. When the President proposed his Family Assistance Plan reform in August of 1969 there were 6.7 million persons on AFDC. We now estimate that figure has grown to 8.6 million. During the year ending July 30, three States have experienced an increase in their welfare rolls by more than 50 percent, and another 10 States have seen their rolls increase by more than a third.

The need for a consistent national welfare system of work incentives and work requirements—a system which treats the working poor equitably and rewards their effort—is overwhelming. The mounting caseloads under the current system make reform even more necessary. More people are now entering a system that further deepens attitudes which inhibit them from ever becoming self-supporting members of the Nation's work force.

In addition to the revisions made by the Administration, we have sought to assist the Committee's deliberations by providing technical assistance in drafting possible further amendments in which individual Senators have expressed interest. We hope that by presenting the revised bill and these other accompanying materials we are able to assist the Committee in completing its urgent work.

I. OCTOBER REVISIONS IN CORE BILL

While a great many of the October changes in the basic or "core bill" are editorial and technical, several have important substantive effects.

1. Pretests.

The Administration has accepted a suggestion initially made by Senator Ribicoff to revise the nationwide effective date of the working poor program to permit a series of preliminary administrative pretests or trials. Under this change, the elements of the bill insofar as they apply to the present AFDC category and to the aged, blind, and disabled would go into effect on January 1, 1972; implementation of the new program for the working poor would be delayed until July 1, 1972. During calendar year 1971 and the early part of 1972, the Administration would conduct these administrative pretests of the working poor program and would report the results to the Congress by March 1, 1972. This would give Congress the opportunity, between March and July of 1972, to review or possibly repeal the scheduled implementation of this part of the plan.

2. *Due Process.*

A number of changes have been made in the bill to ensure fair and expeditious administrative treatment of recipients. For example, these changes include: (1) a requirement that a determination of eligibility be made within 30 days after application; (2) safeguards— including the right to a hearing— before benefits can be paid to a third party in the form of protective or vendor payments (these safeguards exist in current law); (3) reversal of the Secretary's findings of fact permitted by the courts where those findings are not supported by substantial evidence; and (4) limitation of recovery for overpayments pursuant to an adverse hearing finding only where the overpayment resulted from fraud or willful misstatement on the part of the recipient.

3. *Measures to Strengthen the Work Requirement.*

A number of changes have been made to strengthen and clarify the work requirement in the bill. First, the penalty for refusal without good cause to accept suitable training or employment has been increased by requiring that, in addition to the reduction in Family Assistance benefits, any State supplemental benefits being paid to the family be reduced in a proportion relating to family size. In other words, if a mother with three school-age children in the family refused suitable employment, the family's State supplementation would be reduced by one fourth.

Second, drawing from a proposal made by Senator Talmadge, priorities have been written to the bill with regard to the development of employability plans and placement of recipients in manpower training and work. In general, these priorities are designed to ensure the maximum payoff for work programs by instructing the Secretary of Labor to devote his initial attention to the most employable of the Family Assistance recipients registered with the Employment Service.

Third, the definition of "suitable work" adopted by the House Ways and Means Committee in the bill it reported has been reincorporated into the legislation. This definition requires the Secretary of Labor to take into account such matters as the impact of a job on the recipient's health and safety in determining whether the employment would be suitable.

4. *National Standards for Child Care.*

Evaluation studies under existing law have shown that unnecessarily restrictive State and local codes regulating child care have been among the most important reasons for the failure of the Work Incentive Program (WIN) to achieve its maximum potential. Following a suggestion made by Senator Long in his bill, S. 4101, the Administration has proposed that child care under Family Assistance be governed by health, safety, and other national standards prescribed by the Secretary, thereby pre-empting unduly restrictive State and local requirements. This change should greatly enhance the development of child care opportunities for welfare recipients.

5. *"Grandfather" Clauses.*

Special provisions have been added in three places in the bill to maintain current benefit levels for certain classes of recipients who would otherwise have suffered losses. First, one of these so-called "grandfather" clauses has been added to permit the States to retain Federal matching for two years for continuing payments to families who were receiving assistance under the Unemployed Fathers program (AFDC-UF) on the effective date of the bill. Federal matching for the UF program is otherwise repealed. Second, recipients of State supplementation who would have otherwise suffered a reduction in benefits, because of the standardization in section 452 of State practice regarding maximum and ratable reduction formulas, are likewise protected from loss for a period of two years. Finally, the new Federal definition of severe disability in Title XVI is more restrictive than disability criteria now employed in a few States under the program of Aid to the Permanently and Totally Disabled (APTD). Accordingly, Federal matching is retained for those current cases who would have otherwise lost eligibility for Federally matched benefits.

6. Clarification of Administrative Provisions.

The revised bill contains a provision to clarify the administrative responsibilities for the new working poor program. It makes this assignment clear by specifying that the Secretary shall administer the program directly.

7. Social Services.

In order to expedite the Committee's consideration of the public assistance reform, and because there has been insufficient time to permit full discussion of the proposed Title XX, the Administration has decided to withdraw its suggested social services amendments in favor of reintroduction next year. Language has been added to the core bill to preserve the present program of social services and to conform it with the structure of Family Assistance.

8. Estimated Costs of October 1970 Revisions.

Most of the October 1970 proposals for amendment to the Family Assistance Act either have no cost impact or would be expected to have only a negligible impact on costs. The costs associated with the revisions in the bill are shown below. Costs are shown with respect to: (1) the House-passed bill; and (2) the bill as amended June 10.

October 1970 amendments	Net Federal cost in 1st full year (millions)	
	Compared with House passed bill	Compared with bill as amended in June
1. FAP pretests	\$35	\$35
2. "Grandfather" clauses (UF, sec. 452, APTD cases)	8	68
3. Eliminate disregard of Federal income taxes		-60
Total	43	43

Addition of this \$43 million brings the estimated net full year cost of the Family Assistance Act to \$4.2 billion in FY 1971.

In addition to the revised core bill, the Administration has also submitted to the Committee a series of other possible amendments to Family Assistance. These changes were prepared with the technical assistance of the Department of Health, Education, and Welfare at the request of various Senators on the Finance Committee. They are not Administration proposals and their development does not necessarily imply endorsement either by the Administration or by the interested Senators. These include:

A. Amendments which the Administration would accept subject to the Committee's desires—

1. Pilot project to test a wage subsidy program;
 2. Pilot project to test an employment incentive corporation approach;
 3. Earmarking Labor Department funds for a new public service employment program for Family Assistance recipients;
 4. Modification of Family Assistance by "cashing out" food stamps;
- and

5. Re-instatement of the Unemployed Fathers program.

B. Amendments on which the Administration takes no position—

1. Special repeal authorities for the working poor programs; and
2. Geographic cost-of-living adjustments in payments.

Of these proposals, the Administration would particularly support raising the basic benefit level to \$2200 for a family of four in order to "cash out" the food stamp program.

II. REVISED ESTIMATES OF FAMILY ASSISTANCE COSTS AND CASELOADS BASED ON PROJECTED PARTICIPATION RATES AND EMPLOYMENT EFFECTS

In developing the cost estimates for the Family Assistance Plan, the Administration made a conscientious effort to avoid problems that have occurred in the past whereby the costs of major new social programs have been seriously underestimated. From the outset, we have sought to present estimates which clearly indicate the government's full *potential* liability.

In particular, the figures presented assumed (1) participation in Family Assistance by all *persons eligible, regardless* of the newness of the program or the fact that higher income families will be eligible for relatively small benefits, and (2) no effect on caseloads as a result of the strengthened work requirements, employment and child care programs. Those assumptions clearly overstate likely numbers of program participants. I want to take this opportunity to clarify these cost and caseload figures using what may be more realistic assumptions.

1. Participation Rates.

We know that not all families presently eligible to receive welfare are doing so. We do not know the extent of nonparticipation, but estimates have ranged from 30 to 50 percent. Nor do we know precisely why eligible families have not applied or are not receiving benefits. Making estimates of actual likely participation under Family Assistance is therefore difficult. It seems likely, however, that participation will vary according to the amount of benefits families are eligible to receive. A breakdown of Family Assistance eligibles by amount of benefits is shown below:

Amount of annual family benefit	Number of persons (in thousands)	Amount of annual family benefit	Number of persons (in thousands)
0 to \$100	965.9	\$701 to \$800	707.1
\$101 to \$200	1,177.6	\$801 to \$901	721.5
\$201 to \$300	689.9	\$901 to \$1,000	1,077.0
\$301 to \$400	875.6	\$1,001 to \$1,499	3,310.1
\$401 to \$500	981.0	\$1,501 to \$1,999	3,228.4
\$501 to \$600	676.2	\$2,001 plus	3,350.3
\$601 to \$700	697.6		
Total			¹ 18,458.2

¹ Does not include persons in families eligible only for State supplemental benefits.

It seems likely that actual participation in the program will vary according to the amount of benefits that families are eligible to receive. That has been the case, for example, under the food stamp program. One such plausible relationship would be as follows:

Annual benefit	Participation rate (percent)	Annual benefit	Participation rate (percent)
\$0 to \$200	10	\$601 to \$800	70
\$201 to \$400	30	\$801 to \$1,000	90
\$401 to \$600	50	\$1,000 plus	95

If those families who are not receiving assistance continued to participate as at present, and families made newly eligible participated according to the amount of their benefits as shown above, there would be 16.0 million recipients in 1971 excluding the aged, blind and disabled—4.6 million less than previously estimated. Predicted fiscal year 1971 costs would decline by about \$300 million.

It is likely that this is still a conservative estimate. In New York, which is the only State which has operated a substantial State-financed program for the working poor over a significant period of time; participation is still only about 25 percent of the total eligible population.

These revised estimates were developed in part because of the misunderstanding caused by estimates based on 100 percent participation. For example, Committee staff publications have typically compared current AFDC *participants* and FAP *eligibles*, rather than placing the two programs on a comparable basis of either eligibles or participants.

2. Impact of Training and Day Care.

The estimated cost of the Family Assistance proposals includes over \$600 million in the first full year for training and day care. Without any further increase in annual funding, this should permit over a million man years of training—over and above the current WIN program—during the next five years. Obviously not all recipients of training will benefit from it. But, just as obviously, some will. Many of these will have earnings gains which will make them ineligible for Family Assistance. For estimating purposes, if a conservative assumption were made that 20 percent of the estimated 375,000 man years of upgrading and 30 percent of the estimated 850,000 man years of regular training were “successful” in this sense of removing from the caseload families that would otherwise be there, there would be 1.3 million fewer recipients in 1976 than if we assumed no “success” at all. (This assumes that the “upgrading” slots are used entirely for males who are in, on average, five person families and that the other slots are used for females who are in, on average, four person families.)

We believe this is still a conservative estimate of potential reduction in caseload due to employment efforts. It attributes no added impact, for example, to the employment effects of the work registration system, expanded vocational rehabilitation under the bill, or expanded Department of Labor efforts under such programs as the new job bank system.

3. Total Revised Estimates of Caseloads and Costs.

The effect of making these more realistic assumptions reduces estimated caseloads in the first year to 16.0 million, down 4.6 million individuals from previous figures. The estimated number of recipients in 1976 becomes 16.1 million instead of 21.4 million, down 5.3 million.

NUMBER OF RECIPIENTS

[In millions]

	1971	1976
Under AFDC	8.5	15.3
Under H.R. 16311—as previously published	20.6	21.4
With reduced participation	16.0	17.4
With reduced participation plus some impact from training programs	16.0	16.1

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The estimated impact on costs produced by these reductions in caseload figures results in a reduction of \$300 million in 1971 and \$400 million in 1976. This is set out below.

Costs

[In billions]

	Fiscal year 1971	Fiscal year 1976
Federal costs of AFDC.....	\$2. 8	\$5. 4
Federal costs for payments to families under Family Assistance Act:		
Previous estimates.....	5. 0	5. 1
New estimates.....	4. 7	4. 7

When these cost reductions are applied to calculations of net additional Federal costs in 1971 for Family Assistance, that figure becomes \$3.9 rather than \$4.2 billion.

The Administration hopes these revisions will be helpful to the Senate Finance Committee and to the Congress as a whole as it pursues this highest priority domestic reform. The Administration stands continually ready to assist Senate members in any way to assure passage of the Family Assistance Plan.

Tables showing costs and caseloads under the Family Assistance Plan

TABLE 1.—Estimated net cost of the family assistance plan, 1971 (billions)

	Participation rate	
	100 percent	Reduced
Payments to families.....	\$1. 4	\$1. 0
Payments to States under pt. E ¹.....	. 8	. 8
Adult category changes.....	. 6	. 6
Day care and training.....	. 6	. 6
Administration (including pretests in previous year).....	. 4	. 4
Subtotal.....	3. 8	3. 4
Increased cost of food stamps due to automatic checkoff ².....	. 4	. 4
Total.....	4. 2	3. 8

¹ Includes \$700,000,000 as the cost of the 30-percent matching of State supplemental payments and \$100,000,000 as the cost of the "hold harmless."

² Estimate of the cost of increased utilization due to simpler application procedures.

TABLE 2.—Derivation of estimated net cost of payments to families under the family assistance plan, 1971 (billions)

	Participation rate	
	100 percent	Reduced
Estimated gross payments ¹	\$4. 0	\$3. 6
Adjustment for changes in the unemployment rate ².....	. 1	. 1
Adjustment for the costs of FAP in Puerto Rico ³.....	. 1	. 1
Total gross payments.....	4. 2	3. 8
Less Federal share of AFDC ⁴	2. 8	2. 8
Net cost.....	1. 4	1. 0

¹ Gross payments are total Federal payments to low-income families with children under pt. D. Estimates are based on the 1969 CPS of 1968 income projected forward to 1971.

² The actual unemployment rate during the survey year was 3.8 percent. Current unemployment is 5 percent. Based on procedures developed by the Bureau of Labor Statistics, gross payments would increase by \$140,000,000 with this change in the unemployment rate.

³ Puerto Rico is not included in the CPS. Estimates are based on data provided by the Commonwealth of Puerto Rico.

⁴ Latest estimate of the Federal share of fiscal year 1971 AFDC costs.

TABLE 3.—Estimated Federal costs of maintenance payments under Family Assistance Act, 1971 (billions)

FAMILY CATEGORY	Participation rate	
	100 percent	Reduced
Net additional Federal payments to low-income families:		
(a) Direct payments.....	\$1. 4	\$1. 0
(b) 30 percent match of State supplementals plus "hold harmless".....	. 8	. 8
Subtotal.....	2. 2	1. 8
Projected Federal share of AFDC under current law.....	2. 8	2. 8
Total Federal costs of payments to families.....	5. 0	4. 6
ADULT CATEGORY		
Net additional Federal payments to adult categories.....	. 6	. 6
Projected Federal share of adult categories under current law.....	2. 2	2. 2
Total Federal costs of payments to adult categories.....	2. 8	2. 8
Total Federal costs of payments to low income households.....	7. 8	7. 4

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TABLE 4-A.—Comparison of projected Federal costs of maintenance payments under the family assistance plan and current law, 1971-76 (assumes reduced FAP participation)¹

[In billions of dollars]

	1971	1972	1973	1974	1975	1976
Under family assistance plan:						
Payments to families	3.9	3.8	3.7	3.6	3.5	3.4
Payments to States under part E .....	.8	.9	1.0	1.1	1.2	1.3
Federal share of adult categories	2.8	3.0	3.2	3.3	3.5	3.7
Total	7.5	7.7	7.9	8.0	8.2	8.4
Under current law:						
Federal share of AFDC	2.8	3.2	3.7	4.2	4.8	5.4
Federal share of adult categories	2.2	2.4	2.6	2.7	2.8	3.0
Total	5.0	5.6	6.3	6.9	7.6	8.4

¹ Assumes projected FAP participation rates at less than 100 percent and some impact of training programs (see statement of Secretary of Health, Education, and Welfare on October Changes in the Family Assistance Act and revised estimates of costs and caseloads, attached).

TABLE 4-B.—Comparison of projected recipients under the family assistance plan and current law, 1971-76 (assumes reduced FAP participation)¹

[In millions of persons]

	1971	1972	1973	1974	1975	1976
Under family assistance plan:						
Persons in families receiving FAP only	8.3	8.0	7.7	6.8	5.9	5.0
Persons in families receiving FAP and State supplemental	7.7	8.1	8.4	9.3	10.2	11.1
Adult category recipients	3.2	3.3	3.5	3.6	3.8	3.9
Total	19.2	19.4	19.6	19.7	19.9	20.0
Under current law:						
AFDC recipients	8.5	9.6	10.8	12.1	13.6	15.3
Adult category recipients	3.1	3.2	3.4	3.5	3.7	3.8
Total	11.6	12.8	14.2	15.6	17.3	19.1

¹ Assumes projected FAP participation rates at less than 100 percent and some impact of training programs (see statement of Secretary of Health, Education, and Welfare on October Changes in Family Assistance Act and revised estimates of costs and caseloads, attached).

TABLE 4-C. Comparison of projected Federal costs of maintenance payments under the family assistance plan and current law, 1971-76 (assumes 100 percent FAP participation)¹

[In billions of dollars]

	1971	1972	1973	1974	1975	1976
Under family assistance plan:						
Payments to families	4.2	4.1	4.0	4.0	3.9	3.8
Payments to States under pt. E .....	.8	.9	1.0	1.1	1.2	1.3
Federal share of adult categories	2.8	3.0	3.2	3.3	3.5	3.7
Total	7.8	8.0	8.2	8.4	8.6	8.8
Under current law:						
Federal share of AFDC	2.8	3.2	3.7	4.2	4.8	5.4
Federal share of adult categories	2.2	2.4	2.6	2.7	2.8	3.0
Total	5.0	5.6	6.3	6.9	7.6	8.4

¹ Comparison not directly appropriate since FAP projections include all eligibles (100 percent participation) while AFDC projections show only actual recipients (reduced participation).

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TABLE 4-D. Comparison of projected eligibles under the family assistance plan and projected recipients under current law, 1971-76 (assumes 100 percent FAP participation)¹

(In millions of persons)

	1971	1972	1973	1974	1975	1976
Under family assistance plan:						
Persons in families eligible for FAP only.....	12.1	11.7	11.3	10.2	9.1	8.0
Persons in families eligible for FAP and State supplemental.....	8.5	9.0	9.5	10.7	12.0	13.4
Adult category recipients.....	3.2	3.3	3.5	3.6	3.8	3.9
Total.....	23.8	24.0	24.3	24.5	24.9	25.3
Under current law:						
AFDC recipients.....	8.5	9.6	10.8	12.1	13.6	15.3
Adult category recipients.....	3.1	3.2	3.4	3.5	3.7	3.8
Total.....	11.6	12.8	14.2	15.6	17.3	19.1

¹ Comparison not directly appropriate since FAP projections include all eligibles (100 percent participation) while AFDC projections show only actual recipients (reduced participation).

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TABLE 4-E. Comparison of projected eligibles under the October 1970 administration revision of H.R. 16311 and projected recipients under current law, 1972-76 (assumes 100 percent FAP participation)¹

[In millions of persons]					
	1972	1973	1974	1975	1976
TOTAL RECIPIENTS					
Under administration revision:					
Persons eligible for FAP only.....	11.7	11.3	10.2	9.1	8.0
Persons eligible for State supplement only.....	1.9	2.6	3.4	4.2	5.1
Persons eligible for both FAP and supplementation.....	7.1	6.9	7.3	7.8	8.3
Adult category recipients.....	3.3	3.5	3.6	3.8	3.9
Total, administration revision.....	24.0	24.3	24.5	24.9	25.3
Under current law:					
AFDC recipients.....	9.6	10.8	12.1	13.6	15.3
Adult category recipients.....	3.2	3.4	3.5	3.7	3.8
Total, current law.....	12.8	14.2	15.6	17.3	19.1
RECIPIENTS IN MALE-HEADED FAMILIES					
Under administration revision:					
Persons eligible for FAP only.....	9.0	8.5	7.7	6.9	6.1
Persons eligible for State supplement only.....					
Persons eligible for both FAP and supplementation.....	1.4	1.3	1.5	1.7	1.9
Adult category recipients.....	1.2	1.3	1.3	1.4	1.4
Total, administration revision.....	11.6	11.1	10.5	10.0	9.4
Under current law:					
AFDC recipients.....	2.0	2.3	2.6	2.9	3.3
Adult category recipients.....	1.1	1.2	1.2	1.3	1.7
Total, current law.....	3.1	3.5	3.8	4.2	4.0
RECIPIENTS IN FEMALE-HEADED FAMILIES					
Under administration revision:					
Persons eligible for FAP only.....	2.7	2.8	2.5	2.2	1.9
Persons eligible for State supplement only.....	1.9	2.6	3.4	4.2	5.1
Persons eligible for both FAP and supplementation.....	5.7	5.6	5.8	6.1	6.4
Adult category recipients.....	2.1	2.2	2.3	2.4	2.5
Total, administration revision.....	12.4	13.2	14.0	14.9	15.9
Under current law:					
AFDC recipients.....	7.6	8.5	9.5	10.7	12.0
Adult category recipients.....	2.1	2.2	2.3	2.4	2.5
Total, current law.....	9.7	10.7	11.8	13.1	14.5

¹ Comparison not directly appropriate since FAP projections include all eligible (100 percent participation) while AFDC projections show only actual recipients (reduced participation).

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TABLE 5.—Estimated number of families eligible for family assistance benefits in 1971 and 1976 by selected characteristics

Characteristic	1971		1976	
	Number of families (thousands)	Percent of total	Number of families (thousands)	Percent of total
Grand total.....	3, 678	100. 0	3, 124	100. 0
Sex of family head:				
Male.....	1, 846	50. 2	1, 318	42. 2
Female.....	1, 831	49. 8	1, 806	57. 8
Race of family head:				
White.....	2, 258	61. 4	1, 833	58. 7
Nonwhite.....	1, 420	38. 6	1, 291	41. 3
Age of family head:				
65 and over.....	132	3. 6	134	4. 3
Under 65.....	3, 546	96. 4	2, 990	95. 7
Region of residence:				
Northeast.....	770	21. 1	685	21. 9
North Central.....	747	20. 3	623	19. 9
South.....	1, 570	42. 7	1, 296	41. 6
West.....	585	15. 9	520	16. 6
Work experience of family head:				
Worked full time all year.....	1, 167	31. 7	783	25. 1
Some work experience during year.....	1, 297	35. 3	1, 078	34. 5
No work during year.....	1, 182	32. 1	1, 248	39. 9
Military.....	32	. 9	10	. 3
Number of earners in family:				
No earners.....	883	24. 0	966	30. 9
1 earner.....	1, 589	43. 2	1, 247	39. 9
2 earners.....	768	20. 9	565	18. 1
3 or more earners.....	437	11. 9	346	11. 1

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on income for the preceding year (1968). The survey data have been adjusted to account for changes in income and population expected to occur from the survey year to 1971 and from 1971 to 1976.

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TABLE 6.—Fiscal relief for the States in 1971 under H.R. 16311 (as amended, October 1970)¹

[In millions of dollars]

	Adult programs	Family program	Subtotal	"Hold harmless" payment to States	Total
Total.....	\$166.0	\$356.7	\$522.7	\$76.4	\$599.1
Alabama.....	5.2	4.3	9.5		9.5
Alaska.....	.4	1.1	1.5		1.5
Arizona.....	-4.4	9.1	8.7		8.7
Arkansas.....	-4.5	2.4	-2.1	2.1	
California.....	68.6	113.6	182.2		182.2
Colorado.....	3.9	10.7	14.6		14.6
Connecticut.....	2.1	1.0	3.1		3.1
Delaware.....	.6	1.9	2.5		2.5
District of Columbia.....	.6	4.6	5.2		
Florida.....	1.6	15.8	17.4		17.4
Georgia.....	-16.1	23.1	7.0		7.0
Hawaii.....	.5	1.3	1.8		1.8
Idaho.....	.5	-7	-2	.2	
Illinois.....	10.8	40.9	51.7		51.7
Indiana.....	-5	5.7	5.2		5.2
Iowa.....	1.4	1.3	2.7		2.7
Kansas.....	3.4	2.8	6.2		6.2
Kentucky.....	-5.4	4.4	-1.0	1.0	
Louisiana.....	6.8	17.9	24.7		24.7
Maine.....	1.1	-2	.9		.9
Maryland.....	-1.1	12.9	11.8		11.8
Massachusetts.....	12.3	5.3	17.6		17.6
Michigan.....	14.1	6.6	20.7		20.7
Minnesota.....	5.9	-3.5	2.4		2.4
Mississippi.....	-12.1	2.6	-9.5	9.5	
Missouri.....	12.9	9.0	21.9		21.9
Montana.....	.8	.8	1.6		1.6
Nebraska.....	(²)	1.4	1.4		1.4
Nevada.....	(²)	.8	.8		.8
New Hampshire.....	.2	-2			
New Jersey.....	3.4	-26.0	-22.6	36.7	14.1
New Mexico.....	-1.9	.3	-1.6	1.6	
New York.....	29.0	8.9	37.9		37.9
North Carolina.....	-5.5	4.2	-1.3	1.3	
North Dakota.....	.2	-1.0	-.8	.8	
Ohio.....	3.3	27.5	30.8		30.8
Oklahoma.....	8.8	4.8	13.6		13.6
Oregon.....	2.6	4.3	6.9		6.9
Pennsylvania.....	11.7	-16.0	-4.3	8.1	3.8
Rhode Island.....	.9	4.0	4.9		4.9
South Carolina.....	-9.1	2.6	-6.5	6.5	
South Dakota.....	.3	-1.7	-1.4	1.4	
Tennessee.....	-11.4	10.1	-1.3	1.3	
Texas.....	17.2	10.1	30.1		30.1
Utah.....	-3	88	.5	.2	.7
Vermont.....	.9	-1.8	-.9	1.0	.1
Virginia.....	-1.5	-3.2	-4.7	4.7	
Washington.....	9.1	-2.4	6.7		6.7
West Virginia.....	-3.1	7.3	4.2		4.2
Wisconsin.....	3.3	10.1	13.4		13.4
Wyoming.....	.2	.3	.5		.5
Guam.....	.1	-.1	(²)		(²)
Puerto Rico.....	-5.7	13.5	7.8		7.8
Virgin Islands.....	-.1	.6	.5		.5

¹ Estimates assumed that all States adopt the optional "grandfather" causes relating to AFDC-UF and APTD cases and the State supplemental payment level.² Less than \$50,000.

TABLE 7.—Summary of characteristics of families eligible for family assistance benefits in 1971

Characteristic	Families covered		Gross payments ¹		Number of persons (thousands)	Percent of total	Average payment per family	Average family size
	Number of families (thousands)	Percent of total	Amount (millions)	Percent of total				
Grand total.....	3, 678	100. 0	\$4, 003	100. 0	18, 458	100. 0	\$1, 088	5. 0
Sex of family head:								
Male.....	1, 846	50. 2	1, 724	43. 1	10, 538	57. 1	934	5. 7
Female.....	1, 831	49. 8	2, 279	56. 9	7, 920	42. 9	1, 244	4. 3
Race of head:								
White.....	2, 258	61. 4	2, 226	55. 6	10, 814	58. 6	986	4. 8
Nonwhite.....	1, 420	38. 6	1, 777	44. 4	7, 644	41. 4	1, 251	5. 4
Age of family head:								
65 and over.....	132	3. 6	130	3. 2	661	3. 6	985	5. 0
Under 65.....	3, 546	96. 4	3, 873	96. 8	17, 797	96. 4	1, 092	5. 0
Region of residence:								
Northeast.....	776	21. 1	895	22. 4	3, 519	19. 1	1, 153	4. 5
North central.....	747	20. 3	802	10. 0	3, 699	20. 0	1, 074	5. 0
South.....	1, 570	42. 7	1, 653	41. 3	8, 439	45. 7	1, 052	5. 4
West.....	585	15. 9	651	16. 3	2, 801	15. 2	1, 113	4. 8
Work experience of family head:								
Worked full time all year.....	1, 167	31. 7	994	24. 8	6, 677	36. 2	851	5. 7
Some work experience during year.....	1, 297	35. 3	1, 330	33. 2	6, 277	34. 0	1, 025	4. 8
No work during year.....	1, 182	32. 1	1, 667	41. 6	5, 349	29. 0	1, 410	4. 5
Military.....	32	. 9	12	. 3	155	. 8	375	4. 8
Number of earners in family:								
No earners.....	883	24. 0	1, 297	32. 4	3, 730	20. 2	1, 469	4. 2
1 earner.....	1, 589	43. 2	1, 499	37. 4	7, 453	40. 4	943	4. 7
2 earners.....	768	20. 9	660	16. 5	4, 039	21. 9	859	5. 3
3 or more earners.....	437	11. 9	547	13. 7	3, 236	17. 5	1, 251	7. 4

¹ Gross payments are total Federal payments to low-income families with children under pt. D. Does not include Puerto Rico, Virgin Islands, or Guam.

Source: Based on the March 1969 Current Population Survey which collected information on family status at the time of the interview and on income for the preceding year (1968). The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

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TABLE 8.—Estimated number of families eligible for family assistance benefits in 1971, by age of head and sex of head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
Under 65.....	3,546	96.4	1,764	95.6	1,782	97.3
65 and over.....	132	3.6	82	4.4	50	2.7
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 9.—Estimated number of families eligible for family assistance benefits in 1971, by race of head and sex of head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
White.....	2,258	61.4	1,322	71.6	936	51.1
Nonwhite.....	1,420	38.6	524	28.4	896	48.9
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 10.—Estimated number of families eligible for family assistance benefits in 1971 by region¹ of residence and sex of head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
Northeast.....	776	21.2	271	14.7	504	27.5
North central.....	747	20.3	377	20.4	370	20.2
South.....	1,576	42.7	914	49.5	656	35.8
West.....	585	15.9	284	15.4	301	16.4
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

¹ The 4 major regions of the United States represent groups of States, as follows: Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. North central: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin. South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Mississippi, Maryland, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia. West: Arizona, Colorado, California, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, Alaska and Hawaii.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

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TABLE 11.—Estimated number of families eligible for family assistance benefits in 1971, by work experience and sex of head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
Worked full or part year ¹	2,496	67.9	1,642	88.9	886	48.4
Worked full year (50 to 52 weeks).....	1,313	35.7	989	53.6	324	17.7
Full time.....	1,167	31.7	921	50.0	246	13.4
Part time.....	146	4.0	68	3.7	78	4.3
Worked part year (less than 50 weeks).....	1,151	31.3	589	31.9	562	30.7
Full time.....	846	23.0	498	27.0	348	19.0
27 to 49 weeks.....	455	12.4	311	16.8	144	7.9
1 to 26 weeks.....	391	10.6	187	10.1	204	11.1
Part time.....	305	8.3	91	4.9	214	11.7
27 to 49 weeks.....	101	2.7	33	1.8	67	3.7
1 to 26 weeks.....	204	5.5	58	3.1	147	8.0
Didn't work at all.....	1,182	32.1	236	12.9	945	51.6
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

¹ Includes family heads who were in the military service at the time of the interview.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 12.—Estimated number of families eligible for family assistance benefits in 1971 by residence in SMSA and sex of family head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
In SMSA ¹	2,006	54.5	737	39.9	1,269	69.3
Central city ²	1,294	35.2	396	21.5	898	49.0
Not central city.....	712	19.4	341	18.5	371	20.3
Not in SMSA.....	1,672	45.5	1,109	60.1	563	30.7
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

¹ Generally an SMSA is a county or group of contiguous counties which contains at least 1 city of 50,000 inhabitants or more, or "twin cities," with a combined population of at least 50,000.

² Generally, central cities are determined according to the following criteria: (1) The largest city in an SMSA is always a central city. (2) 1 or 2 additional cities may be secondary central cities on the basis and in the order of the following criteria: (a) The additional city or cities have at least 250,000 inhabitants. (b) The additional city or cities have a population of 1/3 or more of that of the largest city and a minimum population of 25,000.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 13.—Estimated number of families eligible for family assistance benefits in 1971 by number of earners¹ in family and sex of family head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
No earners.....	883	24.0	136	7.4	747	40.8
1 earner.....	1,590	43.2	870	47.1	720	39.3
2 earners.....	768	20.9	525	28.4	243	13.3
3 or more earners.....	437	11.9	316	17.1	121	6.6
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

¹ An "earner" is a family member with \$1 or more in wages and salaries or \$1 or more or a loss in net income from farm and nonfarm employment.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 14.—Estimated number of families eligible for family assistance benefits in 1971, by number of children¹ in the family and sex of family head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
1 child.....	799	21.7	379	20.5	420	22.9
2 children.....	746	20.3	364	19.7	382	20.7
3 children.....	689	18.7	311	16.8	378	20.6
4 children.....	528	14.4	255	13.8	273	14.9
5 children.....	341	9.3	192	10.4	149	8.1
6 children or more.....	574	15.6	345	18.7	229	12.5
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

¹ Defined as children under 18 years of age; 21 if attending school.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 15.—Estimated number of families eligible for family assistance benefits in 1971 by education of family head

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
No education.....	82	2.2	53	2.9	30	16.4
1 to 8 years.....	1,574	42.8	911	49.3	664	36.3
9 to 12 years.....	1,770	48.1	725	39.3	1,045	57.1
13 or more years.....	251	6.8	158	8.6	93	5.1
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

Note: Detail may not add due to rounding.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

TABLE 16.—Estimated number of families eligible for family assistance benefits in 1971 by size of family

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
Number of family members:						
2 to 3.....	1,093	29.7	356	19.3	737	40.3
4 to 6.....	1,738	47.3	808	48.6	840	45.9
7 plus.....	844	22.9	591	32.0	253	13.8
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

Note: Detail may not add due to rounding.

Source: Based on the March 1969 current population survey which collected information on family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

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TABLE 17.—Estimated number of families eligible for family assistance benefits in 1971 by occupations of family heads

[Numbers in thousands]

	Total families		Male heads		Female heads	
	Number	Percent	Number	Percent	Number	Percent
Professional, technical kindred.....	57	2.6	40	2.6	16	2.4
Farmers.....	262	11.9	258	17.0	3	.4
Managers, officers, and proprietors, excluding farm.....	148	6.7	137	9.0	10	1.5
Clerical.....	130	5.9	28	1.8	101	14.9
Sales.....	72	3.3	42	2.8	29	4.3
Crafts.....	254	11.5	248	16.3	5	.7
Operatives.....	451	20.5	314	20.7	137	20.3
Private household.....	113	5.1	0	0	112	16.6
Service.....	343	15.6	95	6.3	248	36.7
Farm laborers.....	141	6.4	134	8.8	6	.9
Laborer, excluding farm.....	232	10.5	223	14.7	9	1.3
Subtotal.....	2,203	100.0	1,519	100.0	676	100.0
Occupation NA.....	1,468		320		1,148	
Total.....	3,678	100.0	1,846	100.0	1,831	100.0

Note: Detail may not add due to rounding.

Source: Based on the March 1969 current population survey which collected information of family status at the time of the interview and on family income in 1968. The survey data have been adjusted to account for changes in income and population between the time of the survey and 1971.

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TABLE 18.---1971 estimated caseloads under suggested revision of H.R. 16311, October 1970, by program and State (assumes 100 percent participation in FAP)

(In thousands)

	Adult programs	Families receiving State supplements ¹	Families receiving FAP only ²	Total
Total	3,226.9	2,195.0	2,078.4	7,500.3
Alabama	141.3	5.1	93.1	239.5
Alaska	2.6	2.9	3.0	8.5
Arizona	22.1	15.1	17.0	54.2
Arkansas	94.5	6.3	40.3	141.1
California	521.8	336.9	96.2	954.9
Colorado	43.3	15.9	42.2	101.4
Connecticut	16.2	34.4	10.1	60.7
Delaware	4.2	5.4	3.6	13.2
District of Columbia	10.1	12.2	1.3	23.6
Florida	92.2	57.1	60.0	209.3
Georgia	156.5	45.3	92.2	294.0
Hawaii	4.9	9.0	5.0	18.9
Idaho	7.0	5.1	6.7	18.8
Illinois	80.5	117.5	37.0	235.0
Indiana	26.0	23.5	31.3	80.8
Iowa	30.3	21.9	20.6	72.8
Kansas	20.9	19.7	11.6	52.2
Kentucky	97.0	43.0	46.7	186.7
Louisiana	148.9	11.2	129.3	289.4
Maine	16.0	10.6	12.5	39.1
Maryland	31.8	38.2	10.7	86.7
Massachusetts	76.2	84.4	8.2	168.8
Michigan	70.2	90.4	39.4	200.0
Minnesota	21.2	37.4	31.0	89.6
Mississippi	110.4	4.0	116.4	230.8
Missouri	113.0	25.7	43.8	182.5
Montana	6.3	4.7	6.7	17.7
Nebraska	12.6	7.8	24.8	45.2
Nevada	8.2	3.4	3.7	15.3
New Hampshire	5.8	4.0	2.7	12.5
New Jersey	36.4	100.2	13.2	149.8
New Mexico	20.2	19.7	12.9	52.8
New York	150.6	369.7	70.9	597.2
North Carolina	83.0	31.3	119.2	233.5
North Dakota	6.2	3.8	15.4	25.4
Ohio	92.1	93.7	58.9	244.7
Oklahoma	104.7	32.7	24.8	162.2
Oregon	16.2	21.9	7.3	45.4
Pennsylvania	88.6	176.0	77.1	341.7
Rhode Island	7.7	15.3	1.0	24.0
South Carolina	37.4	3.7	83.4	124.5
South Dakota	6.2	5.9	23.0	35.1
Tennessee	107.8	24.3	80.4	212.5
Texas	285.5	48.9	183.4	517.8
Utah	11.4	6.4	3.3	21.1
Vermont	7.1	5.8	2.7	15.6
Virginia	22.8	36.0	41.4	100.2
Washington	40.6	46.2	19.4	106.2
West Virginia	20.4	20.9	26.2	67.5
Wisconsin	29.9	28.3	12.3	70.5
Wyoming	2.9	1.5	2.7	7.1
Guam	.4	.5	.1	1.0
Puerto Rico	50.0		150.0	200.0
Virgin Islands	.8	.4	.1	1.3

¹ Families receiving State supplemental payments.

² Families receiving FAP payments only, including the working poor, and AFDC families in States where the State payment level is less than the FAP payment level.

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TABLE 19.—1971 estimated recipients under H.R. 16311, as amended, October 1970 by program and State (assumes 100 percent participation in FAP)

[In thousands]

	Adult programs	Number of individuals receiving State supplements	FAP only	Total
Total.....	3, 226. 9	8, 473. 3	12, 106. 1	23, 806. 3
Alabama.....	141. 3	20. 4	504. 1	665. 8
Alaska.....	2. 6	9. 2	13. 3	25. 1
Arizona.....	22. 1	63. 1	119. 4	204. 6
Arkansas.....	94. 5	25. 2	250. 0	369. 7
California.....	521. 8	1, 240. 0	501. 6	2, 323. 4
Colorado.....	43. 3	57. 6	267. 1	368. 0
Connecticut.....	16. 2	130. 0	41. 7	187. 9
Delaware.....	4. 2	20. 3	30. 5	55. 0
District of Columbia.....	10. 1	50. 8	5. 0	65. 9
Florida.....	92. 2	221. 0	370. 4	683. 6
Georgia.....	156. 5	181. 2	687. 8	1, 025. 5
Hawaii.....	4. 9	36. 0	21. 8	62. 7
Idaho.....	7. 0	18. 7	28. 7	54. 4
Illinois.....	80. 5	502. 0	223. 8	806. 3
Indiana.....	26. 0	95. 6	176. 5	298. 1
Iowa.....	30. 3	82. 1	123. 3	235. 7
Kansas.....	20. 9	75. 6	62. 1	158. 6
Kentucky.....	97. 0	164. 7	261. 8	523. 5
Louisiana.....	148. 9	44. 8	740. 5	934. 2
Maine.....	16. 0	38. 6	90. 8	145. 4
Maryland.....	31. 8	145. 7	85. 3	262. 8
Massachusetts.....	76. 2	312. 0	50. 3	438. 5
Michigan.....	70. 2	357. 0	219. 2	646. 4
Minnesota.....	21. 2	124. 5	174. 6	320. 3
Mississippi.....	110. 4	16. 0	680. 2	806. 1
Missouri.....	113. 0	101. 6	228. 5	443. 6
Montana.....	6. 3	17. 2	28. 7	52. 2
Nebraska.....	12. 6	30. 0	125. 1	167. 7
Nevada.....	8. 2	12. 1	16. 7	37. 0
New Hampshire.....	5. 8	15. 6	14. 4	39. 8
New Jersey.....	36. 4	399. 0	73. 4	508. 8
New Mexico.....	20. 2	75. 3	98. 9	194. 4
New York.....	156. 6	1, 422. 0	400. 7	1, 979. 3
North Carolina.....	83. 0	123. 0	754. 6	960. 6
North Dakota.....	6. 2	14. 1	70. 6	96. 9
Ohio.....	92. 1	370. 0	337. 7	799. 8
Oklahoma.....	104. 7	121. 3	140. 2	366. 2
Oregon.....	16. 2	80. 0	47. 3	143. 5
Pennsylvania.....	88. 6	702. 0	444. 2	1, 234. 8
Rhode Island.....	7. 7	58. 1	1. 4	67. 2
South Carolina.....	37. 4	14. 8	438. 6	490. 8
South Dakota.....	6. 2	21. 5	79. 7	107. 4
Tennessee.....	107. 8	97. 2	536. 8	741. 8
Texas.....	285. 5	216. 1	1, 019. 9	1, 521. 5
Utah.....	11. 4	22. 6	21. 1	55. 1
Vermont.....	7. 1	20. 9	18. 8	46. 8
Virginia.....	22. 8	142. 6	265. 9	431. 3
Washington.....	40. 6	162. 1	109. 6	312. 3
West Virginia.....	20. 4	87. 4	167. 5	275. 3
Wisconsin.....	29. 9	105. 0	103. 5	238. 4
Wyoming.....	2. 9	5. 6	11. 5	20. 0
Guam.....	. 4	2. 5	. 5	3. 4
Puerto Rico.....	50. 0	.....	750. 0	800. 0
Virgin Islands.....	. 8	1. 6	. 5	2. 9

COMPARISON OF BENEFITS AVAILABLE FOR SELECTED INCOME-TESTED PROGRAMS UNDER FAMILY ASSISTANCE AND CURRENT LAW—DEPARTMENT OF HEALTH, EDUCA- TION, AND WELFARE

EXPLANATION OF TABLES

The following tables present information on how a variety of Federal assistance programs directed toward the poor would interact if all benefits were being received by a single family. This information, prepared at the request of the Finance Committee by the Department of Health, Education, and Welfare, presents a dramatic picture of the difficulties caused when cash and in-kind programs are successively enacted without proper regard for their potential overlap. These tables make a powerful case for reform of a number of in-kind assistance programs, including Medicaid, food stamps and commodities, and public housing.

The tables have been the subject of substantial misinterpretation in the view of the Department of HEW in as much as some of the in-kind benefits, such as public housing and Medicaid, are available to a limited number of assistance recipients or are not readily perceived in terms of the cash equivalent. These data must be interpreted with some caution, and their footnotes must be carefully read. The following points are offered in an effort to present these tables in correct context.

1. *The problems suggested by the tables were not created by the Family Assistance Plan.* One criticism that can be drawn from the figures presented is that total benefits under all current programs can be very substantial for a nonworking family with a resulting inequity for working people. Abrupt work disincentive "notches" appear at certain points where total income drops as earnings go up because the benefits of certain in-kind assistance programs suddenly terminate. Even where there are no notches, the improvement in total income over a range of earnings can be very slight—often running to less than 20 percent of increased wages. These problems are inherent in current law. They were not created by FAP. Indeed, they are in many instances corrected by FAP.

It is very important that the reader understand, for example, that the work disincentive notches that remain in tables 1-8 are the product of the benefit structures of programs other than FAP—such as Medicaid, or public housing. FAP, and accompanying proposals presented in June relating to these other programs, virtually eliminate the notch problems. Judging Family Assistance by what it accomplishes within the cash assistance system itself—which, after all, is the proper basis on which to judge welfare reform—completely eliminates the four work disincentive notches which exist in current welfare. Most importantly, it eliminates the most serious inequity and work disincentive feature of AFDC under which a full-time working man could be substantially better off on welfare rather than working.

The Administration presented a comprehensive series of proposals in June 1970 designed to deal with the work disincentive notch problems caused by the benefit structures of food stamps, commodities, Medicaid, and public housing. Every effort must be made to correct those problems. However, given difficulties posed by overlapping jurisdictions and legislative calendars (three different sets of Congressional Committees are involved), it does not appear justifiable that needed welfare reform should be unnecessarily delayed until all the problems created by the structures of these other programs can be eliminated.

2. *Few families can accumulate all these benefits.* The tables invite the reader to look at the "totals" column in judging the cumulative impact of these programs. In point of fact, however, few families can manage to piggyback all these programs together. For example, less than 40 percent of AFDC

recipients are now receiving food stamps. It is estimated that only 6 percent of FAP eligibles will live in public housing. Hence, the high total benefit columns, and the accompanying high rates of reduction of increased wages because of reduction in benefit programs will be the case for only a minority of recipients. These tables simply do not present a correct picture of the typical recipient family.

3. *Losses in medical benefits have questionable impact on work incentives.* Tables 5-12 typically show a work disincentive notch at the point in earnings where Medicaid benefits abruptly terminate. The suggestion has been made that work incentives cannot be effective until this Medicaid notch is removed. While the structure of Medicaid should be reformed, and the Administration has made a proposal to accomplish that, this alleged work disincentive effect is of doubtful validity in practice. Few if any workers would make the judgment about whether to work harder and earn more based on what would happen to their Medicaid coverage—the vast majority of fulltime workers have some health insurance available through their employment. The “notch” exists only for a family which gets sick and thereby draws substantial benefits. And even in that case, the sickness is usually unpredictable and would hardly figure into the employment decision.

4. *The tables relate only to female-headed families.* These tables should be understood to apply—even with the caveats raised above—to less than half those eligible for Family Assistance, namely female-headed families. State supplementation and Medicaid would not, of course, be available to male-headed families. Total benefits theoretically available to male-headed families would be significantly less than the amounts shown, and the work incentives—as measured by retained earnings—would be significantly greater.

5. *Choices which must be faced.* Finally, it must be clearly understood that the mathematics of these benefit structures presents a clear choice which cannot be avoided. Either benefit structures will be scaled with earnings, so that there are no abrupt terminations of benefits as earnings rise, or there will be sudden work disincentive notches. Eliminating notches, however, produces relatively high reduction rates (“marginal tax rates”) under which total income increases only marginally as benefit reductions offset earnings increases. You cannot eliminate notches without lessening the *mathematical* incentives to earn. The Administration felt that, on balance, it was more important to eliminate the outright disincentives to earnings, even at the price of accepting some reduction in increases in total income.

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III. Under Current Law.—Benefits Potentially Available to Four-Person Female-Headed Recipient Families:	
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TABLE 1.—Family assistance—Administration October revisions—Benefits potentially available to a 4-person female-headed family in Phoenix, Ariz.

Earnings	Benefits potentially available to a majority of AFDC recipients in Phoenix							Additional housing benefits available to a small minority of AFDC recipients in Phoenix		Family health insurance *			Total net cash, food, and public housing plus subsidy of FHIP premium
	Family ¹ assistance	State ² supplement	Total gross cash income	Total Federal, State and social security taxes ^{3,4}	Net cash income (less taxes)	Proposed schedule food stamp bonus ⁵	Total net cash and food	Public housing bonus under proposed ⁶ Housing Act ⁷	Total net cash, food and public housing	Contributions	Net cash income less FHIP contributions	Premium value ^{****}	
\$0.....	\$1,600	\$608	\$2,208		\$2,208	\$646	\$2,854	\$1,118	\$3,972	\$30	\$2,178	\$500	\$4,442
\$720.....	1,600	608	2,928	\$37	2,891	417	3,308	974	4,282	66	2,625	500	4,716
\$1,000.....	1,460	613	3,073	52	3,021	371	3,392	945	4,337	77	2,944	500	4,760
\$2,000.....	960	653	3,613	104	3,509	199	3,708	837	4,545	131	3,378	500	4,914
\$3,000.....	460	694	4,154	156	3,998	27	4,025	711	4,736	185	3,813	500	5,051
\$4,000.....		693	4,693	246	4,447		4,447	577	5,024	268	4,179	500	5,256
\$5,000.....		233	5,233	457	4,776		4,776	442	5,218	403	***4,373	500	5,315
\$6,000.....			6,000	689	5,311		5,311	250	5,561		***5,311		5,561
\$7,000.....			7,000	944	6,056		6,056		6,056		***6,056		6,056
\$8,000.....			8,000	1,181	6,819		6,819		6,819		***6,819		6,819

*State supplement assumes "grandfathered" recipient, hence the irregular pattern of State payment. For new recipients, State benefits would steadily decline.

**The majority of AFDC recipients in Phoenix do not live in public housing, and only approximately 6 percent of FAP families nationwide will live in public housing.

***Participation in the health plan has been assumed at all levels of eligibility, although coverage at higher income levels is optional, and it is likely that many families at the higher contribution levels will opt for lower private coverage. No deduction for private health insurance has been made for families not receiving family health insurance plan subsidy, although such families would typically purchase private coverage.

****Medical insurance subsidy does not represent cash income available to families, and should not be counted as part of total family income.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67-percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington, where "grandfathered" recipients are assumed. State supplementary grants in New York and Chicago are based on States' reported general maximum grants.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment (\$1,272) and the purchase price (31.8 percent of gross income less \$240).

⁷ The housing bonus is calculated on the basis of the following formula: A unified system of

rents for all subsidized rental housing, public and private, based upon fixed percentages of family income after \$300 is deducted from gross income for each child in excess of 2. This plan will be resubmitted as legislation in 1971. On the 1st \$3,500, families must pay 20 percent of net income for rent; on the amount over \$3,500, 25 percent. (It is assumed that application of the 20-25 percent rent-income ratio in the private subsidy program would, in the aggregate, cover project operating costs. In the private program subsidy is limited to principal and interest on the capital cost of the project and the aggregate of all project rents must be sufficient to cover project operating expenses.) The bonus is the difference between prevailing private rents for housing of modest standards in the 4 cities, based on the most recent determinations for relocation assistance payments, Form HUD 6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housekeeping in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4 person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

* The assumption here is that the family health insurance program would replace the present medicare program for families with a health insurance policy having a \$500 premium value. This policy value includes no supplementation which the States might wish to make. Medical insurance bonus is the difference between contributions and the illustrative premium value of \$500. The following illustrative contribution schedule is assumed: 0 percent of gross income to \$1,600; 5 percent of that amount of gross income between \$1,600 and \$3,000; 10 percent from \$3,000 to \$4,500, and 25 percent of gross income from \$4,500 to \$5,620. Full participation is assumed. Contributions are deducted from net family income in column as marked.

TABLE 2.—Family assistance—Administration October revisions—Benefits potentially available to a 4-person female-headed family in Wilmington, Del.

Earnings	Benefits potentially available to a majority of AFDC recipients in Wilmington						Additional housing benefits available to a small minority of AFDC recipients in Wilmington		Family health insurance ¹			Total net cash, food, and public housing plus subsidy of FHIP premium	
	Family ¹ assistance	State ² supplement ³	Total gross cash income	Total Federal, State, and social security taxes ^{3,4,5}	Net cash income (less taxes)	Proposed schedule food stamp bonus ⁶	Total net cash and food	Public housing bonus under proposed Housing Act ^{7,8}	Total net cash, food, and public housing	Contributions	Net cash income less FHIP contributions		Premium value ^{8,9}
0	\$1,600	\$188	\$1,788		\$1,788	\$780	\$2,568	\$722	\$3,290	\$9	\$1,779	\$500	\$3,781
\$720	1,600	188	2,508	\$37	2,471	551	3,022	578	3,600	45	2,426	500	4,055
\$1,000	1,460	328	2,788	52	2,736	462	3,198	522	3,720	59	2,677	500	4,161
\$2,000	960	828	3,788	104	3,684	144	3,828	322	4,150	149	3,555	500	4,501
\$3,000	460	852	4,312	156	4,156		4,156	192	4,348	201	3,955	500	4,647
\$4,000		644	4,644	249	4,395		4,395	109	4,504	256	4,139	500	4,748
\$5,000			5,000	460	4,540		4,540		4,540	345	** 4,195	500	4,695
\$5,000			6,000	699	5,301		5,301		5,301		** *5,301		5,301

¹ State supplement assumes "grandfathered" recipient, hence the irregular pattern of State payment. For new recipients, State benefits would steadily decline.

² Only 29 percent of all AFDC recipients in Wilmington live in public housing, and only 6 percent of FAP recipients nationwide will live in public housing.

³ Participation in the health plan has been assumed at all levels of eligibility, although coverage at higher income levels is optional and it is likely that many families at the higher contribution levels will opt for lower private coverage. No deduction for private health insurance has been made for families not receiving family health insurance plan subsidy, although such families would typically purchase private coverage.

⁴ Medical insurance subsidy does not represent cash income available to families' and should not be counted as part of total family income.

⁵ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

⁶ State supplementary payments are based on current payment levels with a 67-percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington, where "grandfathered" recipients are assumed. State supplementary grants in New York and Chicago are based on States' reported general maximum grants.

⁷ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁸ State taxes are computed on current State schedules.

⁹ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

¹⁰ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment (\$1,272) and the purchase price (31.8 percent of gross income less \$240).

¹¹ The housing bonus is calculated on the basis of the following formula: A uniform system of rents for all subsidized rental housing, public and private, based upon fixed percentages of family income after \$300 is deducted from gross income for each child in excess of 2. This plan will be resubmitted as legislation in 1971. On the 1st \$3,500, families must pay 20 percent of net income for rent; on the amount over \$3,500, 25 percent. (It is assumed that application of the 20-25 percent rent-income ratio in the private subsidy program would, in the aggregate, cover project operating costs. In the private program subsidy is limited to principal and interest on the capital cost of the project and the aggregate of all project rents must be sufficient to cover project operating costs.) The bonus is the difference between prevailing private rents for housing of modest standards in the 4 cities, based on the most recent determinations for relocation assistance payments, Form HUD 6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housekeeping in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4 person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix	\$1,500
Wilmington	1,020
Chicago	1,920
New York City	1,680

¹² The assumption here is that the family health insurance program would replace the present Medicaid program for families with a health insurance policy having a \$500 premium value. This policy value includes no supplementation which the States might wish to make. Medical insurance bonus is the difference between contributions and the illustrative premium value of \$500. The following illustrative contribution schedule is assumed: 0 percent of gross income to \$1,600; 5 percent of that amount of gross income between \$1,600 and \$3,000; 10 percent from \$3,000 to \$4,500, and 25 percent of gross income from \$4,500 to \$5,620. Full participation is assumed. Contributions are deducted from net family income in column as marked.

TABLE 3.—Family assistance—Administration October revisions—Benefits potentially available to a 4-person female-headed family in Chicago, Ill.

Earnings	Benefits potentially available to a majority of AFDC recipients in Chicago						Additional housing benefits available to a small minority of AFDC recipients in Chicago		Family health insurance ¹			Total net cash, food, and public housing plus subsidy of FHIP ² premium	
	Family ¹ assistance	State ² supplement ³	Total gross cash income	Total Federal, State and social security taxes ^{4,5}	Net cash income (less taxes)	Proposed schedule food stamp bonus ⁶	Total net cash and food	Public housing bonus under proposed ⁷ Housing Act ⁷	Total net cash, food and public housing	Contributions	Net cash income less FHIP contributions		Premium value ^{4,5}
\$0	\$1,600	\$1,556	\$3,156	37	\$3,156	\$345	\$3,501	\$1,349	\$4,850	\$86	\$3,070	\$500	\$5,264
\$720	1,600	1,556	3,876	52	3,839	116	3,955	1,201	5,156	158	3,681	500	5,498
\$1,000	1,460	1,509	3,969	104	3,917	86	4,003	1,178	5,181	167	3,750	500	5,514
\$2,000	960	1,342	4,302	156	4,198	—	4,198	1,095	5,293	200	3,998	500	5,593
\$3,000	460	1,175	4,635	236	4,479	—	4,479	1,011	5,490	254	4,225	500	5,736
\$4,000	—	968	4,968	443	4,732	—	4,732	928	5,660	337	4,395	500	5,823
\$5,000	—	301	5,301	669	4,858	(*)	4,858	845	5,703	420	4,438	500	5,783
\$6,000	—	—	6,000	912	5,331	(*)	5,331	670	6,001	—	**5,331	—	6,001
\$7,000	—	—	7,000	1,134	6,088	(*)	6,088	420	6,508	—	***6,088	—	6,508
\$8,000	—	—	8,000	1,369	6,866	(*)	6,866	170	7,036	—	***6,866	—	7,036
\$9,000	—	—	9,000	—	7,631	(*)	7,631	—	7,631	—	***7,631	—	7,631

* FAP does not raise AFDC grant level. Grant is higher than under current law only because current law adjusts the same standard (\$3,156) for rent as paid to public housing.

** Only 18 percent of all AFDC recipients in Chicago live in public housing, and only 6 percent of FAP families nationwide will live in public housing.

*** Participation in the health plan has been assumed at all levels of eligibility, although coverage at higher income levels is optional, and it is likely that many families at the higher contribution levels will opt for lower private coverage. No deduction for private health insurance has been made for families not receiving family health insurance plan subsidy, although such families would typically purchase private coverage.

**** Medical insurance subsidy does not represent cash income available to families, and should not be counted as part of total family income.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67-percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington, where "grandfathered" recipients are assumed. State supplementary grants in New York and Chicago are based on States' reported general maximum grants.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment (\$1,272) and the purchase price (31.8 percent of gross income less \$240).

⁷ The housing bonus is calculated on the basis of the following formula: A uniform system of

rents for all subsidized rental housing, public and private, based upon fixed percentages of family income after \$300 is deducted from gross income for each child in excess of 2. This plan will be resubmitted as legislation in 1971. On the 1st \$3,500, families must pay 20 percent of net income for rent; on the amount over \$3,500, 25 percent. (It is assumed that application of the 20-25 percent rent-income ratio in the private subsidy program would, in the aggregate, cover project operating costs. In the private program subsidy is limited to principal and interest on the capital cost of the project and the aggregate of all project rents must be sufficient to cover project operating expenses.) The bonus is the difference between prevailing private rents for housing of modest standards in the 4 cities, based on the most recent determinations for relocation assistance payments, Form HUD 6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housekeeping in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4 person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁸ The assumption here is that the family health insurance program would replace the present medicaid program for families with a health insurance policy having a \$500 premium value. This policy value includes no supplementation which the States might wish to make. Medical insurance bonus is the difference between contributions and the illustrative premium value of \$500. The following illustrative contribution schedule is assumed: 0 percent of gross income to \$1,600; 5 percent of that amount of gross income between \$1,600 and \$3,000; 10 percent from \$3,000 to \$4,500, and 25 percent of gross income from \$4,500 to \$5,620. Full participation is assumed. Contributions are deducted from net family income in column as marked.

TABLE 4.—Family assistance—Administration October revisions—Benefits potentially available to a 4-person female-headed family in New York City, N.Y.

Earnings	Benefits potentially available to a majority of AFDC recipients in New York						Additional housing benefits available to a small minority of AFDC recipients in New York		Family health insurance ¹			Total net cash, food, and public housing plus subsidy of FHFP premium
	Family ¹ assistance	State ² supplement	Total gross cash income	Total Federal, State and social security taxes ^{3,4}	Cash income (less taxes)	Proposed schedule food stamp bonus ⁵	Total net cash and food	Public housing bonus under Housing Act ⁷	Contributions	Net cash income less FHFP contributions	Premium value ^{8,9}	
\$0.....	\$1,600	\$2,360	\$3,960		\$3,960	\$89	\$4,049	\$940	\$166	\$3,794	\$500	\$5,323
\$720.....	1,600	2,360	4,680	\$37	4,643		4,643	760	265	4,378	500	5,638
\$1,000.....	1,460	2,313	4,773	52	4,721		4,721	737	238	4,433	500	5,670
\$2,000.....	960	2,146	5,106	104	5,002		5,002	653	372	4,630	500	5,783
\$3,000.....	460	1,979	5,439	156	5,283		5,283	570	455	4,828	500	5,898
\$4,000.....		1,772	5,772	237	5,535		5,535	487		***5,535		6,022
\$5,000.....		1,105	6,105	460	5,645		5,645	404		***5,645		6,049
\$6,000.....		438	6,438	703	5,735		5,735	320		***5,735		6,055
\$7,000.....			7,000	971	6,029		6,029	180		***6,029		6,209
\$8,000.....			8,000	1,219	6,781		6,781			***6,781		6,781
\$9,000.....			9,000	1,486	7,514		7,514			***7,514		7,514

*FAP does not raise AFDC grant level. Grant is higher than under current law only because current law adjusts same standard (\$3,960) for rent as paid to public housing. Also reflect changes in New York State benefit levels effective Apr. 1, 1970.

**Only 8 percent of all AFDC recipients in New York City live in public housing, and only 6 percent of FAP families nationwide will live in public housing.

***Participation in the health plan has been assumed at all levels of eligibility, although coverage at higher income levels is optional, and it is likely that many families at the higher contribution levels will opt for lower private coverage. No deduction for private health insurance has been made for families not receiving family health insurance subsidy, although such families would typically purchase private coverage.

****Medical insurance subsidy does not represent cash income available to families, and should not be counted as part of total family income.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67-percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington, where "grandfathered" recipients are assumed. State supplementary grants in New York and Chicago are based on States' reported general maximum grants.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment (\$1,272) and the purchase price (31.8 percent of gross income less \$246).

⁷ The housing bonus is calculated on the basis of the following formula: A uniform system of rents for all subsidized rental housing, public and private, based upon fixed percentages of family income after \$300 is deducted from gross income for each child in excess of 2. This plan will be resubmitted as legislation in 1971. On the 1st \$3,500, families must pay 20 percent of net income for rent; on the amount over \$3,500, 25 percent. (It is assumed that application of the 20-25 percent rent-income ratio in the private subsidy program would, in the aggregate, cover project operating costs. In the private program subsidy is limited to principal and interest on the capital cost of the project and the aggregate of all project rents must be sufficient to cover project operating expenses.) The bonus is the difference between prevailing private rents for housing of modest standards in the 4 cities, based on the most recent determinations for relocation assistance payments, Form HUD 6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housekeeping in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4 person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁸ The assumption here is that the family health insurance program would replace the present medicare program for families with a health insurance policy having a \$500 premium value. This policy value includes no supplementation which the States might wish to make. Medical insurance bonus is the difference between contributions and the illustrative premium value of \$500. The following illustrative contribution schedule is assumed: 0 percent of gross income to \$1,600; 5 percent of gross income between \$1,600 and \$3,000; 10 percent from \$3,000 to \$4,500, and 25 percent of gross income from \$4,500 to \$5,620. Full participation is assumed. Contributions are deducted from net family income in column as marked.

TABLE 5.—Family assistance: Administration October revisions and current law food, housing, and medical —Benefits potentially available to a 4-person female-headed family in Phoenix, Ariz.

[Requested by Senator John Williams]

Benefits potentially available to a majority of current AFDC recipients in Phoenix							Additional housing benefits available to a small minority of AFDC recipients in Phoenix		Average vendor payments to health service for AFDC families	Total net cash, food, and public housing	
Earnings	Family assistance ¹	State supplement ²	Total gross cash income	Total Federal, State and social security taxes ³	Net cash income (less taxes)	Current schedule food stamp bonus ⁴	Total net cash and food	Current public housing bonus ⁵			Total net cash, food and public housing
\$0	\$1,600	\$608	\$2,208		\$2,208	690	\$2,898	\$1,078	\$3,976	No medical program.	\$3,976
\$720	1,600	608	2,928	\$37	2,891	480	3,371	916	4,287		4,287
\$1,000	1,460	613	3,073	52	3,021	408	3,429	884	4,313		4,313
\$2,000	960	653	3,613	104	3,509	360	3,869	762	4,631		4,631
\$3,000	460	694	4,154	156	3,998	312	4,310	640	4,950		4,950
\$4,000		693	4,693	246	4,447	288	4,735	519	5,254		5,254
\$5,000		233	5,233	457	4,776	288	5,064	398	5,462		5,462
\$6,000			6,000	689	5,311		5,311	360	5,671		5,671
\$7,000			7,000	944	6,056		6,056	160	6,216		6,216
\$8,000			8,000	1,181	6,819		6,819		6,819		6,819

^{*}State supplement assumes a "grandfathered" recipient, hence irregular pattern of State payment. For new recipients, State benefits would steadily decline.

^{**}The majority of AFDC recipients in Phoenix do not live in public housing, and only approximately 6 percent of family assistance families nationwide will live in public housing.

^{***}Medical vendor payments do not represent cash income available to families, and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67 percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington where "grandfathered" recipients are assumed.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment and the purchase price, using the current food stamp schedule.

⁷ The housing bonus is the difference between comparable private rentals and rent paid to public housing. It was assumed that the public housing rent in New York and Chicago would equal the current general maximum rent allotment for AFDC recipients. The prevailing private rents for housing of modest standards in the 4 cities was based on the most recent determinations for relocation assistance payments, Form HUD/6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housing in blue collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4 person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix	\$1,500
Wilmington	1,020
Chicago	1,920
New York City	1,680

Table B.—Family assistance: Administration October revisions and current law food, housing, and medical—Benefits potentially available to a 4-person female-headed family in Wilmington, Del.

[Requested by Senator John Williams]

Benefits potentially available to a majority of current AFDC recipients in Wilmington							Additional housing benefits available to a small minority of AFDC recipients in Wilmington		Average vendor payments to health service for AFDC families ^{***}	Total net cash, food, and public housing plus medical vendor payments	
Earnings	Family assistance ¹	State supplement ²	Total gross cash income	Total Federal, State and social security taxes ^{4,5}	Net cash income (less taxes)	Current schedule food stamp bonus ⁶	Total net cash and food	Current public housing bonus ^{7,8}			Total net cash, food and public housing
\$0.....	\$1,060	\$188	\$1,788	-----	\$1,788	\$828	\$2,616	\$693	\$3,309	\$437	\$3,746
\$720.....	1,600	188	2,508	\$37	2,471	624	3,095	531	3,626	437	4,063
\$1,000.....	1,460	328	2,788	52	2,736	552	3,288	468	3,756	437	4,193
\$2,000.....	960	828	3,788	104	3,684	360	4,044	243	4,287	437	4,724
\$3,000.....	460	852	4,312	156	4,156	312	4,468	125	4,593	437	5,030
\$4,000.....	-----	644	4,644	249	4,395	288	4,683	50	4,733	437	5,170
\$5,000.....	-----	-----	5,000	460	4,540	-----	4,540	33	4,573	-----	4,573
\$6,000.....	-----	-----	6,000	699	5,301	-----	5,301	-----	5,301	-----	5,301

*State supplement assumes a "grandfathered" recipient, hence irregular pattern of State payment. For new recipients, State benefits would steadily decline.

**Only 29 percent of all AFDC recipients in Wilmington live in public housing, and only 6 percent of family assistance families nationwide will live in public housing.

***Medical vendor payments do not represent cash income available to families, and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67 percent reduction rate for earnings, after the initial disregard of \$720. House passed provisions of calculating State payments apply (Sec. 452) in Phoenix and Wilmington where "grandfathered" recipients are assumed.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social Security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family

assistance. Food stamp bonus is the difference between the coupon allotment and the purchase price, using the current food stamp schedule.

⁷ The housing bonus is the difference between comparable private rentals and rent paid to public housing. It was assumed that the public housing rent in New York and Chicago would equal the current general maximum rent allotment for AFDC recipients. The prevailing private rents for housing of modest standards in the 4 cities was based on the most recent determinations for relocation assistance payments, Form HUD/6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housing in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4-person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁸ Medicaid benefit shown is the total (Federal and State) average vendor payments on behalf of AFDC families in State. Individual families may receive higher or lower value depending on medical needs. State eligibility standards apply.

TABLE 7.—Family assistance: Administration October revisions of current law, food, housing, and medicaid—Benefits potentially available to a 4-person female-headed family in Chicago, Ill.

[Requested by Senator John Williams]

Earnings	Benefits potentially available to a majority of current AFDC recipients in Chicago				Additional housing benefits available to a small minority of AFDC recipients in Chicago			Average vendor payments to health service for AFDC families ****	Total net cash, food, and public housing plus medical vendor payments		
	Family assistance †	State supplement ‡ •	Total gross cash income	Total Federal, State and social security taxes †††	Net cash income (less taxes)	Current schedule food stamp bonus †	Total net cash and food			Current public housing bonus **	Total net cash, food and public housing
\$0.....	\$1,600	\$1,556	\$3,156	-----	\$3,156	\$408	\$3,564	\$340	\$4,404	\$790	\$5,194
\$720.....	1,600	1,556	3,876	\$37	3,839	312	4,151	840	4,991	790	5,781
\$1,000.....	1,460	1,509	3,969	52	3,197	312	4,229	840	5,069	790	5,859
\$2,000.....	960	1,342	4,302	104	4,198	312	4,510	840	5,350	790	6,140
\$3,000.....	460	1,175	4,635	156	4,479	288	4,767	840	5,607	790	6,397
\$4,000.....	-----	908	4,908	236	4,732	288	5,020	840	5,860	790	6,650
\$5,000.....	-----	301	5,301	443	4,858	288	5,146	840	5,986	790	6,776
\$6,000.....	-----	-----	6,090	669	5,331	-----	5,331	9 960	6,291	-----	6,291
\$7,000.....	-----	-----	7,000	912	6,088	-----	6,088	(10)	6,088	-----	6,088
\$8,000.....	-----	-----	8,000	1,134	6,866	-----	6,866	-----	6,866	-----	6,866
\$9,000.....	-----	-----	9,000	1,369	7,631	-----	7,631	-----	7,631	-----	7,631

*Family assistance does not raise AFDC grant level. Grant for family in public housing at zero earnings is higher than under current law only because current law adjusts the same standard (\$3,156) for rent as paid to public housing.

**Only 18 percent of all AFDC recipients in Chicago live in public housing, and only 6 percent of family assistance families nationwide will live in public housing.

***Medical vendor payments do not represent cash income available to families and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

† Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

‡ State supplementary payments are based on current payment levels with a 67-percent reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (sec. 452) in Phoenix and Wilmington where "grandfathered" recipients are assumed.

†† Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

††† State taxes are computed on current State schedules.

• Social Security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

9 Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family assistance. Food stamp bonus is the difference between the coupon allotment and the purchase price, using the current food stamp schedule.

10 The housing bonus is the difference between comparable private rentals and rent paid to public housing. It was assumed that the public housing rent in New York and Chicago would equal the current general maximum rent allotment for AFDC recipients. The prevailing private rents for housing of modest standards in the 4 cities was based on the most recent determinations for relocation assistance payments, form HUD/6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housing in blue-collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4-person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

* Medicaid benefit shown is the total (Federal and State) average vendor payments on behalf of AFDC families in State. Individual families may receive higher or lower value depending on medical needs. State eligibility standards apply.

† In Phoenix and Wilmington flat AFDC grants are generally given and \$105 in New York).

9 Bonus rises as families move from welfare to nonwelfare rent schedules.

10 Above continued occupancy limits, but families may be allowed to stay until other housing is located.

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TABLE S.—Family assistance: Administration October revision and current law food, housing, and medicaid—Benefits potentially available to a 4-person female-headed family in New York City, N.Y.

[Requested by Senator John Williams]

Earnings	Benefits potentially available to a majority of current AFDC recipients in New York City					Additional housing benefits available to a small minority of AFDC recipients in New York City		Average vendor payments to health service for AFDC families ^{3**}	Total net cash, food, and public housing plus medical vendor payments		
	Family assistance ¹	State supplement ^{2*}	Total gross cash income	Total Federal, State and social security taxes ^{3††}	Net cash income (less taxes)	Current schedule food stamp Bonus ⁴	Total net cash and food				
\$0	\$1,600	\$2,360	\$3,960		\$3,960	\$312	\$4,272	\$420	\$4,692	\$1,153	\$5,845
\$720	1,600	2,360	4,680	\$37	4,643	288	4,931	420	5,351	1,153	6,504
\$1,000	1,460	2,313	4,773	52	4,721	288	5,009	420	5,429	1,153	6,582
\$2,000	960	2,146	5,106	104	5,002	288	5,290	420	5,710	1,153	6,863
\$3,000	460	1,979	5,439	156	5,283	288	5,571	420	5,991	1,153	7,144
\$4,000		1,772	5,772	237	5,535	288	5,823	420	6,243	1,153	7,396
\$5,000		1,105	6,105	460	5,645	288	5,933	420	6,353	1,153	7,506
\$6,000		438	6,438	703	5,735	288	6,023	420	6,443	1,153	7,596
\$7,000			7,000	971	6,029		6,029	⁹ 720	6,749		6,749
\$8,000			8,000	1,219	6,781		6,781	⁹ 720	7,501		7,501
\$9,000			9,000	1,486	7,514		7,514	(¹⁰)	7,514		7,514

*Family assistance does not raise AFDC grant level. Grant for family in public housing at zero earnings is higher than under current law only because current law adjust the same standard (\$3,460) for rent as paid to public housing. Also reflects changes in New York State benefit levels effective Apr 1, 1970.

**Only 8 percent of all AFDC recipients in New York City live in public housing, and only 6 percent of all family assistance families nationwide will live in public housing.

***Medical vendor payments do not represent cash income available to families, and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ Family assistance benefits are \$1,600 for a family of 4 with no other income, based on \$500 each for the 1st 2 persons, \$300 each for succeeding persons. Family assistance benefits are reduced 50 percent for earnings, after the initial disregard of \$720 for work-related expenses.

² State supplementary payments are based on current payment levels with a 67-percent-reduction rate for earnings, after the initial disregard of \$720. House-passed provisions of calculating State payments apply (Sec. 452) in Phoenix and Wilmington where grandfathered recipients are assumed.

³ Federal income taxes computed on the schedule effective in 1972, assuming no surcharge.

⁴ State taxes are computed on current State schedules.

⁵ Social security taxes reflect the increase from 4.8 to 5.2 percent of earnings up to \$9,000 which will be effective January 1971.

⁶ Food assistance is based on present estimates that the food stamp program will replace the surplus commodity program in virtually all areas within the 1st year of operation of family

assistance. Food stamp bonus is the difference between the coupon allotment and the purchase price, using the current food stamp schedule.

⁷ The housing bonus is the difference between comparable private rentals and rent paid to public housing. It was assumed that the public housing rent in New York and Chicago would equal the current general maximum rent allotment for AFDC recipients. The prevailing private rents for housing of modest standards in the 4 cities was based on the most recent determinations for relocation assistance payments, Form HUD/6148. In Phoenix, the local FHA insuring office's chief underwriter provided prevailing rents for standard housing in blue collar neighborhoods, plus utility allowances, since there is no HUD-aided relocation program. It was assumed that the required unit sizes were 2-bedroom units for 4-person families. The private annual gross rents assumed are as follows:

	2 bedrooms
Phoenix	\$1,500
Wilmington	1,020
Chicago	1,920
New York City	1,680

⁸ Medicaid benefit shown is the total (Federal and State) average vendor payments on behalf of AFDC families in State. Individual families may receive higher or lower value depending on medical needs. State eligibility standards apply.

⁹ Bonus rises as families move from welfare to nonwelfare rent schedules.

¹⁰ Above continued occupancy limits, but family may be allowed to stay until other housing is located.

TABLE 9.—Current law—Benefits potentially available to 4-person female-headed families in Phoenix, Ariz.

Earnings	Benefits potentially available to a majority of current AFDC recipients in Phoenix					Additional housing benefits available to a small minority of AFDC recipients in Phoenix		Average vendor payments to health services for AFDC families ⁷	Total net cash, food, and public housing	
	AFDC ¹	Total gross cash income	Total Federal, State, and social security taxes ^{2,3,4}	Net cash income (less taxes)	Current surplus commodities value ⁵	Total net cash and food	Current public housing bonus ⁶			Total net cash, food, and public housing
\$0.....	\$2,208	\$2,208	.....	\$2,208	\$441	\$2,649	\$1,078	\$3,727	No Medicaid program.	\$3,727
\$720.....	2,208	2,928	35	2,893	441	3,334	916	4,250		4,250
\$1,000.....	2,208	3,208	48	3,160	441	3,601	853	4,454		4,454
\$2,000.....	1,779	3,779	96	3,683	441	4,124	725	4,849		4,849
\$3,000.....	1,319	4,319	144	4,175	441	4,616	603	5,219		5,219
\$4,000.....	858	4,858	340	4,518	441	4,959	482	5,441		5,441
\$5,000.....	398	5,398	579	4,819	441	5,260	360	5,620		5,620
\$6,000.....	.....	6,000	853	5,147	.....	5,147	360	5,507		5,507
\$7,000.....	.....	7,000	1,100	5,900	.....	5,900	160	6,060		6,060
\$8,000.....	.....	8,000	1,355	6,645	.....	6,645	.....	6,645		6,645

* Medical vendor payments (medicaid) do not represent cash income available to families, and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ State supplement is based on the following maximum payments: New York City, \$3,960 (adjusted for rent as paid to public housing); Chicago, \$3,156 (adjusted for rent as paid to public housing); Delaware, \$1,788; Arizona, \$2,208. Work-related expenses were based on estimated State averages (overall earnings levels) of \$708 in Chicago, \$900 in New York; and general standard practice of \$480 in Phoenix and \$660 in Wilmington.

² Federal tax based on current schedule, including surcharge.

³ State tax based on current schedules.

⁴ Social security tax based on 4.8 percent of earnings up to \$7,800.

⁵ Food bonus based on value of surplus commodities (Phoenix and Wilmington) or food stamp bonus (Chicago and New York) based on local eligibility schedules. Food stamp bonus is the difference between the value of the coupon allotment (\$1,272 per annum) and the purchase price of the coupons; based on current food stamp schedules, with mandatory payroll deductions subtracted from gross income in determining purchase price and eligibility.

⁶ Public housing bonus for New York and Chicago was calculated on the basis of the value of private market rentals less the maximum rent allotment for AFDC recipients (\$90 in Chicago

and \$105 in New York). In Phoenix and Wilmington flat AFDC grants are generally given, with no variation for rent. Hence, bonus equals the difference between rent paid and equivalent private market rents as calculated by HUD. Rents in Phoenix and Wilmington assume operation of the Brooke amendment. Even where a welfare rent schedule is present, it was assumed that the Brooke amendment would govern. Net income was computed for families in each city based on exemptions and deductions applied by each local authority's adopted policy, as revealed in HUD central files for public housing. The private annual gross rents assumed, are as follows:

	# bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁷ Medicaid benefit shown is the total (Federal and State) average payment on behalf of all AFDC families in State. Individual families may receive higher or lower value depending upon medical needs. State eligibility standards apply.

TABLE 10.—Current law—Benefits potentially available to 4-person female-headed families in Wilmington, Del.

Earnings	Benefits potentially available to a majority of current AFDC recipients in Wilmington					Additional housing benefits available to a small minority of AFDC recipients in Wilmington		Average vendor payments to health services for AFDC families ^{1*}	Total net cash, food, and public housing plus medical vendor payments	
	AFDC ¹	Total gross cash income	Total Federal, State, and social security taxes ^{2,3,4}	Net cash income (less taxes)	Current surplus commodities value ⁵	Total net cash and food	Current public housing bonus ⁶			Total net cash, food, and public housing
\$0.....	\$1,788	\$1,788	-----	\$1,788	\$661	\$2,449	\$693	\$3,142	\$437	\$3,579
\$720.....	1,788	2,508	\$35	2,473	661	3,134	531	3,665	437	4,102
\$1,000.....	1,788	2,788	48	2,740	661	3,401	468	3,869	437	4,306
\$2,000.....	1,788	3,788	96	3,692	661	4,353	243	4,596	437	5,033
\$3,000.....	1,731	4,731	144	4,587	661	5,248	31	5,279	437	5,716
\$4,000.....	1,064	5,064	344	4,720	661	5,381	-----	5,381	437	5,818
\$5,000.....	397	5,397	582	4,815	661	5,476	-----	5,476	437	5,913
\$6,000.....	-----	6,000	867	5,133	-----	5,133	-----	5,133	-----	5,133

*Medical vendor payments (medicaid) do not represent cash income available to families, and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ State supplement is based on the following maximum payments: New York City, \$3,960 (adjusted for rent as paid to public housing); Chicago, \$3,156 (adjusted for rent as paid to public housing); Delaware, \$1,788; Arizona, \$2,208. Work-related expenses were based on estimated State averages (overall earnings levels) of \$708 in Chicago, \$900 in New York; and general standard practice of \$480 in Phoenix and \$660 in Wilmington.

² Federal tax based on current schedule, including surcharge.

³ State tax based on current schedules.

⁴ Social security tax based on 4.8 percent of earnings up to \$7,800.

⁵ Food bonus based on value of surplus commodities (Phoenix and Wilmington) or food-stamp bonus (Chicago and New York) based on local eligibility schedules. Food stamp bonus is the difference between the value of the coupon allotment (\$1,272 per annum) and the purchase price of the coupons; based on current food-stamp schedules, with mandatory payroll deductions subtracted from gross income in determining purchase price and eligibility.

⁶ Public housing bonus for New York and Chicago was calculated on the basis of the value

of private market rentals less the maximum rent allotment for AFDC recipients (\$90 in Chicago and \$105 in New York). In Phoenix and Wilmington flat AFDC grants are generally given, with no variation for rent. Hence, bonus equals the difference between rent paid and equivalent private market rents as calculated by HUD. Rents in Phoenix and Wilmington assume operation of the Brooke amendment. Even where a welfare rent schedule is present, it was assumed that the Brooke amendment would govern. Net income was computed for families in each city based on exemptions and deductions applied by each local authority's adopted policy, as revealed in HUD central files for public housing. The private annual gross rents assumed, are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁷ Medicaid benefit shown is the total (Federal and State) average payment on behalf of all AFDC families in State. Individual families may receive higher or lower value depending upon medical needs. State eligibility standards apply.

TABLE 11.—Current Law—Benefits potentially available to 4-person female-headed families in Chicago, Ill.

Earnings	Benefits potentially available to a majority of current AFDC recipients in Chicago					Additional housing benefits available to a small minority of AFDC recipients in Chicago			Average vendor payments to health services for AFDC families ¹⁰	Total net cash, food, and public housing plus medical vendor payments
	AFDC ¹	Total gross cash income	Total Federal State, and social security taxes ^{2,3,4}	Net cash income (less taxes)	Current schedule food stamp bonus ⁵	Total net cash and food	Current public housing bonus ⁶	Total net cash, food, and public housing		
\$0.....	\$2,976	\$2,976	-----	\$2,976	\$480	\$3,456	\$840	\$4,296	\$790	\$5,086
\$720.....	2,976	3,696	\$35	3,661	360	4,021	840	4,861	790	5,651
\$1,000.....	2,976	3,976	48	3,928	312	4,240	840	5,080	790	5,870
\$2,000.....	2,590	4,590	96	4,494	288	4,782	840	5,622	790	6,412
\$3,000.....	1,923	4,923	144	4,779	288	5,067	840	5,907	790	6,697
\$4,000.....	1,256	5,256	332	4,924	288	5,212	840	6,052	790	6,842
\$5,000.....	589	5,589	567	5,022	288	5,310	840	6,150	790	6,940
\$6,000.....	-----	6,000	837	5,163	-----	5,163	960	6,123	-----	6,123
\$7,000.....	-----	7,000	1,074	5,926	-----	5,926	(⁸)	5,926	-----	5,926
\$8,000.....	-----	8,000	1,318	6,682	-----	6,682	(⁹)	6,682	-----	6,682
\$9,000.....	-----	9,000	1,527	7,473	-----	7,473	-----	7,473	-----	7,473

¹The AFDC maximum payment level (\$3,156) is adjusted here to \$2,976 because public housing rent is less than the maximum AFDC rent allowance.

²Medical vendor payments (Medicaid) do not represent cash income available to families and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

³State supplement is based on the following maximum payments: New York City,—\$3,960 (adjusted for rent as paid to public housing); Chicago, \$3,156 (adjusted for rent as paid to public housing); Delaware—\$1,788; Arizona—\$2,208. Work related expenses were based on estimated State averages (overall earnings levels) of \$708 in Chicago, \$900 in New York; and general standard practice of \$480 in Phoenix and \$660 in Wilmington.

⁴Federal tax based on current schedule, including surcharge.

⁵State tax based on current schedules.

⁶Social security tax based on 4.8 percent of earnings up to \$7,800.

⁷Food bonus based on value of surplus commodities (Phoenix and Wilmington) or food stamp bonus (Chicago and New York) based on local eligibility schedules. Food stamp bonus is the difference between the value of the coupon allotment (\$1,272 per annum) and the purchase price of the coupons; based on current food stamp schedules, with mandatory payroll deductions subtracted from gross income in determining purchase price and eligibility.

⁸Public housing bonus for New York and Chicago was calculated on the basis of the value of private market rentals less the maximum rent allotment for AFDC recipients (\$90 in Chicago

and \$105 in New York). In Phoenix and Wilmington flat AFDC grants are generally given with no variation for rent. Hence, bonus equals the difference between rent paid and equivalent private market rents as calculated by HUD. Rents in Phoenix and Wilmington assume operation of the Brooke amendment. Even where a welfare rent schedule is present, it was assumed that the Brooke amendment would govern. Net income was computed for families in each city based on exemptions and deductions applied by each local authority's adopted policy, as revealed in HUD central files for public housing. The private annual gross rents assumed, are as follows:

	\$ bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁹Medicaid benefit shown is the total (Federal and State) average payment on behalf of all AFDC families in State. Individual families may receive higher or lower value depending upon medical needs. State eligibility standards apply.

¹⁰Bonus rises as families move from welfare to nonwelfare rent schedules.

¹¹Above continued occupancy, but families may be allowed to stay until other housing is located.

TABLE 12. -- Current law -- Benefits potentially available to 4-person female-headed families in New York City.

Earnings	Benefits potentially available to a majority of current AFDC recipients in Phoenix					Additional housing benefits available to a small minority of AFDC recipients in New York City		Average vendor payment to health services for AFDC families ⁷ **	Total net cash, food, and public housing plus medical vendor payments	
	AFDC ¹ *	Total gross cash income	Total Federal, State, and social security taxes ² ††	Net cash income (less taxes)	Current schedule food stamp income ³	Total net cash and food	Current public housing bonus ⁴			Total net cash, food, and public housing
0.....	\$3,780	\$3,780		\$3,780	\$312	\$4,092	\$420	\$4,512	\$1,153	\$5,665
\$720.....	3,780	4,500	\$35	4,465	288	4,753	420	5,173	1,153	6,326
\$1,000.....	3,780	4,780	48	4,732	288	5,020	420	5,440	1,153	6,593
\$2,000.....	3,586	5,586	96	5,490	288	5,778	420	6,198	1,153	7,351
\$3,000.....	2,919	5,919	144	5,775	288	6,063	420	6,483	1,153	7,634
\$4,000.....	2,252	6,252	333	5,919	288	6,209	420	6,627	1,153	7,780
\$5,000.....	1,585	6,585	584	6,001	288	6,289	420	6,709	1,153	7,862
\$6,000.....	918	6,918	871	6,047	288	6,335	420	6,755	1,153	7,908
\$7,000.....	251	7,251	1,133	6,118	288	6,406	420	6,826	1,153	7,979
\$8,000.....		8,000	1,403	6,597		6,597	\$720	7,317		7,317
\$9,000.....		9,000	1,644	7,356		7,356	(⁹)	7,356		7,356

*The AFDC maximum payment level \$3,960 is adjusted here to \$3,780 because public housing rent is less than the maximum AFDC rent allowance.

**Medical vendor payments (medicaid) do not represent cash income available to families and should not be counted as part of total family income. Such payments are made on behalf of families with medical needs only.

¹ State supplement is based on the following maximum payments: New York City, \$3,960 (adjusted for rent as paid to public housing); Chicago, \$3,156 (adjusted for rent as paid to public housing); Delaware, \$1,788; Arizona, \$2,208. Work-related expenses were based on estimated State averages (overall earnings levels) of \$708 in Chicago, \$900 in New York; and general standard practice of \$480 in Phoenix and \$660 in Wilmington.

² Federal tax based on current schedule, including surcharge.

³ State tax based on current schedules.

⁴ Social security tax based on 4.8 percent of earnings up to \$7,800.

⁵ Food bonus based on value of surplus commodities (Phoenix and Wilmington) or food-stamp bonus (Chicago and New York) based on local eligibility schedules. Food-stamp bonus is the difference between the value of the coupon allotment (\$1,272 per annum) and the purchase price of the coupons; based on current food stamp schedules, with mandatory payroll deductions subtracted from gross income in determining purchase price and eligibility.

⁶ Public housing bonus for New York and Chicago was calculated on the basis of the value of private market rentals less the maximum rent allotment for AFDC recipients (\$90 in Chicago

and \$105 in New York). In Phoenix and Wilmington flat AFDC grants are generally given with no variation for rent. Hence, bonus equals the difference between rent paid and equivalent private market rents as calculated by HUD. Rents in Phoenix and Wilmington assume operation of the Brooke amendment. Even where a welfare rent schedule is present, it was assumed that the Brooke amendment would govern. Net income was computed for families in each city based on exemptions and deductions applied by each local authority's adopted policy, as revealed in HUD central files for public housing. The private annual gross rents assumed, are as follows:

	2 bedrooms
Phoenix.....	\$1,500
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁷ Medicaid benefit shown is the total (Federal and State) average payment on behalf of all AFDC families in State. Individual families may receive higher or lower value depending upon medical needs. State eligibility standards apply.

⁸ Bonus rises as families move from welfare to nonwelfare rent schedules.

⁹ Above continued occupancy, but families may be allowed to stay until other housing is located.

BIBLIOGRAPHICAL NOTE

Persons interested in obtaining further information on the Administration's welfare proposals may wish to consult the following:

1. Message of the President of the United States to the Congress on welfare reform, August 11, 1969 (printed as House Doc. 91-116).
2. Statement of the President of the United States on proposed changes in H.R. 16311, June 10, 1970 (printed in Committee Print "H.R. 16311, The Family Assistance Act of 1970, Revised and Resubmitted to the Committee on Finance by the Administration, June, 1970").
3. Background Paper, June 1970 Amendments to the Family Assistance Act, Department of Health, Education, and Welfare, June 10, 1970 (printed in Committee Print "H.R. 16311, The Family Assistance Act of 1970, Revised and Resubmitted to the Committee on Finance by the Administration, June, 1970").
4. Statement of the Secretary of Health, Education, and Welfare, July 21, 1970, before the Senate Finance Committee (printed in Volume 2 of the hearings before the Committee on Finance on the Family Assistance Act of 1970).
5. Statement of the Secretary of Labor, August 4, 1970, before the Senate Finance Committee (printed in Volume 2 of the hearings before the Committee on Finance on the Family Assistance Act of 1970).

[COMMITTEE PRINT]

NOVEMBER 5, 1970

NOTE: This committee print contains the amendments to H.R. 16311 recommended by the Department of Health, Education, and Welfare for consideration by the committee. They differ somewhat from the amendments discussed with the committee on October 13, 1970. The various type faces, explained at the bottom of each page, indicate which matter was proposed to be stricken or inserted in the Department's June revision of the bill and in the October revised revision. (Roman type indicates language included in all three versions of the bill.)

This material has not been reviewed by the Committee on Finance or by any member thereof. It is being published solely for the information of the public.

An explanation of the amendments prepared by the Department of Health, Education, and Welfare is printed immediately following the bill. See pp. D1-D11.

91ST CONGRESS
2^D SESSION

H. R. 16311

IN THE SENATE OF THE UNITED STATES

APRIL 21, 1970

Under the order of April 20, 1970, received considered as having been read twice, and referred to the Committee on Finance

AN ACT

To authorize a family assistance plan providing basic benefits to low-income families with children, to provide incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

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

1 That this Act, with the following table of contents, may be
2 cited as the "Family Assistance Act of 1970".

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~~Linetype~~ indicates language in H.R. 16311 proposed to be deleted in both the June revision and the October revised revision.

Italic type indicates language not in H.R. 16311 proposed to be included in both the June revision and the October revised revision.

Boldface Italic indicates language neither in H.R. 16311 nor in the June revision but proposed for inclusion in the October revised revision.

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1 TITLE I—FAMILY ASSISTANCE PLAN

2 ESTABLISHMENT OF FAMILY ASSISTANCE PLAN

3 SEC. 101. Title IV of the Social Security Act (42
4 U.S.C. 601 et seq.) is amended by adding after part C
5 the following new parts:

6 “PART D—FAMILY ASSISTANCE PLAN

7 “APPROPRIATIONS

8 “SEC. 441. For the purpose of providing a basic level
9 of financial assistance throughout the Nation to needy
10 families with children, in a manner which will strengthen
11 family life, encourage work training and self-support, and
12 enhance personal dignity, there is authorized to be appro-
13 priated for each fiscal year a sum sufficient to carry out this
14 part.

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1 "ELIGIBILITY FOR AND AMOUNT OF FAMILY ASSISTANCE

2 BENEFITS

3 "Eligibility

4 "SEC. 442. (a) Each family (as defined in section
5 445) —

6 "(1) whose income, other than income excluded
7 pursuant to section 443 (b), is *at a rate of* less than—

8 "(A) \$500 per year for each of the first two
9 members of the family, plus

10 "(B) \$300 per year for each additional mem-
11 ber, and

12 "(2) whose resources, other than resources ex-
13 cluded pursuant to section 444, are less than \$1,500,
14 shall, in accordance with and subject to the other provisions
15 of this title, be paid a family assistance benefit.

16 "Amount

17 "(b) The family assistance benefit for a family shall
18 be payable at the rate of—

19 "(1) \$500 per year for each of the first two mem-
20 bers of the family, plus

21 "(2) \$300 per year for each additional member,
22 reduced by the amount of income, not excluded pursuant
23 to section 443 (b), of the members of the family.

1 “Period for Determination of Benefits

2 “(c) (1) A family’s eligibility for and its amount of
3 family assistance benefits shall be determined for each quar-
4 ter of a calendar year, *beginning with the quarter in which*
5 *application for such benefits is made and within 30 days fol-*
6 *lowing the date upon which such application is initially filed.*
7 Such determination shall be made on the basis of the
8 Secretary’s estimate of the family’s income for such
9 quarter, after taking into account income for a preceding
10 period and any modifications in income which are likely
11 to occur on the basis of changes in conditions or circum-
12 stances. Eligibility for and the amount of benefits of a
13 family for any quarter shall be redetermined at such time or
14 times as may be provided by the Secretary, such redeter-
15 mination to be effective *prospectively and such estimate shall*
16 *in turn be based on income for a preceding period unless he*
17 *has reason to believe that modifications in income have or are*
18 *likely to occur on the basis of changes in conditions or circum-*
19 *stances. The Secretary shall redetermine eligibility for and*
20 *amount of benefits of a family for a quarter if at any time*
21 *during such quarter he has reason to believe that there have*
22 *been changes affecting such eligibility or amount of benefits,*

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1 *and such redetermination shall be effective beginning with the*
 2 *month following the month in which such [redetermination*
 3 *is made] changes occurred.*

4 “(2) The Secretary shall by regulation prescribe the
 5 cases in which and extent to which the amount of a family
 6 assistance benefit for any quarter shall be reduced by reason
 7 of the time elapsing since the beginning of such quarter and
 8 before the date of filing of the application for the benefits. *In*
 9 *the case of an application for family assistance benefits which*
 10 *is filed after the first day of a quarter, the amount determined*
 11 *pursuant to paragraph (1) for such quarter shall be reduced*
 12 *by an amount which bears the same ratio to the amount deter-*
 13 *mined pursuant to such paragraph as the number of days in*
 14 *the quarter preceding the date on which the application was*
 15 *filed bears to the total number of days in such quarter.*

16 “(3) The Secretary may, in accordance with regula-
 17 tions, prescribe the cases in which and the extent to which
 18 income received in one period (or expenses incurred in one
 19 period in earning income) shall, for purposes of determining
 20 eligibility for and amount of family assistance benefits, be

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1 considered as received (or incurred) in another period or
2 periods.

3 “Special Limits on Gross Income

4 “(d) The Secretary may, in accordance with regula-
5 tions, prescribe the circumstances under which the gross
6 income from a trade or business (including farming) will be
7 considered sufficiently large to make such family ineligible
8 for such benefits. *For the purposes of this subsection, the term*
9 *‘gross income’ has the same meaning as when used in the Internal*
10 *Revenue Code of 1954 (26 U.S.C. 1 et seq.).*

11 “Puerto Rico, the Virgin Islands, and Guam

12 “(e) For special provisions applicable to Puerto Rico,
13 the Virgin Islands, and Guam, see section 1108 (e).

14 “INCOME

15 “Meaning of Income

16 “SEC. 443. (a) For purposes of this part, income means
17 both earned income and unearned income [*reduced by*
18 *amounts paid or withheld pursuant to chapter 1 or 24 of the*
19 *Internal Revenue Code of 1954 as personal income tax;*]
20 and—

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1 “(1) earned income means only—

2 “(A) remuneration for services performed as
3 an employee (as defined in section 210 (j)), other
4 than remuneration to which section 209 (b), (c),
5 (d), (f), or (k), or section 211, would apply; and

6 “(B) net earnings from self-employment, as
7 defined in section 211 (without the application of
8 the second and third sentences following clause (C)
9 of subsection (a) (9)), including earnings for serv-
10 ices described in paragraphs (4), (5), and (6)
11 of subsection (c) ; and

12 “(2) unearned income means all other income,
13 including—

14 “(A) any payments received as an annuity,
15 pension, retirement, or disability benefit, including
16 veteran’s or workmen’s compensation and old-age,
17 survivors, and disability insurance, railroad retire-
18 ment, and unemployment benefits;

19 **【“(B) prizes and awards:】**

20 **【“(C) the proceeds of any life insurance**
21 **policy:】**

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1 “**[(D)]** *(B)* **[**gifts (cash or otherwise),**]** sup-
2 port and alimony payments, **[**and inheritances; and**]**

3 “**[(E)]** *(C)* rents, dividends, interest, and
4 royalties**[.]**; *and*

5 “*(D) regularly recurring payments excluded from*
6 *earned income under clause (1)(A), which are intended*
7 *to replace earned income, whether for a temporary or*
8 *indefinite period of time.*

9 **“Exclusions From Income**

10 “(b) In determining the income of a family there shall
11 be excluded—

12 “(1) subject to limitations (as to amount or other-
13 wise) prescribed by the Secretary, the earned income of
14 each child in the family who is, as determined by the
15 Secretary under regulations, a student regularly attend-
16 ing a school, college, or university, or a course of voca-
17 tional or technical training designed to prepare him
18 for gainful employment;

19 “(2) (A) the total unearned income of all mem-
20 bers of a family in a calendar quarter which, as de-
21 termined in accordance with criteria prescribed by the

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1 ~~Secretary~~, is received too infrequently or irregularly to
 2 be included, if such income so received does not exceed
 3 \$30 in such quarter, and (B) the total earned income
 4 of all members of a family in a calendar quarter which,
 5 ~~as determined in accordance with such criteria~~, is re-
 6 ceived too infrequently or irregularly to be included, if
 7 such income so received does not exceed \$30 in such
 8 quarter;

9 “(3) an amount of earned income of a member of
 10 the family equal to all, ~~or such part (and according to~~
 11 ~~such schedule)~~ as the Secretary may prescribe, of the
 12 cost incurred by such member for child care which the
 13 Secretary deems necessary to securing or continuing in
 14 manpower training, vocational rehabilitation, employ-
 15 ment, or self-employment *except that such amount may*
 16 *not exceed the cost, established for purposes of section*
 17 *436(c), of [comparable] child care of the same type as*
 18 *that provided pursuant to section 436;*

19 “(4) the first \$720 per year (or proportionately
 20 smaller amounts for shorter periods) of the total of
 21 earned income (not excluded by the preceding para-

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1 graphs of this subsection) of all members of the family
 2 plus one-half of the remainder thereof;

3 “(5) food stamps or any other assistance (except
 4 veterans’ pensions) which is based on need and fur-
 5 nished by any State or political subdivision of a State
 6 or any Federal agency, or by any private ~~charitable~~
 7 agency or organization *exempt from taxation under sec-*
 8 *tion 501(a) of the Internal Revenue Code (26 U.S.C. 501*
 9 *(a)) as an organization (as determined by the Secre-*
 10 *tary described in section 501(c) (3) or (4) of the Inter-*
 11 *nal Revenue Code (26 U.S.C. 501(c) (3) and (4));*

12 “(6) allowances under section 432 (a) or under
 13 section 437 (d);

14 “(7) any portion of a scholarship or fellowship
 15 received for use in paying the cost of tuition and fees
 16 at any educational (including technical or vocational
 17 education) institution; ~~and~~

18 “(8) home produce of a member of the family
 19 utilized by the household for its own consumption; *and*

20 “(9) any amounts received **[paid]** for the foster care
 21 of a child who is living in the same home as the family but is
 22 not a member of the family.

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1 **[***The Secretary shall prescribe regulations relating to the*
 2 *treatment (for the purposes of this part and part E) of*
 3 *refunds of overpayments of personal income tax under the*
 4 *Internal Revenue Code which regulations are designed to*
 5 *achieve, as nearly as practicable, the results which would*
 6 *have obtained if there had been no such overpayments.***]**

7 **“RESOURCES**

8 **“Exclusions From Resources**

9 **“SEC. 444. (a) In determining the resources of a family**
 10 **there shall be excluded—**

11 **“(1) the home, household goods, and personal ef-**
 12 **fects; and**

13 **“(2) other property which, as determined in ac-**
 14 **cordance with and subject to limitations in regulations**
 15 **of the Secretary, is so essential to the family’s means of**
 16 **self-support as to warrant its exclusion.**

17 **“Disposition of Resources**

18 **“(b) The Secretary shall prescribe regulations appli-**
 19 **cable to the period or periods of time within which, and the**
 20 **manner in which, various kinds of property must be dis-**
 21 **posed of in order not to be included in determining a fam-**

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1 ily's eligibility for family assistance benefits. Any portion
 2 of the family's benefits paid for any such period shall be
 3 conditioned upon such disposal; and any benefits so paid
 4 shall (at the time of the disposal) be considered over-
 5 payments to the extent they would not have been paid
 6 had the disposal occurred at the beginning of the period for
 7 which such benefits were paid.

8 "MEANING OF FAMILY AND CHILD

9 "Composition of Family

10 "SEC. 445. (a) Two or more individuals—

11 "(1) who are related by blood, marriage, or
 12 adoption,

13 "(2) who are living in a place of residence main-
 14 tained by one or more of them as his or their own home,

15 "(3) who are residents of the United States, and

16 "(4) at least one of whom is a child who (A) is
 17 not married to another of such individuals and
 18 (B) is in the care of or dependent upon another
 19 of such individuals,

20 shall be regarded as a family for purposes of this part and
 21 parts A, C, and E. A parent (of a child living in a place
 22 of residence referred to in paragraph (2)), or a spouse of
 23 such a parent, who is determined by the Secretary to be

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1 temporarily absent from such place of residence for the
 2 purpose of engaging in or seeking employment or self-
 3 employment (including military service) shall nevertheless
 4 be considered (for purposes of paragraph (2)) to be living
 5 in such place of residence.

6 **“Definition of Child**

7 **“(b) For purposes of this part and parts C and E, the**
 8 **term ‘child’ means an individual who is (1) under the age**
 9 **of eighteen, or (2) under the age of ~~twenty-one~~ *twenty-two***
 10 **and (as determined by the Secretary under regulations) a**
 11 **student regularly attending a school, college, or university,**
 12 **or a course of vocational or technical training designed to**
 13 **prepare him for gainful employment.**

14 **“Determination of Family Relationships**

15 **~~“(e) In determining whether an individual is related~~**
 16 **~~to another individual by blood, marriage, or adoption, appro-~~**
 17 **~~priate State law shall be applied.~~**

18 **“Income and Resources of Noncontributing ~~Adult Individual~~**

19 **~~“(d) (e) For purposes of determining eligibility for and~~**
 20 **~~the amount of family assistance benefits for any family there~~**
 21 **~~shall be excluded the income and resources of any individual,~~**

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1 other than a parent of a child (or a spouse of a parent),
 2 which,—as determined in accordance with criteria prescribed
 3 by the Secretary, is not available to other members of the
 4 family; and for such purposes such individual—

5 “(1) in the case of a child, shall be regarded as a
 6 member of the family for purposes of determining the
 7 family’s eligibility for such benefits but not for purposes
 8 of determining the amount of such benefits, and

9 “(2) in any other case, shall not be considered a
 10 member of the family for any purpose.

11 “Recipients of Aid to the Aged, Blind, and
 12 Disabled Ineligible

13 “~~(e)~~ (d) If an individual is receiving aid to the aged,
 14 blind, and disabled under a State plan approved under title
 15 XVI, or if his needs are taken into account in determining
 16 the need of another person receiving such aid, then, for the
 17 period for which such aid is received, such individual shall
 18 not be regarded as a member of a family for purposes of
 19 determining the amount of the family assistance benefits of
 20 the family *and his income and resources shall not be counted as*
 21 *income of a family under this part.*

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1 “PAYMENTS AND PROCEDURES

2 “Payments of Benefits

3 “SEC. 446. (a) (1) Family assistance benefits shall be
4 paid ~~at such time or times and in such installments as the~~
5 ~~Secretary determines will best effectuate the purposes of this~~
6 ~~title not less frequently than monthly, except that such bene-~~
7 ~~fits may be paid quarterly in any case in which the Secretary~~
8 ~~determines that the amount of such benefits for a quarter will~~
9 ~~not exceed \$30.~~

10 “(2) Payment of the family assistance benefit of any
11 family may be made to any one or more members of the
12 family, or, if the Secretary [deems it appropriate, to any
13 person, other than a member of such family, who is inter-
14 ested in or concerned with the welfare of the family] *finds,*
15 *after notice and opportunity for hearing (which shall be held*
16 *in the same manner and subject to the same conditions as a*
17 *hearing under section 446(c) (1) and (2)) to the family member*
18 *to whom the family assistance benefits are (or, but for this pro-*
19 *vision, would be) paid, that such member has such inability to*
20 *manage funds that making payment to such member would be*

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1 *contrary to the welfare of the child or children in such family,*
2 *he may make payment to any person, other than a member of*
3 *such family, who is interested in or concerned with the welfare*
4 *of the family. If the Secretary makes payment to a person who*
5 *is not a member of the family, he shall review his finding under*
6 *the preceding sentence periodically to determine whether the*
7 *conditions justifying such finding still exist, and if they do not,*
8 *he shall discontinue making payments to any person who is not a*
9 *member of the family. If it appears to the Secretary that such*
10 *conditions are likely to continue beyond a period specified by*
11 *him, he shall attempt to secure the appointment of a guardian*
12 *or other legal representative for the family member with respect*
13 *to whom such finding is made, and take any other steps he may*
14 *find appropriate to protect the welfare of the child or children in*
15 *the family.*

16 “(3) The Secretary may by regulation establish ranges
17 of incomes within which a single amount of family assistance
18 benefit shall apply.

19 “Overpayments and Underpayments

20 “(b) Whenever the Secretary finds that more or less
21 than the correct amount of family assistance benefits has
22 been paid with respect to any family, proper adjustment or

1 recovery shall, subject to the succeeding provisions of this
2 subsection, be made by appropriate adjustments in future
3 payments to the family or by recovery from or payment to
4 any one or more of the individuals who are or were members
5 thereof: The Secretary shall make such provision as he finds
6 appropriate in the case of payment of more than the correct
7 amount of benefits with respect to a family with a view to
8 avoiding penalizing members of the family who were without
9 fault in connection with the overpayment, if *unless such*
10 adjustment or recovery on account of such overpayment in
11 such case (*in the case of an overpayment*) would defeat the
12 purposes of this part, or be against equity or good conscience,
13 or (because of the small amount involved) impede efficient
14 or effective administration of this part.

15 "Hearings and Review

16 "(c) (1) The Secretary shall provide reasonable notice
17 and opportunity for a *fair* hearing to any individual who is or
18 claims to be a member of a family and is in disagreement
19 with any determination under this part with respect to
20 eligibility of the family for family assistance benefits, the

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1 number of members of the family, or the amount of the
2 benefits, if such individual requests a hearing on the matter
3 in disagreement within thirty days after notice of such deter-
4 mination is received. Until a determination is made on the
5 basis of such hearing or upon disposition of the matter
6 through default, withdrawal of the request by the individual
7 or revision of the initial determination by the Secretary, any
8 amounts which are payable (or would be payable but for
9 the matter in disagreement) to any individual who has been
10 determined to be a member of such family shall continue to
11 be paid; but any amounts so paid for periods prior to such
12 determination or disposition shall be considered overpay-
13 ments to the extent they would not have been paid had such
14 determination or disposition occurred at the same time as
15 the Secretary's initial determination on the matter in
16 disagreement *if there would have been no matter in disagreement*
17 *but for the fraudulent statements or willful misstatements of such*
18 *individual or any other person who has been determined to be*
19 *a member of a family. For purposes of hearings under this sub-*
20 *section, the Administrative Procedure Act shall not apply.*

21 “(2) Determination on the basis of such hearing shall be
22 made within ninety days after the individual requests the
23 hearing as provided in paragraph (1) *or within thirty days*
24 *following the final day of the hearing, whichever is sooner.*

1 “(3) The final determination of the Secretary after a
2 hearing under paragraph (1) shall be subject to judicial
3 review as provided in section 205(g) to the same extent
4 as the Secretary’s final determinations under section 205【;
5 except that the determination of the Secretary after such
6 hearing as to any fact shall be final and conclusive and not
7 subject to review by any court】.

8 “Procedures; Prohibition of Assignments

9 “(d) The provisions of sections 206(a) (*other than*
10 *the penultimate sentence thereof*) and 207 and subsections
11 (a), (d), (e), and (f) of section 205 shall apply with
12 respect to this part to the same extent as they apply in
13 the case of title II.

14 “Applications and Furnishing of Information by Families

15 “(e) (1) The Secretary shall prescribe regulations ap-
16 plicable to families or members thereof with respect to the
17 filing of applications, the furnishing of other data and mate-
18 rial, and the reporting of events and changes in circumstances,
19 as may be necessary to determine eligibility for and amount
20 of family assistance benefits.

21 “(2) In order to encourage prompt reporting of events

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1 and changes in circumstances relevant to eligibility for or
 2 amount of family assistance benefits, and more accurate
 3 estimates of expected income or expenses by members of
 4 families for purposes of such eligibility and amount of bene-
 5 fits, the Secretary ~~may~~ *shall* prescribe the cases in which and
 6 the extent to which—

7 “(A) failure to so report or delay in so reporting, or

8 “(B) inaccuracy of information which is furnished
 9 by the members and on which the estimates of income or
 10 expenses for such purposes are based,

11 will result in treatment as overpayments of all or any
 12 portion of payments of such benefits for the period involved.

13 “Furnishing of Information by Other Agencies

14 “(f) The head of any Federal agency shall provide
 15 such information as the Secretary needs for purposes of
 16 determining eligibility for or amount of family assistance
 17 benefits, or verifying other information with respect thereto.

18 “Application for Other Benefits or Payments

19 “(g) For purposes of determining the amount of family assist-
 20 ance benefits to which a family is entitled, the Secretary shall not

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1 *consider as a member of the family any individual who refuses to*
 2 *take all steps necessary (excluding acceptance of any employment*
 3 *which would not be determined to be suitable for such individual*
 4 *under section 448(b)) to apply for and (if eligible) obtain un-*
 5 *employment benefits, old-age, survivors, and disability insurance,*
 6 *or any other payments of the type enumerated in section 443(a)*
 7 *(2)(A) for which the Secretary determines it is likely that such*
 8 *applicant or family or family member may be eligible.*

9 **“REGISTRATION AND REFERRAL OF FAMILY MEMBERS FOR**
 10 **MANPOWER OR REHABILITATION SERVICES, TRAINING,**
 11 **AND EMPLOYMENT**

12 **“SEC. 447. (a) Every individual who is a member of**
 13 **a family which is found to be eligible for family assistance**
 14 **benefits, other than a member to whom the Secretary finds**
 15 **paragraph (1), (2), (3), (4), or (5) of subsection (b)**
 16 **applies, shall register for manpower services, training,**
 17 **and employment with the local public employment office**
 18 **of the State as provided by regulations of the Secretary of**
 19 **Labor. If and for so long as any such individual is found by**
 20 **the Secretary of Health, Education, and Welfare, after rea-**
 21 **sonable notice and opportunity for hearing (which shall be held**

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1 *in the same manner and subject to the same conditions as a hear-*
2 *ing under section 416(c) (1) and (2)), to have failed to so*
3 *register, he shall not be regarded as a member of a family*
4 *but his income which would otherwise be counted under*
5 *this part as income of a family shall be so counted; except*
6 *that if such individual is the only member of the family*
7 *other than a child, such individual shall be regarded as a*
8 *member for purposes of determination of the family's eligi-*
9 *bility for family assistance benefits, but not (except for*
10 *counting his income) for purposes of determination of the*
11 *amount of such benefits no family assistance benefits shall*
12 *be payable to such family with respect to such member.*
13 *In the case of such a finding such member, or, if there are*
14 *two or more such members of a family to whom such a*
15 *finding is applicable at the same time, the first and second*
16 *members of such family with respect to whom it is so*
17 *applicable, shall be treated as, respectively, the first member*
18 *and first and second members, respectively, of such family*
19 *for purposes of section 442(b). No part of the family assist-*
20 *ance benefits of any such family may be paid to such individ-*

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1 ual during the period for which the ~~preceding~~ *second* sentence
 2 *of this subsection* is applicable to him; and the Secretary may,
 3 if he deems it appropriate, provide for payment of such bene-
 4 fits during such period to any person, other than a member
 5 of such family, who is interested in or concerned with the
 6 welfare of the family.

7 “(b) An individual shall not be required to register
 8 pursuant to subsection (a) if the Secretary determines that
 9 such individual is—

10 “(1) unable to engage in work or training by
 11 reason of illness, incapacity, or advanced age;

12 “(2) a mother or other relative of a child under
 13 the age of six who is caring for such child;

14 “(3) the mother or other female caretaker of a
 15 child, if the father or another adult male relative is in
 16 **the home and not excluded by paragraph (1), (2),**
 17 **(4), or (5) of this subsection (unless the second sen-**
 18 **tence of subsection (a), or section 448 (a), is applicable**
 19 **to him) ;**

20 “(4) a child who is under the age of sixteen or
 21 meets the requirements of section 445 (b) (2) ; or

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1 “(5) one whose presence in the home on a sub-
2 stantially continuous basis is required because of the ill-
3 ness or incapacity of another member of the household.
4 An individual who would, but for the preceding sentence,
5 be required to register pursuant to subsection (a), may, if
6 he wishes, register as provided in such subsection.

7 “(c) The Secretary shall make provision for the fur-
8 nishing of child care services in such cases and for so long
9 as he deems appropriate in the case of (1) individuals reg-
10 istered pursuant to subsection (a) who are, pursuant to such
11 registration, participating in manpower services, training, or
12 employment, and (2) individuals referred pursuant to sub-
13 section (d) who are, pursuant to such referral, participat-
14 ing in vocational rehabilitation.

15 “(d) In the case of any member of a family receiving
16 family assistance benefits who is not required to register
17 pursuant to subsection (a) because of such member's in-
18 capacity, the Secretary shall make provision for referral of
19 such member to the appropriate State agency administering
20 or supervising the administration of the State plan for vo-
21 cational rehabilitation services approved under the Vocational

1 Rehabilitation Act, and ~~(except in such cases involving per-~~
2 ~~manent incapacity as the Secretary may determine)~~ for a
3 review ~~not less often than quarterly~~ of such member's inca-
4 pacity and his need for and utilization of the rehabilitation
5 services made available to him under such plan *as fre-*
6 *quently as may be appropriate, as determined by the Secre-*
7 *tary taking into consideration the nature of the individual's*
8 *incapacity and the likelihood of a change in his condition.*
9 If and for so long as such member is found by the Secretary,
10 *after reasonable notice and opportunity for hearing (which*
11 *shall be held in the same manner and subject to the same*
12 *conditions as a hearing under section 446* **[(a)]** *(c) (1) and*
13 *(2)), to have refused without good cause to accept rehabili-*
14 *tation services available to him under such plan, he shall be*
15 *treated as an individual to whom subsection (a) is applicable*
16 *by reason of refusal to accept or participate in employment*
17 *or training register for manpower services, training, and*
18 *employment.*

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1 **“DENIAL OF BENEFITS IN CASE OF REFUSAL OF MANPOWER**
 2 **OR REHABILITATION SERVICES, TRAINING, OR EMPLOY-**
 3 **MENT**

4 **“SEC. 448. (a) For purposes of determining eligibility**
 5 **for and amount of family assistance benefits under this part,**
 6 **an individual who has registered as required under section**
 7 **447 (a) shall not be regarded as a member of a family, but**
 8 **his income which would otherwise be counted as income of**
 9 **the family under this part shall be so counted; *be treated as***
 10 ***an individual to whom section 447 (a) applies by reason of***
 11 ***refusal to register for manpower services, training, and***
 12 ***employment, if and for so long as he has been found by the***
 13 **Secretary of Labor, after reasonable notice and opportunity**
 14 **for hearing (which shall be held in the same manner and**
 15 **subject to the same conditions as a hearing under section**
 16 **446 (c) (1) and (2)), to have refused without good cause**
 17 **to participate or continue to participate in *suitable* manpower**
 18 **services, training, or employment, or to have refused with-**
 19 **out good cause to accept *suitable* employment in which he is**
 20 **able to engage which is offered through the public employ-**

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1 ment offices of the State, or is otherwise offered by an e-
 2 ployer if the offer of such employer is determined by the
 3 Secretary of Labor, after notification by such employer or
 4 otherwise, to be a bona fide offer of employment; except that
 5 if such individual is the only member of the family other than
 6 a child, such individual shall be regarded as a member of the
 7 family for purposes of determination of the family's eligibility
 8 for benefits, but not ~~(except for counting his income)~~ for the
 9 purposes of determination of the amount of its benefits. No
 10 part of the family assistance benefits of any such family may
 11 be paid to such individual during the period for which the
 12 preceding sentence is applicable to him; and the Secretary
 13 may, if he deems it appropriate, provide for payment of such
 14 benefits during such period to any person, other than a
 15 member of such family, who is interested in or concerned
 16 with the welfare of the family.

17 **["**(b) No family shall be denied benefits under this
 18 part, or have its benefits under this part reduced, because
 19 an individual who is **]** ~~(or would, but for subsection (a), be)~~
 20 **[**a member of such family refuses work under any of the
 21 following conditions:

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1 **[" (1) if the position offered is vacant due directly**
 2 **to a strike, lockout, or other labor dispute ;**

3 **[" (2) if the wages, hours, or other terms or con-**
 4 **ditions of the work offered are contrary to or less than**
 5 **those prescribed by Federal, State, or local law or are**
 6 **substantially less favorable to the individual than those**
 7 **prevailing for similar work in the locality ;**

8 **[" (3) if, as a condition of being employed, the in-**
 9 **dividual would be required to join a company union**
 10 **or to resign from or refrain from joining any bona fide**
 11 **labor organization ; or**

12 **[" (4)] if the individual has the demonstrated**
 13 **capacity, through other available training or employment**
 14 **opportunities, of securing work that would better enable**
 15 **him to achieve self-sufficiency [if the individual has the**
 16 **ability, based on skills or prior experience, to acquire**
 17 **other employment that would contribute more to his self-**
 18 **sufficiency, but only if the Secretary of Labor is satisfied**
 19 **that such employment is actually available in the com-**
 20 **munity, and the individual has not been given adequate**
 21 **opportunity to obtain it.]**

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1 “(b)(1) *In determining whether any employment is suitable*
2 *for an individual for purposes of subsection (a) and part C, the*
3 *Secretary of Labor shall consider the degree of risk to such indi-*
4 *vidual's health and safety, his physical fitness for the work, his*
5 *prior training and experience, his prior earnings, the length of*
6 *his unemployment, his realistic prospects for obtaining work*
7 *based on his potential and the availability of training opportu-*
8 *nities, and the distance of the available work from his residence.*

9 “(2) *In no event shall any employment be considered suit-*
10 *able for an individual—*

11 “(A) *if the position offered is vacant due directly to a*
12 *strike, lockout, or other labor dispute;*

13 “(B) *if the wages, hours, or other terms or conditions*
14 *of the work offered are contrary to or less than those pre-*
15 *scribed by Federal, State, or local law or are substantially*
16 *less favorable to the individual than those prevailing for*
17 *similar work in the locality; or*

18 “(C) *if, as a condition of being employed, the indi-*
19 *vidual would be required to join a company union or to*
20 *resign from or refrain from joining any bona fide labor*
21 *organization.*

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1 "TRANSFER OF FUNDS FOR ON-THE-JOB

2 TRAINING PROGRAMS

3 "SEC. 449. The Secretary shall, pursuant to and to the
 4 extent provided by agreement with the Secretary of Labor,
 5 pay to the Secretary of Labor amounts which *he the Secre-*
 6 *tary of Health, Education, and Welfare* estimates would
 7 be paid as family assistance benefits under this part to
 8 individuals participating in public or private employer com-
 9 pensated on-the-job training under a program of the Secre-
 10 tary of Labor if they were not participating in such training.
 11 Such amounts shall be available to pay the costs of such
 12 programs.

13 "PART E—STATE SUPPLEMENTATION OF FAMILY

14 ASSISTANCE BENEFITS

15 "PAYMENTS UNDER TITLES IV, V, XVI, AND XIX **[. AND XX]**

16 CONDITIONED ON SUPPLEMENTATION

17 "SEC. 451. In order for a State to be eligible for pay-
 18 ments pursuant to title V, XVI, or XIX, or **part A or B**
 19 **of this title, [XX]** with respect to expenditures for any
 20 quarter beginning on or after the date this part becomes

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1 effective with respect to such State, it must have in effect
 2 an agreement with the Secretary under which it will (1)
 3 make supplementary payments, as provided in this part
 4 *and part F*, to any family *residing in the State* [other than
 5 a family in which both parents of the child or children are
 6 present.] [*and*] [neither parent is incapacitated.] ~~and the~~
 7 ~~male parent is not unemployed in which one parent of the~~
 8 *child or children is dead, continuously absent from the home,*
 9 *or incapacitated, and (but only at the option of the State) for*
 10 *the first twenty-four months for which such agreement is effec-*
 11 *tive, to any family residing in the State in which the male parent*
 12 *of the child or children is unemployed (as defined in section 455),*
 13 *and (2) carry out all other requirements of this part.*

14 "ELIGIBILITY FOR AND AMOUNT OF SUPPLEMENTARY
 15 PAYMENTS

16 ~~"Sec. 452. (a) Eligibility for and amount of supple-~~
 17 ~~mentary payments under the agreement with any State under~~
 18 ~~this part shall, subject to the succeeding provisions of this~~

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1 section; be determined by application of the provisions of,
2 and rules and regulations under, sections ~~442(a)(2), (c),~~
3 and ~~(d), 443(a), 444, 445, 446~~ (to the extent the Secro-
4 tary deems appropriate), ~~447, and 448,~~ and by application
5 of the standard for determining need under the plan of such
6 State as in effect for January 1970 (which standard complies
7 with the requirements for approval under part A as in effect
8 for such month) or, if lower, a standard equal to the applicable
9 poverty level determined pursuant to section ~~453(e)~~ and in
10 effect at the time of such payments; or such higher standard
11 of need as the State may apply; with the resulting amount
12 reduced by the family assistance benefit payable under part
13 D and further reduced by any other income (earned or un-
14 earned) not excluded under section ~~443(b)~~ (except para-
15 graph ~~(4)~~ thereof) or under subsection ~~(b)~~ of this section;
16 but in making such determination the State may impose limi-
17 tations on the amount of aid paid to the extent that such limi-
18 tations (in combination with other provisions of the plan) are
19 no more stringent in result than those imposed under the plan
20 of such State as in effect for such month. In the case of any
21 State which provides for meeting less than 100 per centum of

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1 its standard of need or provides for considering less than 100
2 per centum of requirements in determining need, the Secre-
3 tary shall prescribe by regulation the method or methods for
4 achieving as nearly as possible the results provided for under
5 the foregoing provisions of this subsection.

6 ~~“(b). For purposes of determining eligibility for and~~
7 ~~amount of supplementary payments to a family for any~~
8 ~~period pursuant to an agreement under this part, in the case~~
9 ~~of earned income to which paragraph (1) of section 413~~
10 ~~(b) applies, there shall be disregarded \$720 per year (or~~
11 ~~proportionately smaller amounts for shorter periods), plus—~~

12 ~~(1) one-third of the portion of the remainder of~~
13 ~~earnings which does not exceed twice the amount of the~~
14 ~~family assistance benefits that would be payable to the~~
15 ~~family if it had no income, plus~~

16 ~~(2) one-fifth (or more if the Secretary by regula-~~
17 ~~tion so prescribes) of the balance of the earnings.~~

18 ~~For special provisions applicable to Puerto Rico, the Virgin~~
19 ~~Islands, and Guam, see section 4108(e).~~

20 *“SEC. 452. (a) The amount payable under the agree-*
21 *ment with any State under this part to any family described*

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1 *in section 451 shall, subject to the succeeding provisions of*
 2 *this section, be no less than the difference between*

3 “(1) *the payment level in such State, and*

4 “(2) *the family assistance benefits payable under*
 5 *part D without regard to any reduction in such benefits*
 6 *required by section 447 or 448 plus any other income*
 7 *(earned or unearned) not excluded under section 443*
 8 *(b) (except paragraph (4) thereof) or under subsection*
 9 *(b) of this section.*

10 **[***The payment level for each State shall be determined by the*
 11 *Secretary after considering the payment which would have*
 12 *been made to a family group of such size with no income*
 13 *(adjusted as may be necessary to reflect differences in shelter*
 14 *costs between different areas of the State) under the plan of*
 15 *such State as in effect for January 1970 (which complies with*
 16 *the requirements for approval under part A as in effect for*
 17 *such month), but this section shall not be construed to require***]**
 18 *The payment level in each State for any family shall be deter-*
 19 *mined by the Secretary after consultation with such State. The*

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1 *payment level so determined shall be so designed that as nearly*
2 *as practicable, payments under the agreement (when added to*
3 *benefits payable under part D) to families with no other income*
4 *will be equal to the maximum payment (exclusive of amounts*
5 *designed to meet shelter needs) which families of the same size*
6 *(and which were eligible for no additional payments to meet spe-*
7 *cial or extraordinary needs, determined in accordance with criteria*
8 *prescribed by the Secretary) would have received for October*
9 *1970 under the plan of such State (i) which is in effect for such*
10 *month (or in effect for January 1971 if the State has adopted prior*
11 *to October 1, 1970, a change in the amount of such payments*
12 *effective after October 1970) and (ii) which complies with the*
13 *requirements for approval under part A as in effect for such*
14 *month, plus a uniform amount to meet shelter needs (adjusted as*
15 *may be necessary to reflect differences in shelter costs between*
16 *different areas of the State); except that this section shall not be*
17 *construed to require a State to make payments with respect to*
18 *that amount by which its payment level exceeds the poverty*
19 *level (as defined in section 453(c)) applicable to such family.*
20 “(b) For purposes of **[***determining eligibility for and*

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1 *the amount of supplementary payments to a family for any*
 2 *period pursuant to* **]** *an agreement under this part,*

3 “(1) *the provisions of, and the rules and regulations*
 4 *under, sections 442 (a)(2), (c) and (d), 443(a), 444,*
 5 *445, 446 (to the extent the Secretary deems appro-*
 6 *priate), 447, and 448 shall be applied, [and]*

7 “(2) *in the case of earned income to which para-*
 8 *graph (4) of section 443(b) applies, there shall be dis-*
 9 *regarded \$720 per year (or proportionately smaller*
 10 *amounts for shorter periods), plus one-third of the re-*
 11 *mainder, and,*

12 “(3) *for the first twenty-four months during which such*
 13 *agreement is in effect, there may be disregarded an additional*
 14 *amount of income (whether earned or unearned) equal to*
 15 *whichever of the following is the lesser: (A) the amount in*
 16 *excess of any amounts of income disregarded pursuant to part*
 17 *A, as in effect in the month prior to the month for which such*
 18 *agreement first becomes effective, which was received by those*
 19 *members of the family whose needs were being met in such*
 20 *month under the State’s plan (which complies with the stand-*
 21 *ards for approval under such part as in effect for such month)*

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1 *without a resultant reduction in the assistance payment under*
2 *such State's plan, or (B) the lowest amount of any such in-*
3 *come described in clause (A) which was disregarded under*
4 *any subsequent determination or redetermination of the*
5 *amount of payments to such family under such agreement.*

6 *For special provisions applicable to Puerto Rico, the Virgin*
7 *Islands, and Guam, see section 1108(e).*

8 “(c) The agreement with a State under this part shall—

9 “(1) provide that it shall be in effect in all political
10 subdivisions of the State;

11 “(2) provide for the establishment or designation
12 of a single State agency to carry out or supervise the
13 carrying out of the agreement in the State;

14 “(3) provide for granting an opportunity for a fair
15 hearing before the State agency carrying out the agree-
16 ment to any individual whose claim for supplementary
17 payments is denied or is not acted upon with reasonable
18 promptness;

19 “(4) provide (A) such methods of administration
20 (including methods relating to the establishment and
21 maintenance of personnel standards on a merit basis, ex-
22 cept that the Secretary shall exercise no authority with
23 respect to the selection, tenure of office, and compensa-

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1 tion of any individual employed in accordance with
2 such methods) as are found by the Secretary to be
3 necessary for the proper and efficient operation of the
4 agreement in the State, and (B) for the training and
5 effective use of paid subprofessional staff, with par-
6 ticular emphasis on the full- or part-time employment of
7 recipients of supplementary payments and other persons
8 of low income, as community services aides, in carrying
9 out the agreement and for the use of nonpaid or partially
10 paid volunteers [in a social service volunteer program
11 in providing services to applicants for and recipients of
12 supplementary payments and in assisting any advisory
13 committees established by the State agency];

14 “(5) provide that the State agency carrying out
15 the agreement will make such reports, in such form and
16 containing such information, as the Secretary may from
17 time to time require, and comply with such provisions
18 as the Secretary may from time to time find necessary
19 to assure the correctness and verification of such reports;

20 “(6) provide safeguards which restrict the use or
21 disclosure of information concerning applicants for and
22 recipients of supplementary payments to purposes di-

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1 rectly connected with the administration of this title;
2 ~~and~~

3 “(7) provide that all individuals wishing to make
4 application for supplementary payments shall have op-
5 portunity to do so, and that supplementary payments
6 shall be furnished with reasonable promptness to all
7 eligible individuals;

8 “(8) provide that no lien will be imposed against
9 the property of any member of a family or his estate
10 on account of payments made under the agreement (ex-
11 cept pursuant to the judgment of a court on account of
12 payments incorrectly made to such family), and that
13 there will be no adjustment or any recovery of payments
14 correctly made under the agreement; and

15 “(9) provide—

16 “(A)(i) for the development and implementa-
17 tion of a program under which the State will [under-
18 take] attempt—

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1 “(I) in the case of a child born out of
2 wedlock who is receiving assistance to needy fam-
3 ilies with children, or payments under the agree-
4 ment, to establish the paternity of such child and
5 secure support for him,

6 “(II) in the case of any child receiving
7 such assistance or payments who has been
8 deserted or abandoned by his parent, to secure
9 support for such child from such parent (or
10 from any other person legally liable for such
11 support), utilizing reciprocal arrangements
12 adopted with other States to obtain or enforce
13 court orders for support, and

14 “(III) in the case of any parent (of a
15 child referred to in clause (II)) receiving such
16 assistance or payments who has been deserted
17 or abandoned by his or her spouse, to secure
18 support for such parent from such spouse (or
19 from any other person legally liable for such
20 support), utilizing any reciprocal arrangements
21 adopted with other States to obtain or enforce
22 court orders for support, and

1 “(ii) for the establishment of a single organiza-
2 tional unit in the State agency or local agency
3 **[administering]** carrying out the agreement in each
4 political subdivision which will be responsible for the
5 administration of the program referred to in clause
6 (i):

7 “(B) for entering into cooperative arrange-
8 ments with appropriate courts and law enforcement
9 officials (i) to assist in administering the program
10 referred to in clause (A) (i), including the entering
11 into of financial arrangements with such courts and
12 officials in order to assure optimum results under
13 such program, and (ii) with respect to any other
14 matters of common concern to such courts or officials
15 and the State agency or local agency administering
16 such program;

17 “(C) that the State will report to the Secretary,
18 at such times (not less often than once each calendar
19 quarter) and in such manner as the Secretary may
20 prescribe—

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1 “(i) the name, and social security account
2 number, if known, of each parent of a child
3 referred to in clause (A)(i)—

4 “(I) against whom an order for the
5 support and maintenance of such child has
6 been issued by a court of competent jurisdic-
7 tion but who is not making payments in com-
8 pliance or partial compliance with such
9 order, or against whom a petition for such
10 an order has been filed in a court having
11 jurisdiction to receive such petition, and

12 “(II) whom it has been unable to lo-
13 cate after requesting and utilizing informa-
14 tion included in the files of the Department
15 of Health, Education, and Welfare main-
16 tained pursuant to section 205,

17 “(ii) the last known address of such parent
18 and any information it has with respect to the
19 date on which such parent could last be located
20 at such address, and

21 (iii) such other information as the Secre-

1 *tary may specify to assist in carrying out the*
2 *provisions of section [456] 407;*

3 *“(D) that the State will, in accordance with*
4 *standards prescribed by the Secretary, cooperate*
5 *with any other State carrying out an agreement*
6 *under this part—*

7 *“(i) in locating a parent residing in such*
8 *State (whether or not permanently) against*
9 *whom a petition has been filed in a court of com-*
10 *petent jurisdiction of such other State for the*
11 *support and maintenance of his child receiving*
12 *assistance to needy families with children or*
13 *payments under the agreement of such other*
14 *State, and*

15 *“(ii) in securing compliance or good faith*
16 *partial compliance by a parent residing in*
17 *such State (whether or not permanently) with*
18 *an order issued by a court of competent jurisdic-*

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1 *tion against such parent for the support and*
 2 *maintenance of such child* **[, and]**;

3 *“(10) provide for arrangements to assure that there*
 4 *will be made a non-Federal contribution to the cost of*
 5 *manpower services, training, and employment and op-*
 6 *portunities provided for individuals registered pursuant*
 7 *to section 447, in cash or kind, equal to 10 per centum*
 8 *of such cost* **[.]**; and

9 *“(11) provide, in the case of one or more individuals*
 10 *who are members of a family receiving supplementary pay-*
 11 *ments and who refuse—*

12 *“(A) to register as required under section 447(a),*

13 *“(B) to accept vocational rehabilitation services as*
 14 *required under section 447(d), or*

15 *“(C) without good cause, to participate or continue*
 16 *to participate in manpower services, training, or em-*
 17 *ployment, as required under section 448(a), or to ac-*
 18 *cept suitable employment as described in such section,*
 19 *that such supplementary payments will be reduced by an*
 20 *amount which bears the same ratio to such payments as the*

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1 *number of such individuals bears to the total number of*
 2 *members in the family.*

3 **“PAYMENTS TO STATES**

4 **“SEC. 453. (a) (1) The Secretary shall pay to any**
 5 **State which has in effect an agreement under this part, for**
 6 **each fiscal year, an amount equal to 30 per centum of the**
 7 **total amount expended during such year pursuant to its**
 8 **agreement as supplementary payments to families ~~other than~~**
 9 **families in which both parents of the child or children are**
 10 **present, neither parent is incapacitated, and the male parent**
 11 **is not employed, not counting so much of the supple-**
 12 **mentary payment made to any family as exceeds the amount**
 13 **by which (with respect to the period involved) —**

14 **“(A) the family assistance benefit payable to such**
 15 **family under part D, plus any income of such family**
 16 **(earned or unearned) not disregarded in determining**
 17 **the amount of such supplementary payment, is less than**

18 **“(B) the applicable poverty level as promulgated**
 19 **and in effect under subsection (c).**

20 **“(2) The Secretary shall also pay to each such State**
 21 **an amount equal to [50 per centum of its administrative**
 22 **costs]**

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1 “(A) the cost of carrying out the requirements of section
2 452(c)(9), plus

3 “(B) 50 per centum of its other administrative costs
4 found necessary by the Secretary for carrying out its
5 agreement.

6 “(b) Payments under subsection (a) shall be made at
7 such time or times, in advance or by way of reimbursement,
8 and in such installments as the Secretary may determine;
9 and shall be made on such conditions as may be necessary
10 to assure the carrying out of the purposes of this title.

11 “(c) (1) For purposes of this part, the ‘poverty level’
12 for a family group of any given size shall be the amount
13 shown for a family group of such size in the following table,
14 adjusted as provided in paragraph (2) :

“FAMILY SIZE:	BASIC AMOUNT
One.....	\$1,920
Two.....	2,460 2,520
Three.....	2,940 3,120
Four.....	3,720
Five.....	4,440 4,270
Six.....	4,980 4,820
Seven or more.....	6,420 5,320
<i>Eight</i>	5,820
<i>Nine</i>	6,270
<i>Ten</i>	6,720
<i>Eleven or more</i>	7,170

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1 “(2) **[Between]** *As soon after enactment of the Family*
2 *Assistance Act as may be feasible, and thereafter between July 1*
3 *and September 30 of each year, [beginning with 1970,]* the
4 Secretary (A) shall adjust the amount shown for each size of
5 family group in the table in paragraph (1) by increasing such
6 amount by the percentage by which the average level of the
7 price index for the months in the *most recent preceding* calen-
8 dar **[quarter]** year **[beginning April 1 of such year]**
9 exceeds the average level of the price index for months in
10 *calendar year 1969*, and (B) shall thereupon promulgate the
11 amounts so adjusted as the poverty level for family groups of
12 various sizes which shall be conclusive for purposes of this
13 part for the fiscal year beginning July 1 next succeeding
14 such promulgation.

15 “(3) As used in this subsection, the term ‘price index’
16 means the Consumer Price Index (all items—United States
17 city average) published monthly by the Bureau of Labor
18 Statistics.

19 **“FAILURE BY STATE TO COMPLY WITH AGREEMENT**

20 **“SEC. 454. If the Secretary, after reasonable notice and**
21 **opportunity for hearing to a State with which he has an**

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1 agreement under this part, finds that such State is failing to
 2 comply therewith *or with any requirement imposed by or*
 3 *pursuant to this part*, he shall withhold all, or such portion as
 4 he deems appropriate, of the payments to which such State is
 5 otherwise entitled under this part **or part A or B of this title**
 6 **or under title V, XVI, or XIX** [*, or XX*]; but the amounts
 7 so withheld from payments **under such part A or B or under**
 8 **title V, XVI, or XIX** [*, or XX*] shall be deemed to have
 9 been paid to the State under such **part or title**. Such with-
 10 holding shall be effected at such time or times and in such
 11 installments as the Secretary may deem appropriate.

12 **“DEFINITIONS**

13 *“SEC. 455. As used in this part, [the term ‘needy fami-*
 14 *lies with children’ means families who are receiving family*
 15 *assistance benefits under part D and who (1) are receiving*
 16 *supplementary payments under this part, or (2) would be*
 17 *eligible to receive, under a State plan (approved under part*
 18 *A) as in effect prior to the enactment of part D, aid to*
 19 *families with dependent children as defined in section 406*
 20 *as it was in effect prior to such enactment, if the State plan*

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1 *had continued in effect; and 'assistance to needy families with*
 2 *children' means family assistance benefits under such part D,*
 3 *paid to such families】 the term 'family in which the male*
 4 *parent is unemployed' means a family (A) in which the male*
 5 *parent was unemployed, as determined in accordance with the*
 6 *provisions of the plan of the State in which such family currently*
 7 *resides, in the month prior to the month for which the agreement*
 8 *under this part became effective, and received payments under*
 9 *such plan for such month, and (B) in which the male parent is*
 10 *unemployed as specified in such plan for each month following*
 11 *the month for which such agreement first became effective.*

12 "PART F—ADMINISTRATION

13 "AGREEMENTS WITH STATES

14 "SEC. 461. (a) The Secretary may enter into an agree-
 15 ment with any State under which the Secretary will make,
 16 on behalf of the State, the supplementary payments provided
 17 for under part E, or will perform such other functions
 18 of the State in connection with such payments as may be
 19 agreed upon, or both. In any such case, the agreement shall
 20 also (1) provide for payment by the State to the Secretary

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1 of an amount equal to the supplementary payments the State
2 would otherwise make pursuant to part E, less any payments
3 which would be made to the State under section 453(a),
4 and (2) at the request of the State, provide for joint audit of
5 payments under the agreement made by the Secretary under
6 such agreement, less any payments which would otherwise be
7 made to the State under section 453(a), (2) at the request
8 of the State, provide for joint audit of payments under the
9 agreement, and (3) in the case of an agreement which will
10 become effective at a future date, but not later than two years
11 after the date as of which part D becomes effective for such
12 State, provide for payments of the State's administrative
13 costs found necessary by the Secretary for making supple-
14 mentary payments pursuant to part E during the period
15 after the execution of the agreement under this section and
16 before its effective date, except that if the State takes any
17 action which prevents such agreement from becoming effective
18 at the end of such two years, the Secretary shall recover (by
19 adjustment of any other amounts due the State under this
20 Act, or otherwise) an amount equal to one-half the adminis-
21 trative costs paid pursuant to this clause (3).

22 “(b) The Secretary may enter into an agreement with

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1 *a State under which the Secretary will determine eligibility*
2 *for medical assistance under such State's plan approved*
3 *under title XIX, or for surplus food commodities under such*
4 *State's program conducted pursuant to section 416 of the Act*
5 *of October 31, 1949 (7 U.S.C. 1431) or administer all or*
6 *part of such State's food stamp program conducted pursuant*
7 *to the Food Stamp Act of 1964 (7 U.S.C. 2011, et seq.),*
8 *with respect to (1) individuals eligible under such State's*
9 *plan approved under title XVI for aid to the aged, blind,*
10 *and disabled (and individuals who would be eligible for such*
11 *aid but for the income and resources requirements of title*
12 *XVI), but only if the State has entered into an agreement*
13 *with the Secretary pursuant to section 1605, and (2) all in-*
14 *dividuals other than those described in clause (1), but only*
15 *if, in the case of any State required to make supplementary*
16 *payments pursuant to section 452, the Secretary is carrying*
17 *out an agreement with such State pursuant to subsection (a)*
18 *of this section. In any such case, the agreement shall also pro-*
19 *vide for payment by the State to the Secretary of an amount*
20 *equal to one-half of the cost of determining eligibility for medi-*
21 *cal assistance plus the cost of determining eligibility for sur-*
22 *plus food commodities and of administering the food stamp*

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1 *program, but in computing such costs the Secretary shall in-*
2 *clude only those costs which are additional to the costs incurred*
3 *in carrying out part D or in carrying out an agreement*
4 *under subsection (a) or section 1605.*

5 “(c) *In the case of any State which has an agreement*
6 *with the Secretary under subsection (a) (if the State is re-*
7 *quired to make supplementary payments pursuant to section*
8 *452), under subsection (b) with respect to medical assist-*
9 *ance, and under section 1605, the Secretary may further*
10 *agree to administer all or any part of any other program*
11 *of such State under which cash benefits are provided on the*
12 *basis of need, but only to the extent that he determines, with*
13 *respect to any such program or part thereof which the State*
14 *seeks to include in the agreement, that administration by him*
15 *is feasible and will not result in undue administrative burden.*
16 *In any such case the agreement shall provide for payment by*
17 *the State to the Secretary of an amount equal to the cash*
18 *benefits paid by the Secretary, plus the costs of administering*
19 *any such program or part thereof included in the agreement,*
20 *but in computing such administrative costs the limitations*
21 *applicable to computation of administrative costs under sub-*
22 *section (b) shall apply.*

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1 “(d) *In the case of an agreement, plan, or program, or*
 2 *any portion thereof, which the Secretary administers on be-*
 3 *half of a State under an agreement pursuant to subsection*
 4 *(a) or (b) of this section or pursuant to section 1605, the*
 5 *Secretary may waive any procedural requirements or meth-*
 6 *ods of administration imposed [upon such agreement, plan,*
 7 *or program (or portion thereof)] by or pursuant to this or*
 8 *any other Federal statute and substitute the requirements*
 9 *or methods applicable to the administration of part D which*
 10 *serve the same purpose or relate to the same or comparable*
 11 *matters [as do the requirements or methods which are*
 12 *waived].*

13 “(e) *In the case of any State which has entered into—*

14 “(1) *an agreement under subsection (a) for the admin-*
 15 *istration by the Secretary of supplementary payments under*
 16 *the State’s agreement pursuant to part E, or*

17 “(2) *an agreement under section 1605 for payment of*
 18 *aid to the aged, blind, and disabled,*

19 *the State must maintain such agreement in effect in order to*
 20 *remain eligible for payments under part E of this title or title*

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1 *XVI, respectively, with respect to expenditures for any quarter*
 2 *beginning on or after the date such agreement under subsection*
 3 *(a) or section 1605 becomes effective.*

4 “~~(b)~~ **[(c)]** (f) The Secretary may also enter into an
 5 agreement with any State under which such State will make.
 6 on behalf of the Secretary, the family assistance benefit pay-
 7 ments provided for under part D with respect to all or speci-
 8 fied families in the State who are eligible for such benefits
 9 or will perform such other functions in connection with the ad-
 10 ministration of part D as may be agreed upon, *or both, except*
 11 *that the Secretary may not enter into any agreement under this*
 12 *subsection which would remain in effect for any period after*
 13 *January 1, 1974, under which any State would determine the*
 14 *eligibility of or make family assistance benefits payments to any*
 15 *family other than a family in which one parent of the child or*
 16 *children is dead, continuously absent from the home, or incapaciti-*
 17 *tated. The cost of carrying out any such agreement shall be*
 18 *paid to the State by the Secretary in advance or by way of*
 19 *reimbursement and in such installments as may be agreed*
 20 *upon.*

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1 “PENALTIES FOR FRAUD

2 “SEC. 462. The provisions of section 208, other than
3 paragraph (a), shall apply with respect to benefits under
4 part D and allowances under part C, of this title, to the same
5 extent as they apply to payments under title II.

6 “REPORT, EVALUATION, RESEARCH AND DEMONSTRATIONS,
7 AND TRAINING AND TECHNICAL ASSISTANCE

8 “SEC. 463. (a) The Secretary shall make an annual re-
9 port to the President and the Congress on the operation and
10 administration of parts D and E, including an evaluation
11 thereof in carrying out the purposes of such parts and recom-
12 mendations with respect thereto. The Secretary is authorized
13 to conduct evaluations directly or by grants or contracts of
14 the programs authorized by such parts.

15 “(b) The Secretary is authorized to conduct, directly or
16 by grants or contracts, research into or demonstrations of
17 ways of better providing financial assistance to needy per-
18 sons or of better carrying out the purposes of part D, and
19 in so doing to waive any requirements or limitations in such
20 part with respect to eligibility for or amount of family
21 assistance benefits for such ~~family~~ *families*, members of
22 families; or groups thereof as he deems appropriate.

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1 “(c) The Secretary is authorized to provide such
2 technical assistance to States, and to provide, directly or
3 through grants or contracts, for such training of personnel
4 of States, as he deems appropriate to assist them in more
5 efficiently and effectively carrying out their agreements
6 under this part and part E.

7 “(d) In addition to funds otherwise available therefor,
8 such portion of any appropriation to carry out part D or E
9 as the Secretary may determine, but not in excess of \$20,-
10 000,000 in any fiscal year, shall be available to him to carry
11 out this section.

12 “OBLIGATION OF DESERTING PARENTS

13 “SEC. 464. In any case where an individual has de-
14 serted or abandoned his spouse or his child or children and
15 such spouse or any such child (during the period of such
16 desertion or abandonment) is a member of a family [re-
17 ceiving] *which receives (as a consequence of such abandonment*
18 *or desertion)* family assistance benefits under part D or sup-
19 plementary payments under part E, such individual shall be
20 obligated to the United States in an amount equal to—

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1 “(1) the total amount of the family assistance bene-
2 fits paid to such family during such period with respect
3 to such spouse and child or children, plus the amount paid
4 by the Secretary under section 453 on account of the
5 supplementary payments made to such family during
6 such period with respect to such spouse and child or chil-
7 dren, reduced by

8 “(2) any amount actually paid by such individual
9 to or for the support and maintenance of such spouse
10 and child or children during such period, if and to the
11 extent that such amount is excluded in determining the
12 amount of such family assistance benefits;
13 except that in any case where an order for the support and
14 maintenance of such spouse or any such child has been
15 issued by a court of competent jurisdiction, the obligation of
16 such individual under this subsection (with respect to such
17 spouse or child) for any period shall not exceed the amount
18 specified in such order less any amount actually paid by such
19 individual (to or for the support and maintenance of such
20 spouse or child) during such period. The amount due the
21 United States under such obligation shall be collected (to the
22 extent that the claim of the United States therefor is not other-

1 wise satisfied), in such manner as may be specified by the
 2 Secretary, from any amounts otherwise due ~~him~~ *such indi-*
 3 *vidual* or becoming due him at any time from any officer or
 4 agency of the United States or under any Federal program.
 5 Amounts collected under the preceding sentence shall be
 6 deposited in the Treasury as miscellaneous receipts.

7 "TREATMENT OF FAMILY ASSISTANCE BENEFITS AS INCOME
 8 FOR FOOD STAMP PURPOSES

9 ~~"SEC. 465. Family assistance benefits paid under this~~
 10 ~~title shall be taken into consideration for the purpose of de-~~
 11 ~~termining the entitlement of any household to purchase food~~
 12 ~~stamps, and the cost thereof, under the food stamp program~~
 13 ~~conducted under the Food Stamp Act of 1964."~~

14 *"SEC. 465. (a) Family assistance benefits paid under*
 15 *this title and supplementary payments made pursuant to part*
 16 *E shall be taken into consideration for the purpose of de-*
 17 *termining the entitlement of any household to purchase food*
 18 *stamps, and the cost thereof, under the food stamp program*
 19 *conducted under the Food Stamp Act of 1964.*

20 *"(b) At the request of an individual to whom the Secre-*
 21 *tary is making payments pursuant to part D or pursuant to*

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1 *an agreement under section 461 or 1605, the Secretary shall*
 2 *withhold therefrom an amount necessary to provide to such*
 3 *individual (and the members, if any, of his family or house-*
 4 *hold) all (or such portion as the individual may request) of*
 5 *the food stamps to which [he] such individual or members of*
 6 *his family or household is entitled.*

7 “(c) *At the request of an individual to whom the State*
 8 *is making supplementary payments pursuant to part E, pro-*
 9 *viding aid to the aged, blind, and disabled under title XVI,*
 10 *or paying family assistance benefits under an agreement with*
 11 *the Secretary pursuant to section 461 ([c]f), the State shall*
 12 *withhold therefrom an amount necessary to provide to such*
 13 *individual (and the members, if any, of his family[, if any,]*
 14 *or household) all (or such portion as the individual may*
 15 *request) of the food stamps to which [he] such individual or*
 16 *members of his family or household is entitled.”*

17 **MANPOWER SERVICES, TRAINING, EMPLOYMENT, CHILD**

18 **CARE, AND SUPPORTIVE SERVICES PROGRAMS**

19 **SEC. 102. Part C of title IV of the Social Security Act**
 20 **(42 U.S.C. 630 et seq.) is amended to read as follows:**

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1 "PART C—MANPOWER SERVICES, TRAINING, EMPLOY-
2 MENT, CHILD CARE, AND SUPPORTIVE SERVICES PRO-
3 GRAMS FOR RECIPIENTS OF FAMILY ASSISTANCE
4 BENEFITS OR SUPPLEMENTARY PAYMENTS

5 "PURPOSE

6 "SEC. 430. The purpose of this part is to authorize pro-
7 vision, for individuals who are members of a family receiving
8 *family assistance* benefits under part D or supplementary
9 payments pursuant to part E, of manpower services, train-
10 ing, employment, child care, *vocational rehabilitation*, and
11 related supportive services necessary to train such indi-
12 viduals, prepare them for employment, and otherwise assist
13 them in securing and retaining regular employment and
14 having the opportunity for advancement in employment,
15 to the end that needy families with children will be restored
16 to self-supporting, independent, and useful roles in their
17 communities.

18 "OPERATION OF MANPOWER SERVICES, TRAINING, AND
19 EMPLOYMENT PROGRAMS

20 "SEC. 431. (a) (1) The Secretary of Labor shall, for
21 each person registered pursuant to part D, in accordance with

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1 priorities prescribed [by him] in paragraph (2), develop or as-
2 sure the development of an employability plan describing
3 the manpower services, training, and employment which the
4 Secretary of Labor determines each person needs in order to
5 enable him to become self-supporting and secure and retain
6 employment and opportunities for advancement

7 “(2) *Employability plans shall be developed for persons who*
8 *are registered pursuant to part D in accordance with the following*
9 *priorities:*

10 “(A) *first, any person who is an unemployed father or,*
11 *if she was not required to but nevertheless registered pursuant*
12 *to part D, the female head of a family;*

13 “(B) *second, any person (not described in clause (A))*
14 *age 16 or over who does not meet the requirements of section*
15 *445(b)(2) and is not regularly employed full time or engaged*
16 *in manpower training;*

17 “(C) *third, any person (not described in clause (A)) who*
18 *is regularly employed at least 40 hours per week or at least*
19 *35 hours per week and has earnings from such employment of*
20 *at least \$63 per week; and*

21 “(D) *fourth, all other persons so registered.*

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1 “(b) The Secretary of Labor shall, in accordance with
2 the provisions of this part *and the priorities described in sec-*
3 *tion 431(a)(2)*, establish and assure the provision of man-
4 power services, training, and employment programs in each
5 State for persons registered pursuant to part D or receiving
6 supplementary payments pursuant to part E.

7 “(c) The Secretary of Labor shall, through such pro-
8 grams, provide or assure the provision of manpower services,
9 training, and employment and opportunities necessary to
10 prepare such persons for and place them in regular employ-
11 ment, including—

12 “(1) any of such services, training, employment,
13 and opportunities which the Secretary of Labor is author-
14 ized to provide under any other Act;

15 “(2) counseling, testing, coaching, program orienta-
16 tion, institutional and on-the-job training, work experi-
17 ence, upgrading, job development, job placement, and
18 follow up services required to assist in securing and re-
19 taining employment and opportunities for advancement;

20 “(3) relocation assistance (including grants, loans,
21 and the furnishing of such services as will aid an involun-

1 tarily unemployed individual who desires to relocate to do
2 so in an area where there is assurance of regular suitable
3 employment, offered through the public employment of-
4 fices of the State in such area, which will lead to the
5 earning of income sufficient to make such individual and
6 his family ineligible for benefits under part D and supple-
7 mentary payments under part E) ; and

8 “(4) special work projects.

9 “(d) (1) For purposes of subsection (c) (4), a ‘special
10 work project’ is a project (meeting the requirements of this
11 subsection) which consists of the performance of work in the
12 public interest through grants to or contracts with public or
13 nonprofit private agencies or organizations.

14 “(2) No wage rates provided under any special work
15 project shall be lower than the applicable minimum wage for
16 the particular work concerned.

17 “(3) Before entering into any special work project
18 under a program established as provided in subsection (b),
19 the Secretary of Labor shall have reasonable assurances
20 that—

21 “(A) appropriate standards for the health, safety,
22 and other conditions applicable to the performance of

1 work and training on such project are established and
2 will be maintained,

3 “(B) such project will not result in the displace-
4 ment of employed workers,

5 “(C) with respect to such project the conditions of
6 work, training, education, and employment are reason-
7 able in the light of such factors as the type of work, geo-
8 graphical region, and proficiency of the participant,

9 “(D) appropriate workmen’s compensation pro-
10 tection is provided to all participants, and

11 “(E) such project will improve the employability
12 of the participants.

13 “(4) With respect to individuals who are participants
14 in special work projects under programs established as pro-
15 vided in subsection (b), the Secretary of Labor shall period-
16 ically (at least once every six months) review the employ-
17 ment record of each such individual while on the special work
18 project and on the basis of such record and such other infor-
19 mation as he may acquire determine whether it would be
20 feasible to place such individual in regular employment or in
21 on-the-job, institutional, or other training.

22 “(e) *The Secretary of Labor shall provide for the*

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1 *continuing evaluation of the manpower training and em-*
2 *ployment programs provided under this part, including their*
3 *effectiveness in achieving stated goals and their impact on*
4 *other related programs. The Secretary of Labor may conduct*
5 *research regarding, and demonstrations of, ways to improve*
6 *the effectiveness of the manpower training and employment*
7 *programs so provided and may also conduct demonstrations*
8 *of improved training techniques for upgrading the skills of*
9 *the working poor and provide technical assistance for the*
10 *programs authorized by this part. The Secretary of Labor*
11 *may, for these purposes, contract for independent evaluations*
12 *of and research regarding such programs or individual*
13 *projects under such programs, and establish a data collec-*
14 *tion, processing, and retrieval system.**

15 **"ALLOWANCES FOR INDIVIDUALS UNDERGOING TRAINING**

16 **"SEC. 432. (a) (1) The Secretary of Labor shall pay to**
17 **each individual who is a member of a family and is partici-**
18 **pating in manpower training under this part an incentive**
19 **allowance of \$30 per month. If one or more members of a**
20 **family are receiving training for which training allowances**
21 **are payable under section 203 of the Manpower Development**

*This section appeared as section 439(a) (1) in the bill as passed by the House.

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1 and Training Act and meet the other requirements under
2 such section (except subsection (1) (1) thereof) for the re-
3 ceipt of allowances which would be in excess of the sum of
4 the family assistance benefit under part D and supplementary
5 payments pursuant to part E payable with respect to such
6 month to the family, the total of the incentive allowances per
7 month under this section for such members shall be equal to
8 the greater of (1) the amount of such excess or, if lower,
9 the amount of the excess of the training allowances which
10 would be payable under such section 203 as in effect on
11 March 1, 1970, over the sum of such family assistance bene-
12 fit and such supplementary payments, and (2) \$30 for each
13 such member.

14 “(2) The Secretary of Labor shall, in accordance with
15 regulations, also pay, to any member of a family participat-
16 ing in manpower training under this part, allowances for
17 transportation and other costs to him which are necessary to
18 and directly related to his participation in training.

19 ~~“(3) The Secretary of Labor shall by regulation provide~~
20 ~~for such smaller allowances under this subsection as he deems~~
21 ~~appropriate for individuals in Puerto Rico, the Virgin Is-~~
22 ~~lands, and Guam.~~

1 “(b) Allowances under this section shall be in lieu of
2 allowances provided for participants in manpower training
3 programs under any other Act.

4 “(c) Subsection (a) shall not apply to any member
5 of a family who is participating in a program of the Sec-
6 retary of Labor providing public or private employer com-
7 pensated on-the-job training.

8 “UTILIZATION OF OTHER PROGRAMS

9 “SEC. 433. In providing the manpower training and
10 employment services and opportunities required by this part
11 the Secretary of Labor, to the maximum extent feasible, shall
12 assure that such services and opportunities are provided in
13 such manner, through such means, and using all authority
14 available to him under any other Act (and subject to all
15 duties and responsibilities thereunder) as will further the
16 establishment of an integrated and comprehensive manpower
17 training program involving all sectors of the economy and all
18 levels of government and as will make maximum use of exist-
19 ing manpower and manpower related programs and agencies.
20 To such end the Secretary of Labor may use the funds appro-
21 priated to him under this part to provide the programs
22 required by this part through such other Act, to the same
23 extent and under the same conditions as if appropriated under

1 such other Act and in making use of the programs of other
2 Federal, State, or local agencies, public or private, the Sec-
3 retary of *Labor* may reimburse such agencies for services
4 rendered to persons under this part to the extent such services
5 and opportunities are not otherwise available on a nonreim-
6 bursable basis.

7 **“RULES AND REGULATIONS**

8 **“SEC. 434. The Secretary of Labor may issue such rules**
9 **and regulations as he finds necessary to carry out his respon-**
10 **sibilities under this part.**

11 **“APPROPRIATIONS; NON-FEDERAL SHARE**

12 **“SEC. 435. (a) There is authorized to be appropriated to**
13 **the Secretary of Labor for each fiscal year a sum sufficient**
14 **for carrying out the purposes of this part (other than sections**
15 **436 and 437), including payment of not to exceed 90 per**
16 **centum of the cost of manpower services, training, and**
17 **employment and opportunities provided for individuals reg-**
18 **istered pursuant to section 447. The Secretary of Labor shall**
19 **establish criteria to achieve an equitable apportionment**
20 **among the States of Federal expenditures for carrying out**
21 **the programs authorized by section 431. In developing these**

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1 criteria the Secretary of Labor shall consider the number of
 2 registrations under section 447 and other relevant factors.

3 “(b) If a non-Federal contribution of 10 per centum of
 4 the cost specified in subsection (a) is not made in any State
 5 (as required by section ~~402(a)-(13)~~ 452(c)(10)), the Sec-
 6 retary of Health, Education, and Welfare may withhold any
 7 action under section ~~404~~ 454 on account thereof and if he
 8 does so he shall instead, after reasonable notice and oppor-
 9 tunity for hearing to the appropriate State agency or agen-
 10 cies, withhold any payments to be made to the State under
 11 sections 403(a), 453, 1604, and 1903 (a) **[and 2012]** until
 12 the amount so withheld (including any amounts contributed
 13 by the State pursuant to the requirement in section ~~402(a)-~~
 14 ~~(13)~~ 452(c)(10)) equals 10 per centum of such costs.
 15 Such withholding shall remain in effect until such time as
 16 the Secretary of Labor has assurances from the State that
 17 such 10 per centum will be contributed as required by sec-

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1 tion ~~402(a)(13)~~ 452(c)(10). Amounts so withheld shall
 2 be deemed to have been paid to the State under such sections
 3 and shall be paid by the Secretary of Health, Education, and
 4 Welfare to the Secretary of Labor.

5 *“(c) There are authorized to be appropriated such*
 6 *sums, not exceeding \$15,000,000 for any fiscal year, as*
 7 *may be necessary to carry out section 431(e).**

8 **“CHILD CARE**

9 **“SEC. 436. (a) (1) For the purpose of assuring that**
 10 **individuals receiving benefits under part D or supplementary**
 11 **payments pursuant to part E will not be prevented from**
 12 **participating in training or employment by the unavail-**
 13 **ability of appropriate child care, there are authorized to**
 14 **be appropriated for each fiscal year such sums as may be**
 15 **necessary to enable the Secretary of Health, Education,**
 16 **and Welfare to make grants to any public or nonprofit private**
 17 **agency or organization, and contracts with any public or**
 18 **private agency or organization, for part or all of the cost of**
 19 **projects for the provision of child care, including necessary**
 20 **transportation and alteration, remodeling, and renovation**

* This section appeared as Sec. 439(a) (2) in the bill as passed by the House.

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1 ~~of facilities, and including, in the case of grants to and con-~~
2 ~~tracts with any public or nonprofit private agency or or-~~
3 ~~ganization, construction of facilities, which may be necessary~~
4 ~~or appropriate in order to better enable an individual who~~
5 ~~has been registered pursuant to part D or is receiving supple-~~
6 ~~mentary payments pursuant to part E section 447(a) to~~
7 ~~undertake or continue manpower training or employment~~
8 ~~under this part, or to enable an individual who has been~~
9 ~~referred pursuant to section 447(d) to participate in voca-~~
10 ~~tional rehabilitation, or to enable a member of a family which~~
11 ~~is, or has been (within such period of time as the Secretary~~
12 ~~may prescribe) has been or is likely to become eligible for~~
13 ~~benefits under such part D or payments pursuant to such part~~
14 ~~E to undertake or continue manpower training or employ-~~
15 ~~ment under this part; or, with respect to the period prior to~~
16 ~~the date when part D becomes effective for a State, to better~~
17 ~~enable an individual who is receiving aid to families with~~
18 ~~dependent children, or whose needs are taken into account in~~
19 ~~determining the need of any one claiming or receiving such~~
20 ~~aid, to participate in manpower training or employment.~~

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1 “(2) Such grants or contracts for the provision of
2 child care in any area may be made directly, or through
3 grants to *or contracts with* any public or nonprofit private
4 agency which is designated by the appropriate elected or ap-
5 pointed official or officials in such area (*or by the Secretary,*
6 *when he finds it necessary to promote the purposes of this section*)
7 and which demonstrates a capacity to work effectively with
8 the manpower agency in such area (including provision for
9 the stationing of personnel with the manpower team in ap-
10 propriate cases). To the extent appropriate, such care for
11 children attending school which is provided on a group or
12 institutional basis shall be provided through arrangements
13 with the appropriate local educational agency.

14 “(3) Such projects shall provide for various types of
15 child care needed in the light of the different circumstances
16 and needs of the children involved.

17 “(4)(A) *For purposes of this section, the term “con-*
18 *struction” means acquisition, alteration, remodeling, or ren-*
19 *ovation of facilities, and includes, where the Secretary finds*
20 *it is not feasible to use or to adapt existing facilities for use for*
21 *the provision of child care, construction (including acquisi-*
22 *tion of land) of facilities for such care.*

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1 “(B) *If within twenty years of the completion of any*
2 *construction for which Federal funds have been paid under*
3 *this section—*

4 “(i) *the owner of the facility shall cease to be a pub-*
5 *lic or nonprofit private agency or organization, or*

6 “(ii) *the facility shall cease to be used for the pur-*
7 *poses for which it was constructed, unless the Secretary*
8 *determines in accordance with regulations that there is*
9 *good cause for releasing the owner of the facility from the*
10 *obligation to do so,*

11 *the United States shall be entitled to recover from the owner*
12 *of the facility an amount which bears to the then value of the*
13 *facility (or so much thereof as constituted an approved proj-*
14 *ect or projects) the same ratio as the amount of such Federal*
15 *funds bore to the cost of construction of the facility financed*
16 *with the aid of such funds. Such value shall be determined by*
17 *agreement of the parties or by action brought in the United*
18 *States district court for the district in which the facility is*
19 *situated.*

20 “(C) *All laborers and mechanics employed by contrac-*
21 *tors or subcontractors on all construction projects assisted*
22 *under this section shall be paid wages at rates not less than*
23 *those prevailing on similar construction in the locality as de-*

1 *terminated by the Secretary of Labor in accordance with the*
2 *Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5).*
3 *The Secretary of Labor shall have with respect to the labor*
4 *standards specified in this section the authority and functions*
5 *set forth in Reorganization Plan Numbered 14 of 1950 (15*
6 *F.R. 3176) and section 2 of the Act of June 13, 1934, as*
7 *amended (40 U.S.C. 276c).*

8 “(b) ~~Such sums~~ *Sums appropriated pursuant to sub-*
9 *section (a)* shall also be available to enable the Secretary
10 of Health, Education, and Welfare to make grants to any
11 public or nonprofit private agency or organization, and con-
12 tracts with any public or private agency or organization, for
13 evaluation, training of personnel, technical assistance, or re-
14 search or demonstration projects to determine more effective
15 methods of providing any such care.

16 “(c) The Secretary of Health, Education, and Welfare
17 may provide, in any case in which a family is able to pay
18 for part or all of the cost of child care provided under a
19 project assisted under this section, for payment by the family

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1 of such fees for the care as may be reasonable in the light of
2 such ability.

3 “(d) For purposes of carrying out this section and section
4 105 of the Family Assistance Act of 1970, the Secretary of Health,
5 Education, and Welfare shall, by regulation, prescribe standards
6 pertaining to all aspects of the provision of child care, and to
7 related matters such as health, fire, safety, sanitary, and other
8 conditions applicable to facilities in which child care is provided.
9 Such standards shall be applicable to all child care which is
10 provided under such sections (whether directly, or by grant or
11 contract) and the facilities in which it is provided and such child
12 care and facilities shall not be subject to any licensing or other
13 requirements, with respect to which the Secretary has prescribed
14 standards, imposed by the State or political subdivision within
15 which such child care is provided or such facility is located.

16 “SUPPORTIVE SERVICES

17 “SEC. 437. (a) No payments shall be made to any State un-
18 der title V, XVI, or XIX, or part A, ~~or B~~ B, or E of this title,
19 **[XY]** with respect to expenditures for any calendar quarter

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1 beginning on or after the date part D becomes effective with re-
 2 spect to such State, unless it has in effect an agreement with
 3 the Secretary of Health, Education, and Welfare under
 4 which, *in accordance with priorities prescribed by the Secretary*
 5 *of Health, Education, and Welfare*, it (1) will provide or assure
 6 *the provision of health, vocational rehabilitation, counseling,*
 7 *social, and other supportive services which are the Secretary*
 8 *under regulations determines to be necessary to permit an*
 9 *individual who has been registered pursuant to part D or is*
 10 *receiving supplementary payments pursuant to part E section*
 11 *447(a) to undertake or continue manpower training and*
 12 *employment under this part and (2) will provide or assure*
 13 *the provision of vocational rehabilitation services (as defined*
 14 *in the Vocational Rehabilitation Act) to individuals referred*
 15 *therefor pursuant to section 447(d).*

16 “(b) Services under such an agreement shall be pro-
 17 vided in close cooperation with manpower training and em-
 18 ployment services provided under this part.

19 “(c) The Secretary of Health, Education, and Welfare

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1 shall from time to time, in such installments and on such con-
2 ditions as he deems appropriate, pay to any State with which
3 he has an agreement pursuant to subsection (a) up to 90
4 per centum of the cost of such State of carrying out such
5 agreement. There are authorized to be appropriated for each
6 fiscal year such sums as may be necessary to carry out this
7 section.

8 “(d) *The Secretary of Health, Education, and Welfare*
9 *shall pay to each individual who has been referred for voca-*
10 *tional rehabilitation services under section 447(d), and is*
11 *receiving such services, an incentive allowance of \$30 per*
12 *month and such additional amounts for transportation and*
13 *other costs as are necessary for and directly related to his*
14 *receipt of such services.*

15 “ADVANCE FUNDING

16 “SEC. 438. (a) For the purpose of affording adequate
17 notice of funding available under this part, appropriations
18 for grants, contracts, or other payments with respect to indi-
19 viduals registered or referred for vocational rehabilitation
20 services pursuant to section 447 are authorized to be included
21 in the appropriation Act for the fiscal year preceding the
22 fiscal year for which they are available for obligation.

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1 “(b) In order to effect a transition to the advance fund-
2 ing method of timing appropriation action, subsection (a)
3 shall apply notwithstanding that its initial application will
4 result in enactment in the same year (whether in the same
5 appropriation Act or otherwise) of two separate appropria-
6 tions, one for the then current fiscal year and one for the
7 succeeding fiscal year.

8 “~~EVALUATION AND RESEARCH; REPORTS TO CONGRESS~~

9 “~~SEC. 430. (a) (1) The Secretary shall (jointly with~~
10 ~~the Secretary of Health, Education, and Welfare) provide~~
11 ~~for the continuing evaluation of the manpower training and~~
12 ~~employment programs provided under this part, including~~
13 ~~their effectiveness in achieving stated goals and their impact~~
14 ~~on other related programs. The Secretary may conduct re-~~
15 ~~search regarding, and demonstrations of, ways to improve~~
16 ~~the effectiveness of the manpower training and employment~~
17 ~~programs so provided and may also conduct demonstrations~~
18 ~~of improved training techniques for upgrading the skills of~~
19 ~~the working poor. The Secretary may, for these purposes,~~
20 ~~contract for independent evaluations of and research regard-~~
21 ~~ing such programs or individual projects under such pro-~~
22 ~~grams, and establish a data collection, processing, and~~
23 ~~retrieval system.*~~

* This appears as subsection (e) of Sec. 431.

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1 ~~“(2)~~ There are authorized to be appropriated such
 2 sums, not exceeding \$15,000,000 for any fiscal year, as
 3 may be necessary to carry out paragraph ~~(1)~~.**

4 ~~“(1)~~ SEC. 439. On or before September 1 following
 5 each fiscal year in which part D is effective with respect
 6 to any State—

7 “(1) the Secretary shall report to the Congress on
 8 the manpower training and employment programs pro-
 9 vided under this part in such fiscal year, and

10 “(2) the Secretary of Health, Education, and Wel-
 11 fare shall report to the Congress on the child care and
 12 supportive services provided under this part in such
 13 fiscal year.”

14 [“SEC. 439. On or before September 1 following each fis-
 15 cal year in which part D is effective with respect to any State,
 16 the Secretary of Health, Education, and Welfare and the
 17 Secretary of Labor shall jointly report to the Congress on the
 18 manpower training, employment, child care, supportive serv-

** This appears as subsection (c) of Sec. 435.

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1 *ice, and vocational rehabilitation programs provided under*
 2 *this part in such fiscal year.”]*

3 **CONFORMING AMENDMENTS RELATING TO ASSISTANCE**
 4 **FOR NEEDY FAMILIES WITH CHILDREN**

5 **SEC. 103. (a) Section 401 of the Social Security Act**
 6 **(42 U.S.C. 601) is amended—**

7 **(1) by striking out “financial assistance and” in**
 8 **the first sentence; and**

9 **(2) by striking out “aid and” in the second sen-**
 10 **tence.**

11 **(b)(1) Subsection (a) of section 402 of such Act (42**
 12 **U.S.C. 602) is amended—**

13 **(A) by striking out “aid and” in the matter pre-**
 14 **ceding clause (1);**

15 ~~**(B) by inserting, before “provide” at the be-**~~
 16 ~~**ginning of clause (1), “except to the extent permitted**~~
 17 ~~**by the Secretary,”;**~~

18 ~~**(C) (B) by striking out clause (4);**~~

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1 ~~(D)~~ (C) (i) by striking out “recipients and other
2 persons” in clause (5) (B) and inserting in lieu thereof
3 “persons”, and

4 (ii) by striking out “providing services to appli-
5 cants and recipients” in such clause and inserting in
6 lieu thereof “providing services under the plan”;

7 ~~(E)~~ (D) by striking out clauses (7) and (8);

8 ~~(F)~~ (E) by striking out “aid to families with
9 dependent children” in clause (9) and inserting in
10 lieu thereof “the plan”;

11 ~~(G)~~ (F) by striking out clauses (10), (11), and
12 (12);

13 ~~(H)~~ (G) (i) by striking out “section 406(d)” in
14 clause (14) and inserting in lieu thereof “section
15 405(c)”,

16 (ii) by striking out “for each child and relative
17 who receives children and relatives who receive aid to fam-
18 ilies with dependent children, and each appropriate
19 individual appropriate individuals (living in the same
20 home as a relative and child receiving such aid whose

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1 needs are taken into account in making the determi-
2 nation under clause (7))” in such clause and inserting
3 in lieu thereof “for ~~each member~~ *members* of a family
4 receiving assistance to needy families with children,
5 ~~each~~ appropriate individuals (living in the same home
6 as such family) whose needs would be taken into ac-
7 count in determining the need of any such members
8 under the State plan (approved under this part) as in
9 effect prior to the enactment of part D, and ~~each in-~~
10 ~~dividuals~~ who would have been eligible to receive aid
11 to families with dependent children under such plan”,
12 and

13 (iii) by striking out “~~such child, relative, and indi-~~
14 ~~vidual children, relatives, and individuals,~~” each place it
15 appears in such clause and inserting in lieu thereof
16 “**such members or individuals**”;

17 ~~(H)~~ (H) by striking out clause (15) and inserting
18 in lieu thereof the following: “(15) ~~(A)~~ provide
19 (A) for the development of a program, for appropriate
20 members of such families and such other individuals,

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1 for preventing or reducing the incidence of births out
2 of wedlock and otherwise strengthening family life,
3 and for implementing such program by assuring that in
4 all appropriate cases family planning services are of-
5 fered to them, but acceptance of family planning serv-
6 ices provided under the plan shall be voluntary on the
7 part of such members and individuals and shall not be
8 a prerequisite to eligibility for or the receipt of any
9 other service under the plan; and (B) to the extent
10 that services provided under this clause or clause (8)
11 are furnished by the staff of the State agency or the
12 local agency administering the State plan in each of
13 the political subdivisions of the State, for the estab-
14 lishment of a single organizational unit in such State
15 or local agency, as the case may be, responsible for the
16 furnishing of such services;"

17 ~~(J)~~ (I) by striking out "aid" in clause (16) and
18 inserting in lieu thereof "assistance to needy families
19 with children";

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1 ~~(K)-(i)~~ (J) by striking out “aid to families with de-
 2 pendent children” in clause (17) ~~(A)-(i)~~ and inserting
 3 in lieu thereof “assistance to needy families with chil-
 4 dren”;

5 ~~(ii)~~ by striking out “aid” in clause ~~(17)-(A)-(ii)~~
 6 and inserting in lieu thereof “assistance”; and

7 ~~(iii)~~ by striking out “and” at the end of clause
 8 ~~(i)~~; and adding after clause ~~(ii)~~ the following new
 9 clause:

10 ~~“(iii) in the case of any parent (of a child~~
 11 referred to in clause ~~(ii)~~) receiving such assistance

12 who has been deserted or abandoned by his or her

13 spouse; to secure support for such parent from such

14 spouse ~~(or from any other person legally liable~~

15 for such support); utilizing any reciprocal arrange-

16 ments adopted with other States to obtain or enforce

17 court orders for support; and”;

18 ~~(L)~~ (K) by striking out “clause ~~(17)-(A)~~” in
 19 clause (18) and inserting in lieu thereof “clause ~~(11)~~
 20 ~~(A)~~”;

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1 ~~(M)~~ (L) by striking out clause (19) and inserting in
 2 lieu thereof the following: ~~(19)~~ provide for arrange-
 3 ments to assure that there will be made a non-Federal
 4 contribution to the cost of manpower services, training,
 5 and employment and opportunities provided for individ-
 6 uals registered pursuant to section 447, in cash or kind,
 7 equal to 10 per centum of such cost;"

8 ~~(N)~~ (M) by striking out "aid to families with
 9 dependent children in the form of foster care in ac-
 10 cordance with section 408" in clause (20) and inserting
 11 in lieu thereof "payments for foster care in accordance
 12 with section 406";

13 ~~(O)~~ (N) ~~(i)~~ by striking out clause (21) "of each
 14 parent of a dependent child or children with respect to
 15 whom aid is being provided under the State plan" in
 16 clause ~~(21)~~-(A) and inserting in lieu thereof "of each
 17 person who is the parent of a child or children with re-
 18 spect to whom assistance to needy families with children
 19 or foster care is being provided or is the spouse of the
 20 parent of such a child or children";

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1 ~~(ii)~~ by striking out “such child or children” in
 2 clause (21) (A) (i) and inserting in lieu thereof “such
 3 child or children or such parent”;

4 ~~(iii)~~ by striking out “such parent” each place it
 5 appears in clause (21) (B) and inserting in lieu thereof
 6 “such person”; and

7 ~~(iv)~~ by striking out “section 410;” in clause (21)
 8 (C) and inserting in lieu thereof “section 408; and”;

9 ~~(1) (i) (O)~~ by striking out “a parent” each place it
 10 appears in clause (22) and inserting in lieu thereof “a
 11 person”;

12 ~~(ii)~~ by striking out “a child or children of such
 13 parent” each place it appears in such clause and inserting
 14 in lieu thereof “the spouse or a child or children of such
 15 person”;

16 ~~(iii)~~ by striking out “against such parent” in such
 17 clause and inserting in lieu thereof “against such per-
 18 son”; and

19 ~~(iv)~~ by striking out “aid is being provided under
 20 the plan of such other State” each place it appears in

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1 such clause and inserting in lieu thereof "assistance to
 2 needy families with children or foster care payments are
 3 being provided in such other State"; and

4 ~~(Q)~~ (P) by striking out "and ~~(22)~~" and all that
 5 follows and inserting in lieu thereof a period; clause 23.

6 (2) Clauses (5), (6), (9), (13), (14), (15), (16), ~~(17)~~,
 7 ~~(18)~~, ~~(19)~~, (20), ~~(21)~~, and ~~(22)~~ and (24) of section
 8 402(a) of such Act, as amended by paragraph (1) of this
 9 subsection, are redesignated as clauses (4) through ~~(16)~~
 10 (12), respectively.

11 (c) Section 402(b) of such Act is amended to read as
 12 follows:

13 "(b) The Secretary shall approve any plan which ful-
 14 fills the conditions specified in subsection (a), except that
 15 he shall not approve any plan which imposes, as a condition
 16 of eligibility for services under it, any residence require-
 17 ment which denies services or foster care payments with
 18 respect to any individual residing in the State."

19 (d) Section 402 of such Act is further amended by
 20 striking out subsection (c).

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1 (e)(1) Subsection (a) of section 403 of such Act (42
2 U.S.C. 603) is amended—

3 (A) by striking out “aid and services” and insert-
4 ing in lieu thereof “services” in the matter preceding
5 paragraph (1);

6 (B) by striking out paragraph (1) and inserting in
7 lieu thereof the following:

8 “(1) an amount equal to the sum of the following
9 proportions of the total amounts expended during such
10 quarter as payments for foster care in accordance with
11 section 406—

12 “(A) five-sixths of such expenditures, not
13 counting so much of any expenditures with respect
14 to any month as exceeds the product of \$18 multi-
15 plied by the number of children receiving such
16 foster care in such month; plus

17 “(B) the Federal percentage of the amount
18 by which such expenditures exceed the maximum
19 which may be counted under subparagraph (A),
20 not counting so much of any expenditures with
21 respect to any month as exceeds the product of
22 \$100 multiplied by the number of children receiv-
23 ing such foster care for such month;”;

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1 (C) by striking out paragraph (2);

2 (D)(i) by striking out “in the case of any State,”
3 in the matter preceding subparagraph (A) in para-
4 graph (3),

5 (ii) by striking out “or relative who is receiving aid
6 under the plan, or to any other individual (living in the
7 same home as such relative and child) whose needs
8 are taken into account in making the determination
9 under clause (7) of such section” in clause (i) of sub-
10 paragraph (A) of such paragraph and inserting in lieu
11 thereof “receiving foster care or any member of a fam-
12 ily receiving assistance to needy families with children
13 or supplementary payments under an agreement pursuant to
14 part E or to any other individual (living in the same
15 home as such family) whose needs would be taken into
16 account in determining the need of any such member
17 under the State plan approved under this part as in
18 effect prior to the enactment of part D”,

19 (iii) by striking out “child or relative who is ap-
20 plying for aid to families with dependent children or”
21 in clause (ii) of subparagraph (A) of such paragraph
22 and inserting in lieu thereof “member of a family”,

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1 (iv) by striking out “likely to become an applicant
2 for or recipient of such aid” in clause (ii) of subpara-
3 graph (A) of such paragraph and inserting in lieu
4 thereof “likely to become eligible to receive such
5 assistance *or payments*”, and

6 (v) by striking out “(14) and (15)” each place it
7 appears in subparagraph (A) of such paragraph and
8 inserting in lieu thereof “(8) and (9)”;

9 (E) by striking out all that follows “permitted”
10 in the last sentence of such paragraph and inserting in
11 lieu thereof “by the Secretary; and”;

12 (F) by striking out “in the case of any State,” in
13 the matter preceding subparagraph (A) in paragraph
14 (5);

15 (G) by striking out “section 406(e)” each place
16 it appears in paragraph (5) and inserting in lieu
17 thereof “section 405(d)”;

18 (H) by striking out the sentences following para-
19 graph (5).

20 (2) Paragraphs (3) and (5) of section 403(a) of
21 such Act, as amended by paragraph (1) of this subsection,
22 are redesignated as paragraphs (2) and (3), respectively.

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1 (f) Section 403(b) of such Act is amended—

2 (1) by striking out “(B) records showing the
3 number of dependent children in the State, and (C)”
4 in paragraph (1) and inserting in lieu thereof “and
5 (B)”;

6 (2) by striking out “(A)” in paragraph (2), and
7 by striking out “, and (B)” and ~~all that follows so~~
8 ~~much as precedes the semicolon in such paragraph and~~
9 ~~inserting in lieu thereof a period.~~

10 (g) Section 404 of such Act (42 U.S.C. 604) is
11 amended—

12 (1) by striking out “(a) In the case of any State
13 plan for aid and services” and inserting in lieu thereof
14 “In the case of any State plan for services”; and

15 (2) by striking out subsection (b).

16 (h) Section 405 of such Act (42 U.S.C. 605) is repealed.

17 (i) Section 406 of such Act (42 U.S.C. 606) is redesign-
18 nated as section 405, and as so redesignated is amended—

19 (1) by striking out subsections (a) and (b) and
20 inserting in lieu thereof the following:

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1 “(a) The term ‘child’ means a child as defined in section
2 445(b).

3 “(b) The term ‘needy families with children’ means
4 families who are receiving family assistance benefits under
5 part D and who (1) are receiving supplementary payments
6 under part E, or (2) would ~~be~~ *have been* eligible to receive
7 aid to families with dependent children *as described in*
8 *sections 403(a)(1)(A) and 406 (without reference to section*
9 *407) as they were under a State plan (approved under this*
10 *part as in effect prior to the enactment of part D;* if the
11 State plan had continued in effect and if it included assist-
12 ance to dependent children of unemployed fathers pursuant
13 to section 407 as it was in effect prior to such enactment,
14 and ‘assistance to needy families with children’ means
15 family assistance benefits under such part D, paid to such
16 families.”;

17 (2) by striking out subsection (c) and redesignat-
18 ing subsections (d) and (e) as subsections (c) and
19 (d), respectively;

20 (3)(A) by striking out “living with any of the

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1 relatives specified in subsection (a)(1) in a place of
2 residence maintained by one or more of such relatives
3 as his or their own home” in paragraph (1) of subsec-
4 tion (d) as so redesignated and inserting in lieu thereof
5 “a member of a family (as defined in section 445(a))”,
6 and

7 (B) by striking out “because such child or rela-
8 tive refused” and inserting in lieu thereof “because
9 such child or another member of such family refused”.

10 (j) Section 407 of such Act (42 U.S.C. 607) is
11 repealed.

12 (k) Section 408 of such Act (42 U.S.C. 608) is re-
13 designated as section 406, and as so redesignated is
14 amended—

15 (1) by striking out everything (including the
16 heading) which precedes paragraph (1) of subsection
17 (b) and inserting in lieu thereof the following:

18 **“FOSTER CARE**

19 **“SEC. 406. For purposes of this part—**

20 **“(a) ‘foster care’ shall include only foster care which**
21 **is provided in behalf of a child (1) who would, except for**

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1 ~~his removal~~ *has been removed from the home of a family (as*
 2 *defined in section 445(a)) as a result of a judicial determina-*
 3 *tion to the effect that continuation therein would be con-*
 4 *trary to his welfare, be a member of such family receiving*
 5 ~~assistance to needy families with children,~~ (2) whose place-
 6 ment and care are the responsibility of (A) the State or
 7 local agency administering the State plan approved under
 8 section 402, or (B) any other public agency with whom
 9 the State agency administering or supervising the ad-
 10 ministration of such State plan has made an agreement
 11 which is still in effect and which includes provision for
 12 assuring development of a plan, satisfactory to such
 13 State agency, for such child as provided in paragraph (e)
 14 (1) and such other provisions as may be necessary to as-
 15 sure accomplishment of the objectives of the State plan ap-
 16 proved under section 402, (3) who has been placed in a
 17 foster family home or child-care institution as a result of
 18 such determination, and (4) who (A) received *aid to*
 19 *families with dependent children, assistance to needy families*
 20 *with children, or payments under an agreement pursuant to*

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1 *part E* in or for the month in which court proceedings lead-
2 ing to such determination were initiated, or (B) would
3 have received such *aid, assistance, or payments* to needy
4 families with children in or for such month if application
5 had been made therefor, or (C) in the case of a child
6 who had been a member of a family (as defined in section
7 445(a)) within six months prior to the month in which such
8 proceedings were initiated, would have received such *aid,*
9 *assistance, or payments* in or for such month if in such
10 month he had been a member of (and removed from the
11 home of) such a family and application had been made
12 therefor;

13 “(b) ‘foster care’ shall, however, include the care de-
14 scribed in paragraph (a) only if it is provided—”;

15 (2)(A) by striking out “aid to families with de-
16 pendent children’” in subsection (b)(2) and inserting
17 in lieu thereof “foster care”,

18 (B) by striking out “such foster care” in such sub-
19 section and inserting in lieu thereof “foster care”, and

20 (C) by striking out the period at the end of such
21 subsection and inserting in lieu thereof “; and”;

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1 **(3) by striking out subsection (c) and redesignat-**
 2 **ing subsections (d), (e), and (f) as subsections (c),**
 3 **(d), and (e), respectively;**

4 **(4) by striking out “paragraph (f)(2)” and “sec-**
 5 **tion 403(a)(3)” in subsection (c) (as so redesignated)**
 6 **and inserting in lieu thereof “paragraph (e)(2)” and**
 7 **section 403(a)(2)” respectively;**

8 **(5) by striking out “aid” in subsection (d) (as**
 9 **so redesignated) and inserting in lieu thereof “serv-**
 10 **ices foster care”;**

11 **(6) by striking out “relative specified in section**
 12 **406(a)” in subsection (e)(1) (as so redesignated) and**
 13 **inserting in lieu thereof “family (as defined in section**
 14 **445(a))”;** and

15 **(7) by striking out “522” and “part 3 of title V”**
 16 **in subsection (e)(2) (as so redesignated) and inserting**
 17 **in lieu thereof “422” and “part B of this title”, re-**
 18 **spectively.**

19 **(l)(1) Section 409 of such Act (42 U.S.C. 609) is**
 20 **repealed.**

21 **(m) Section 410 of such Act (42 U.S.C. 610) is re-**

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1 designated as section 407; and subsection (a) of such sec-
 2 tion (as so redesignated) is amended by striking out “sec-
 3 tion 402(a)(21)” and inserting in lieu thereof “section
 4 ~~402(a)(15)~~ 452(c)(9)(C)”.

5 (n)(1) Section 422(a)(1)(A) of such Act is amended
 6 by striking out “section 402(a)(15)” and inserting in lieu
 7 thereof “section 402(a)(9)”.

8 (2) Section 422(a)(1)(B) of such Act is amended by
 9 striking out “provided for dependent children” and insert-
 10 ing in lieu thereof “provided with respect to needy families
 11 with children”.

12 (o) References in any law, regulation, State plan, or
 13 other document to any provision of part A of title IV of the
 14 Social Security Act which is redesignated by this section
 15 shall (from and after the effective date of the amendments
 16 made by this Act) be considered to be references to such
 17 provision as so redesignated.

18 **[REPEAL OF PARTS A AND B OF TITLE IV**

19 *SEC. 103. (a) Part A of title IV of the Social Security*
 20 *Act is amended by redesignating section 410 as section 456.*

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1 *Assistance Plan established by the amendments made by this title*
2 *and of those portions of the related programs described in section*
3 *461 of the Social Security Act, as amended by this Act, the*
4 *Secretary is authorized to conduct a program of pretests and*
5 *evaluations of the Family Assistance Plan as provided under the*
6 *succeeding provisions of this section.*

7 (2) *There are authorized to be appropriated such sums as*
8 *may be necessary to carry out the provisions of this section.*

9 (b)(1) *The Secretary is authorized to establish programs*
10 *(including the complementary programs authorized under sections*
11 *436 and 437 of the Social Security Act, as amended by this*
12 *Act) under which payments will be made to families, as defined*
13 *in section 445(a) of such Act (as so amended) in one or more*
14 *political subdivisions of a State under the conditions and in the*
15 *amounts that would be applicable in such State under part D*
16 *of title IV of the Social Security Act (as so amended) and*
17 *under the agreements with such State (for supplementary pay-*
18 *ments) under part E of such title, except that no payment (other*
19 *than a payment under a program to which subsection (c)*
20 *applies) may be made under this section with respect to indi-*
21 *viduals who are eligible for aid or assistance under any State*
22 *plan of the State approved under title I, IV (part A), X, XIV,*
23 *or XVI of the Social Security Act (as in effect prior to the enact-*

1 *ment of this Act). Such families shall include and be limited*
2 *to families (as defined in such section 445(a)) in which there*
3 *are one or more adults regularly employed full time, and the*
4 *members of which would be eligible for payments under part D*
5 *of the title IV of such Act (as amended by this Act) or under*
6 *the agreement under part E of such title IV (as so amended).*

7 (2) *In any program established under paragraph (1), the*
8 *Secretary of Labor shall, after consultation with the Secretary*
9 *of Health, Education, and Welfare, provide or assure the provision*
10 *of any manpower services, training, or employment programs, as*
11 *authorized to be established by section 431(b) of the Social Se-*
12 *curity Act, as amended by this Act, to the extent that manpower*
13 *services, training, or employment programs are included under*
14 *a program established under such paragraph.*

15 (3) *The Secretary may establish any program under para-*
16 *graph (1) directly or through a contract with (A) the State or*
17 *local agency administering, in the political subdivision or sub-*
18 *divisions involved, a State plan approved under part A of title IV*
19 *of the Social Security Act (as in effect prior to the enactment of*
20 *this Act), or (B) any other public (Federal or non-Federal) or*
21 *private nonprofit agency.*

22 (4) *Not more than two programs may be established under*
23 *this subsection.*

1 *(c)(1) Any program established under subsection (b) with*
2 *respect to any political subdivision may apply to all families in*
3 *the subdivision with respect to whom payments would be made*
4 *under part D of such title IV (as amended by this Act) or under*
5 *the agreement under part E of such title IV (as so amended), or*
6 *to individuals who would receive aid to the aged, blind, and dis-*
7 *abled, or any other payments or benefits described in section 461*
8 *of the Social Security Act, as so amended, but only if satisfactory*
9 *provision is made for contributions from State and local sources of*
10 *a portion of the cost thereof equal to the amount, as determined by*
11 *the Secretary, which would have been expended by the State or*
12 *political subdivision or subdivisions as such aid or other payments*
13 *or benefits but for the operation of such program.*

14 *(2) In the case of any program in which the Secretary*
15 *carries out any of the functions described in section 461 of the*
16 *Social Security Act, as amended by this Act, satisfactory pro-*
17 *vision shall also be made for contributions from State or local*
18 *sources for the portion of the costs of administration that would*
19 *be met from such sources under one or more agreements relating*
20 *to such functions pursuant to such section.*

21 *(3) The Secretary is authorized to pay such portion of the*
22 *expenditures under a State plan approved under title I, X, XIV,*

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1 *XVI, or XIX or part A of title IV of the Social Security Act as*
2 *he deems necessary to carry out the objectives of this section, but*
3 *only to the extent that (A) the State does not receive payment*
4 *with respect to such expenditures under any other section of such*
5 *Act, and (B) he determines that such expenditures would not*
6 *have been made but for the operation of a program established*
7 *under subsection (b).*

8 *(d) In determining the political subdivisions to which pro-*
9 *grams under subsection (b) will apply, the Secretary shall con-*
10 *sider the relative effectiveness of the program in achieving the*
11 *purposes of this section and shall also seek to achieve a repre-*
12 *sentation of rural, urban, industrial, and nonindustrial areas.*

13 *(e)(1) The sums appropriated pursuant to subsection (a)*
14 *shall also be available to enable the Secretary of Health, Educa-*
15 *tion, and Welfare and the Secretary of Labor to evaluate, directly*
16 *or by grant or contract, the programs carried on pursuant*
17 *to subsection (b) and the programs of any State under which*
18 *aid or assistance is provided on the basis of need to families*
19 *(as defined in such section 445(a)) with one or more children*
20 *in which there are one or more adults regularly employed full*
21 *time, and the members of which, other than those eligible for*
22 *aid or assistance under a State plan approved under title I, IV*

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1 *(part A), X, XIV, or XVI of the Social Security Act (as in effect*
2 *prior to the enactment of this Act), would be eligible for pay-*
3 *ments under part D of title IV of such Act (as amended by this*
4 *Act) or under the agreement under part E of such title IV (as*
5 *so amended).*

6 *(2) The Secretary of Health, Education, and Welfare and*
7 *the Secretary of Labor shall submit to the President and the*
8 *Congress, on or before March 1, 1972, a report of their evaluations*
9 *under this subsection. Such report shall include an analysis of*
10 *administrative experience under such programs, and shall in-*
11 *clude details as to staffing, eligibility determinations, employment*
12 *experience of eligible individuals, changes in income of such*
13 *individuals, and any related data and material which they*
14 *may consider appropriate and of assistance in implementing*
15 *the provisions of this title.*

16 **TITLE II—AID TO THE AGED, BLIND, AND**
17 **DISABLED**

18 **GRANTS TO STATES FOR AID TO THE AGED, BLIND, AND**
19 **DISABLED**

20 **SEC. 201. Title XVI of the Social Security Act (42**
21 **U.S.C. 1381 et seq.) is amended to read as follows:**

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1 "TITLE XVI—GRANTS TO STATES FOR AID TO
2 THE AGED, BLIND, AND DISABLED

3 "APPROPRIATIONS

4 "SEC. 1601. For the purpose of enabling each State to
5 furnish financial assistance to needy individuals who are
6 sixty-five years of age or over, blind, or disabled and for the
7 purpose of encouraging each State to furnish rehabilita-
8 tion and other services to help such individuals attain or
9 retain capability for self-support or self-care, there are
10 authorized to be appropriated for each fiscal year sums suffi-
11 cient to carry out **these purposes** [*this purpose*]. The sums
12 made available under this section shall be used for making
13 payments to States having State plans approved under sec-
14 tion 1602.

15 "STATE PLANS FOR FINANCIAL ASSISTANCE AND SERVICES
16 TO THE AGED, BLIND, AND DISABLED

17 "SEC. 1602. (a) A State plan for aid to the aged, blind,
18 and disabled must—

19 "(1) provide for the establishment or designation
20 of a single State agency to administer or supervise the
21 administration of the State plan;

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1 **“(2) provide such methods of administration as are**
2 **found by the Secretary to be necessary for the proper and**
3 **efficient operation of the plan, including methods relat-**
4 **ing to the establishment and maintenance of personnel**
5 **standards on a merit basis (but the Secretary shall exer-**
6 **cise no authority with respect to the selection, tenure of**
7 **office, and compensation of individuals employed in**
8 **accordance with such methods) ;**

9 **“(3) provide for the training and effective use of**
10 **social service personnel in the administration of the**
11 **plan, for the furnishing of technical assistance to units**
12 **of State government and of political subdivisions which**
13 **are furnishing financial assistance or services to the**
14 **aged, blind, and disabled, and for the development**
15 **through research or demonstration projects of new or**
16 **improved methods of furnishing assistance or services**
17 **to the aged, blind, and disabled;**

18 **“(4) provide for the training and effective use of**
19 **paid subprofessional staff (with particular emphasis on**
20 **the full-time or part-time employment of recipients and**
21 **other persons of low income as community service aides)**
22 **in the administration of the plan and for the use of non-**

1 paid or partially paid volunteers in a social service vol-
2 unteer program in providing services to applicants and
3 recipients and in assisting any advisory committees
4 established by the State agency;

5 “(5) provide that all individuals wishing to make
6 application for aid under the plan shall have opportunity
7 to do so and that such aid shall be furnished with reason-
8 able promptness with respect to all eligible individuals;

9 “(6) provide for the use of a simplified statement,
10 conforming to standards prescribed by the Secretary, to
11 establish eligibility, and for adequate and effective meth-
12 ods of verification of eligibility of applicants and recip-
13 ients through the use, in accordance with regulations
14 prescribed by the Secretary, of sampling and other
15 scientific techniques;

16 “(7) provide that, **except to the extent permitted**
17 **by the Secretary with respect to services**, the State plan
18 shall be in effect in all political subdivisions of the State,
19 and, if administered by them, be mandatory upon them;

20 “(8) provide for financial participation by the
21 State;

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1 “(9) provide that, in determining whether an in-
2 dividual is blind, there shall be an examination by a
3 physician skilled in the diseases of the eye or by an
4 optometrist, whichever the individual may select;

5 “(10) provide for granting an opportunity for a
6 fair hearing before the State agency to any individual
7 whose claim for aid under the plan is denied or is not
8 acted upon with reasonable promptness;

9 “(11) provide for periodic evaluation of the opera-
10 tions of the State plan, not less often than annually, in
11 accordance with standards prescribed by the Secretary,
12 and the furnishing of annual reports of such evaluations
13 to the Secretary together with any necessary modifica-
14 tions of the State plan resulting from such evaluations;

15 “(12) provide that the State agency will make such
16 reports, in such form and containing such information,
17 as the Secretary may from time to time require, and
18 comply with such provisions as the Secretary may from
19 time to time find necessary to assure the correctness
20 and verification of such reports;

21 “(13) provide safeguards which restrict the use or
22 disclosure of information concerning applicants and re-

1 recipients to purposes directly connected with the adminis-
 2 tration of the plan; **[and]**

3 “(14) provide, if the plan includes aid to or on
 4 behalf of individuals in private or public institutions, for
 5 the establishment or designation of a State authority or
 6 authorities which shall be responsible for establishing
 7 and maintaining standards for such institutions;

8 “(15) provide a description of the services which
 9 the State makes available to applicants for or recipi-
 10 ents of aid under the plan to help them attain self-
 11 support or self-care, including a description of the
 12 steps taken to assure, in the provision of such services,
 13 maximum utilization of all available services that are
 14 similar or related; and

15 “(16) assure that, in administering the State plan
 16 and providing services thereunder, the State will ob-
 17 serve priorities established by the Secretary and com-
 18 ply with such performance standards as the Secretary
 19 may, from time to time, establish.

20 Notwithstanding paragraph (1). if on January 1, 1962,

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1 and on the date on which a State submits (or submitted) its
2 plan for approval under this title, the State agency which
3 administered or supervised the administration of the plan of
4 such State approved under title X was different from the
5 State agency which administered or supervised the admin-
6 istration of the plan of such State approved under title I and
7 the State agency which administered or supervised the ad-
8 ministration of the plan of such State approved under title
9 XIV, then the State agency which administered or supervised
10 the administration of such plan approved under title X may be
11 designated to administer or supervise the administration of
12 the portion of the State plan for aid to the aged, blind, and
13 disabled which relates to blind individuals and a separate
14 State agency may be established or designated to administer
15 or supervise the administration of the rest of such plan; and
16 in such case the part of the plan which each such agency
17 administers, or the administration of which each such agency
18 supervises, shall be regarded as a separate plan for purposes
19 of this title.

20 “(b) The Secretary shall approve any plan which
21 fulfills the conditions specified in subsection (a) and in
22 section 1603, except that he shall not approve any plan

1 which imposes, as a condition of eligibility for aid under the
2 plan—

3 “(1) an age requirement of more than sixty-five
4 years;

5 “(2) any residency requirement which excludes
6 any individual who resides in the State;

7 “(3) any citizenship requirement which excludes
8 any citizen of the United States, or any alien lawfully
9 admitted for permanent residence who has resided in
10 the United States continuously during the five years im-
11 mediately preceding his application for such aid;

12 “(4) any disability or age requirement which ex-
13 cludes any persons under a severe disability [, as deter-
14 mined in accordance with criteria prescribed by the
15 Secretary,] who are eighteen years of age or older; or

16 “(5) any blindness or age requirement which ex-
17 cludes any persons who are blind as determined in
18 accordance with criteria prescribed by the Secretary.

19 In the case of any State to which the provisions of section
20 344 of the Social Security Act Amendments of 1950 were
21 applicable on January 1, 1962, and to which the sentence
22 of section 1002 (b) following paragraph (2) thereof is

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1 applicable on the date on which its State plan was or is
2 submitted for approval under this title, the Secretary shall
3 approve the plan of such State for aid to the aged, blind, and
4 disabled for purposes of this title, even though it does not
5 meet the requirements of section 1603 (a), if it meets all
6 other requirements of this title for an approved plan for aid
7 to the aged, blind, and disabled; but payments to the State
8 under this title shall be made, in the case of any such plan,
9 only with respect to expenditures thereunder which would
10 be included as expenditures for the purposes of this title
11 under a plan approved under this section without regard
12 to the provisions of this sentence.

13 "DETERMINATION OF NEED

14 "SEC. 1603. (a) A State plan must provide that, in
15 determining the need for aid under the plan, the State agency
16 shall take into consideration any other income or resources
17 of the individual claiming such aid as well as ~~any~~ *those* ex-
18 penses (*if any*) reasonably attributable to the earning of
19 any such income *which are necessitated by or related to such*
20 *individual's age, blindness, or disability*; except that, in
21 making such determination with respect to any individual—

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1 “(1) the State agency shall not consider as re-
 2 sources (A) the home, **[automobile,]** household goods,
 3 and personal effects of the individual, (B) other per-
 4 sonal or real property, the total value of which does not
 5 exceed \$1,500, or (C) other property which, as deter-
 6 mined in accordance with and subject to limitations in
 7 regulations of the Secretary, is so essential to the **[fam-
 8 ily’s]** *individual’s* means of self-support *or to his self-care*
 9 as to warrant its exclusion, but shall apply the provi-
 10 sions of section 442 (d) and regulations thereunder *and*
 11 *shall provide appropriate methods for disposal of re-*
 12 *sources in excess thereof and for application of the*
 13 *proceeds;*

14 “(2) the State agency may not consider the
 15 financial responsibility of any individual for any appli-
 16 cant or recipient unless the applicant or recipient is the
 17 individual’s spouse, or the individual’s child who is un-
 18 der the age of **twenty-one [twenty-two]** **[or is blind or**
 19 **severely disabled]**;

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1 “(3) if such individual is blind, the State agency
2 (A) shall disregard an amount of earnings equal to all
3 expenses reasonably attributable to the earning of any such
4 income, (B) shall disregard the first \$85 per month of
5 earned income plus one-half of earned income in excess
6 of \$85 per month, and [(B)] (C) shall, for a period
7 not in excess of twelve months, and may, for a period
8 not in excess of thirty-six months, disregard such addi-
9 tional amounts of other income and resources, in the
10 case of any such individual who has a plan for achieving
11 self-support approved by the State agency, as may be
12 necessary for the fulfillment of such plan;

13 (4) if such individual is not blind but is severely
14 disabled, the State agency (A) shall disregard the
15 first \$85 per month of earned income plus one-half of
16 earned income in excess of \$85 per month, and (B)
17 shall, for a period not in excess of twelve months, and
18 may, for a period not in excess of thirty-six months, dis-
19 regard such additional amounts of other income and re-

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1 sources, in the case of any such individual who has a plan
 2 for achieving self-support approved by the State agency,
 3 as may be necessary for the fulfillment of the plan, but
 4 only with respect to the part or parts of such period dur-
 5 ing substantially all of which he is undergoing vocational
 6 rehabilitation;

7 “(5) if such individual has attained age sixty-five
 8 and is neither blind nor severely disabled, the State
 9 agency ~~may shall~~ disregard ~~not more than~~ the first \$60
 10 per month of earned income plus one-half of the remain-
 11 der thereof; and

12 “(6) the State agency may, before disregarding any
 13 amounts under the preceding paragraphs of this subsec-
 14 tion, disregard not more than \$7.50 of any income.
 15 For *additional* requirement ~~of additional disregarding for~~
 16 *treatment* of income of OASDI recipients in determining
 17 need for aid under the plan, see section 1007 of the Social
 18 Security Amendments of 1969.

19 “(b) A State plan must also provide that—

20 [“(1) each eligible individual, other than one who
 21 is a patient in a medical institution or is receiving insti-

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1 tutional services in an intermediate care facility to which
 2 section 1121 applies, shall receive financial assistance
 3 in such amount as, when added to his income which is
 4 not disregarded pursuant to subsection (a), will provide
 5 a minimum of \$110 per **month**; *[month or, if higher*
 6 *than such \$110, an amount equal to the minimum amount*
 7 *which such individual would have received]*

8 ~~“(2) the standard of need applied for determining~~
 9 eligibility for and amount of aid to the aged, blind, and
 10 disabled shall not be lower than ~~(A) the standard ap-~~
 11 plied for this purpose **[under the State plan (approved**
 12 under this title) as in effect] on the date of enactment of
 13 part **D** of title **IV** of this Act, *[for January 1970 plus*
 14 *his income which was not disregarded pursuant to such*
 15 *plan,]* ~~“(1) the sum of the financial assistance provided to~~
 16 each eligible individual, other than one who is a patient in a
 17 medical institution or is receiving institutional services in an
 18 intermediate care facility to which section 1121 applies, plus

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1 *(A) his income which is not disregarded pursuant to subsection*
 2 *tion (a), and (B) the reasonable value of shelter which is*
 3 *regularly provided to such individual by a relative, shall not*
 4 *be less than \$110 per month or, if higher, the sum of the aid*
 5 *which such individual would have received under the State*
 6 *plan (approved under this title) as in effect for October 1,*
 7 *1970 (or in effect for January 1971 if the State has adopted*
 8 *prior to October 1, 1970, a change in the amount of such*
 9 *payments effective after October 1970), plus his income which*
 10 *would not have been disregarded pursuant to such plan*
 11 *or ~~(B)~~ if there was no such plan in effect for such*
 12 *State on such date, the standard of need which was*
 13 *applicable for such month under—*

14 “(i) the State plan which was in effect on such
 15 date and was approved under title I, in the case of
 16 any individual who is sixty-five years of age or older,

17 “(ii) the State plan in effect on such date and
 18 approved under title X, in the case of an individual
 19 who is blind, or

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1 “(iii) the State plan in effect on such date and
2 approved under title XIV, in the case of an individ-
3 ual who is severely disabled,
4 except that if two or more of clauses (i), (ii), and (iii)
5 are applicable to an individual, the ~~standard of need~~
6 ~~applied with respect to such individual may not be lower~~
7 ~~than~~ *amount referred to shall be* the higher (or highest)
8 of the ~~standards amounts~~ under the applicable plans,
9 and except that if none of such clauses is applicable to
10 an individual, the ~~standard of need applied with respect~~
11 ~~to such individual may not be lower than amounts re-~~
12 ~~ferred to shall be~~ the higher (or highest) of the ~~stand-~~
13 ~~ards amounts~~ under the State plans approved under titles
14 I, X, and XIV which were in effect ~~on such date for~~
15 *such month*; and

16 “~~(3)~~ (2) no aid will be furnished to any individual
17 under the State plan for any period with respect to
18 which he is considered a member of a family receiving
19 family assistance benefits under part D of title IV or
20 supplementary payments pursuant to part E thereof, or

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1 training allowances under part C thereof, for purposes of
2 determining the amount of such benefits, payments, or
3 allowances (but this paragraph shall not apply to any
4 individual, otherwise considered a member of such a
5 family, if he elects in such manner and form as the Sec-
6 retary may prescribe not to be considered a member
7 of such a family).

8 “(c) For special provisions applicable to Puerto Rico,
9 the Virgin Islands, and Guam, see section 1108 (e).

10 “PAYMENTS TO STATES FOR AID TO THE AGED, BLIND,
11 AND DISABLED

12 “SEC. 1604. From the sums appropriated therefor, the
13 Secretary shall pay to each State which has a plan approved
14 under this title, for each calendar quarter, an amount equal
15 to the sum of the following proportions of the total amounts
16 expended during each month of such quarter as aid to the
17 aged, blind, and disabled under the State plan—

18 “(1) 90 per centum of such expenditures, not
19 counting so much of any expenditures as exceeds the
20 product of \$65 multiplied by the total number of recipi-
21 ents of such aid for such month; plus

22 “(2) 25 per centum of the amount by which such

1 expenditures exceed the maximum which may be counted
2 under paragraph (1), not counting so much of any
3 expenditures with respect to such month as exceeds the
4 product of the amount which, as determined by the Sec-
5 retary, is the maximum permissible level of assistance per
6 person in which the Federal Government will partici-
7 pate financially, multiplied by the total number of recipi-
8 ents of such aid for such month.

9 In the case of any individual in Puerto Rico, the Virgin
10 Islands, or Guam, the maximum permissible level of assist-
11 ance under paragraph (2) may be lower than in the case
12 of individuals in the other States. For other special provisions
13 applicable to Puerto Rico, the Virgin Islands, and Guam, see
14 section 1108 (e).

15 **“ALTERNATE PROVISION FOR DIRECT FEDERAL PAYMENTS**
16 **TO INDIVIDUALS**

17 **“SEC. 1605.** The Secretary may enter into an agreement
18 with a State under which he will, on behalf of the State,
19 pay aid to the aged, blind, and disabled directly to individuals
20 in the State under the State’s plan approved under this title
21 and perform such other functions of the State in connection
22 with such payments as may be agreed upon. In such case

1 ~~payments shall not be made as provided in section 1604~~
2 ~~and the agreement shall also provide for payment to the~~
3 Secretary by the State of ~~its share of such aid~~ *an amount*
4 *equal to the payments made by the Secretary as aid to the*
5 *aged, blind, and disabled under such plan, less any payments*
6 *which would otherwise be made to the State under section*
7 *1604 with respect to such expenditures (adjusted to reflect*
8 *the State's share of any overpayments recovered under*
9 *section 1606).*

10 "OVERPAYMENTS AND UNDERPAYMENTS

11 "SEC. 1606. Whenever the Secretary finds that more or
12 less than the correct amount of payment has been made to
13 any person as a direct Federal payment pursuant to section
14 1605, proper adjustment or recovery shall, subject to the
15 succeeding provisions of this section, be made [by appro-
16 priate adjustments in future payments of the overpaid indi-
17 vidual or by recovery from him or his estate or], *in the case*

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1 *of an underpaid individual, by payment to him* **[**. The Sec-
 2 retary shall make such provision as he finds appropriate
 3 in the case of payment of more than the correct amount
 4 of benefits with a view to avoiding penalizing individuals
 5 who were without fault in connection with the overpayment,
 6 if adjustment or recovery on account of such overpayment
 7 in such case would**]**, *and, in the case of an overpaid individual,*
 8 *by appropriate adjustments in future payments or by recovery*
 9 *from him or his estate, unless such adjustment or recovery would*
 10 defeat the purposes of this title, **[or]** be against equity or
 11 good conscience, or (because of the small amount involved)
 12 impede efficient or effective administration.

13 “OPERATION OF STATE PLANS

14 “SEC. 1607. If the Secretary, after reasonable notice and
 15 opportunity for hearing to the State agency administering
 16 or supervising the administration of the State plan approved
 17 under this title, finds—

18 “(1) that the plan no longer complies with the
 19 provisions of sections 1602 and 1603; or

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1 “(2) that in the administration of the plan there is
2 a failure to comply substantially with any such provision;
3 the Secretary shall notify such State agency that all, or such
4 portion as he deems appropriate, of any further payments
5 will not be made to the State or individuals within the State
6 under this title (or, in his discretion, that payments will be
7 limited to categories under or parts of the State plan not af-
8 fected by such failure), until the Secretary is satisfied that
9 there will no longer be any such failure to comply. Until he
10 is so satisfied he shall make no such further payments to the
11 State or individuals in the State under this title (or shall
12 limit payments to categories under or parts of the State plan
13 not affected by such failure).

14 “PAYMENTS TO STATES FOR SERVICES AND
15 ADMINISTRATION

16 “SEC. 1608. (a) If the State plan of a State approved
17 under section 1602 provides that (1) the State agency will
18 make available to applicants for or recipients of aid to the
19 aged, blind, and disabled under the State plan at least
20 those services to help them attain or retain capability for
21 self-support or self-care which are prescribed by the Secre-

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1 tary and (2) to the extent such services are furnished by staff
2 of the State or local agency administering such plan in each of
3 the political subdivisions of such State, such staff will be located
4 in organizational units (up to such organizational levels as the
5 Secretary may prescribe) which are separate and distinct from
6 the units within such agencies responsible for determining eligi-
7 bility for such aid or for any other form of cash assistance paid
8 on a regularly recurring basis or for performing any functions
9 directly related thereto, but subject to any exceptions which, in
10 accordance with standards prescribed in regulations, the Secre-
11 tary may permit when he deems it necessary in order to insure
12 efficient administration of such plan, such State shall qualify
13 for payments for services under subsection (b) of this
14 section.

15 “(b) In the case of any State whose State plan ap-
16 proved under section 1602 meets the requirements of sub-
17 section (a), the Secretary shall pay to the State from the
18 sums appropriated therefor an amount equal to the sum of
19 the following proportions of the total amount expended
20 during each quarter, as found necessary by the Secretary
21 for the proper and efficient administration of the State
22 plan—

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1 “(1) 75 per centum of so much of such expendi-
2 tures as are for—

3 “(A) services which are prescribed pursuant
4 to subsection (a) and are provided (in accordance
5 with subsection (c)) to applicants for or recipients
6 of aid under the plan to help them attain or retain
7 capability for self-support or self-care, or

8 “(B) other services, specified by the Secretary
9 as likely to prevent or reduce dependency, so pro-
10 vided to the applicants for or recipients of aid, or

11 “(C) any of the services prescribed pursuant
12 to subsection (a), and any of the services specified
13 in subparagraph (B) of this paragraph, which the
14 Secretary may specify as appropriate for indi-
15 viduals who, within such period or periods as the
16 Secretary may prescribe, have been or are likely
17 to become applicants for or recipients of aid under
18 the plan, if such services are requested by the
19 individuals and are provided to them in accord-
20 ance with subsection (c), or

21 “(D) the training of personnel employed or
22 preparing for employment by the State agency or

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1 by the local agency administering the plan in the
2 political subdivision; plus

3 “(2) one half of so much of such expenditures (not
4 included under paragraph (1)) as are for services pro-
5 vided (in accordance with subsection (c)) to applicants
6 for or recipients of aid under the plan, and to individ-
7 uals requesting such services who (within such period
8 or periods as the Secretary may prescribe) have been or
9 are likely to become applicants for or recipients of such
10 aid; plus

11 “(3) one half of the remainder of such expendi-
12 tures.

13 “(c) The services referred to in paragraphs (1) and
14 (2) of subsection (b) shall, except to the extent specified
15 by the Secretary, include only—

16 “(1) services provided by the staff of the State
17 agency, or the local agency administering the State
18 plan in the political subdivision (but no funds author-
19 ized under this title shall be available for services de-
20 fined as vocational rehabilitation services under the
21 Vocational Rehabilitation Act (A) which are available
22 to individuals in need of them under programs for

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1 **their rehabilitation carried on under a State plan ap-**
2 **proved under that Act, or (B) which the State agency**
3 **or agencies administering or supervising the adminis-**
4 **tration of the State plan approved under that Act are**
5 **able and willing to provide if reimbursed for the cost**
6 **thereof pursuant to agreement under paragraph (2), if**
7 **provided by such staff), and**
8 **“(2) subject to limitations prescribed by the Sec-**
9 **retary, services which in the judgment of the State**
10 **agency cannot be as economically or as effectively pro-**
11 **vided by the staff of that State or local agency and are**
12 **not otherwise reasonably available to individuals in**
13 **need of them, and which are provided, pursuant to**
14 **agreement with the State agency, by the State health**
15 **authority or the State agency or agencies administer-**
16 **ing or supervising the administration of the State plan**
17 **for vocational rehabilitation services approved under**
18 **the Vocational Rehabilitation Act or by any other**
19 **State agency which the Secretary may determine to**
20 **be appropriate (whether provided by its staff or by**
21 **contract with public (local) or nonprofit private**
22 **agencies).**
23 **Services described in clause (B) of paragraph (1) may be**

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1 provided only pursuant to agreement with the State
2 agency or agencies administering or supervising the ad-
3 ministration of the State plan for vocational rehabilitation
4 services approved under the Vocational Rehabilitation Act.

5 “(d) The portion of the amount expended for admin-
6 istration of the State plan to which paragraph (1) of
7 subsection (b) applies and the portion thereof to which
8 paragraphs (2) and (3) of subsection (b) apply shall be
9 determined in accordance with such methods and pro-
10 cedures as may be permitted by the Secretary.

11 “(c) In the case of any State whose plan approved
12 under section 1602 does not meet the requirements of
13 subsection (a) of this section, there shall be paid to the
14 State, in lieu of the amount provided for under subsection
15 (b), an amount equal to one-half the total of the sums
16 expended during each quarter as found necessary by the
17 Secretary for the proper and efficient administration of the
18 State plan, including services referred to in subsections (b)
19 and (c) and provided in accordance with the provisions of
20 those subsections.

21 “(f) In the case of any State whose State plan in-
22 cluded a provision meeting the requirements of subsection

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1 (a), but with respect to which the Secretary finds, after
2 reasonable notice and opportunity for hearing to the State
3 agency administering or supervising the administration of
4 the plan, that—

5 “(1) the provision no longer complies with the
6 requirements of subsection (a), or

7 “(2) in the administration of the plan there is a
8 failure to comply substantially with such provision,
9 the Secretary shall notify the State agency that all, or such
10 portion as he deems appropriate, of any further payments
11 will not be made to the State under subsection (b) until
12 he is satisfied that there will no longer be any such failure
13 to comply. Until the Secretary is so satisfied, no such fur-
14 ther payments with respect to the administration of and
15 services under the State plan shall be made, but, instead,
16 such payments shall be made, subject to the other provi-
17 sions of this title, under subsection (e).

18 [*“Sec. 1608. From the sums appropriated therefor, the*
19 *Secretary shall pay to each State which has a plan approved*
20 *under this title, an amount equal to one-half of the total*
21 *amounts expended during each quarter, as found necessary*

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1 *by the Secretary for the proper and efficient administration*
2 *of the State plan.*】

3 “COMPUTATION OF PAYMENTS TO STATES

4 “SEC. 1609. (a) (1) Prior to the beginning of each
5 quarter, the Secretary shall estimate the amount to which a
6 State will be entitled under sections 1604 and 1608 for
7 that quarter, such estimates to be based on (A) a report
8 filed by the State containing its estimate of the total sum
9 to be expended in that quarter in accordance with the pro-
10 visions of sections 1604 and 1608, and stating the amount
11 appropriated or made available by the State and its political
12 subdivisions for such expenditures in that quarter, and, if
13 such amount is less than the State’s proportionate share of the
14 total sum of such estimated expenditures, the source or
15 sources from which the difference is expected to be derived,
16 and (B) such other investigation as the Secretary may find
17 necessary.

18 “(2) The Secretary shall then pay in such installments
19 as he may determine, the amount so estimated, reduced or
20 increased to the extent of any overpayment or underpay-
21 ment which the Secretary determines was made under this
22 section to the State for any prior quarter and with respect

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1 to which adjustment has not already been made under this
2 subsection.

3 “(b) The pro rata share to which the United States is
4 equitably entitled, as determined by the Secretary, of the
5 net amount recovered during any quarter by a State or
6 political subdivision thereof with respect to aid furnished
7 under the State plan, but excluding any amount of such aid
8 recovered from the estate of a deceased recipient which is not
9 in excess of the amount expended by the State or any political
10 subdivision thereof for the funeral expenses of the deceased,
11 shall be considered an overpayment to be adjusted under
12 subsection (a) (2).

13 “(c) Upon the making of any estimate by the Secre-
14 tary under this section, any appropriations available for
15 payments under this title shall be deemed obligated.

16 “DEFINITION

17 “SEC. 1610. (a) For purposes of this title, the term ‘aid
18 to the aged, blind, and disabled’ means money payments to
19 needy individuals who are 65 years of age or older, are blind,
20 or are severely disabled, but such term does not include—

21 “(1) any such payments to any individual who is

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1 an inmate of a public institution (except as a patient in
2 a medical institution) ; or

3 “(2) any such payments to any individual who has
4 not attained 65 years of age and who is a patient
5 in an institution for tuberculosis or mental diseases.

6 Such term also includes payments which are not included
7 within the meaning of such term under the preceding sen-
8 tence, but which would be so included except that they are
9 made on behalf of such a needy individual to another indi-
10 vidual who (as determined in accordance with standards
11 prescribed by the Secretary) is interested in or concerned
12 with the welfare of such needy individual, but only with
13 respect to a State whose State plan approved under section
14 1602 includes provision for—

15 “(A) determination by the State agency that the
16 needy individual has, by reason of his physical or mental
17 condition, such inability to manage funds that making
18 payments to him would be contrary to his welfare and,
19 therefore, it is necessary to provide such aid through pay-
20 ments described in this sentence ;

21 “(B) making such payments only in cases in which
22 the payment will, under the rules otherwise applicable
23 under the State plan for determining need and the

1 amount of aid to the aged, blind, and disabled to be paid
2 (and in conjunction with other income and resources),
3 meet all the need of the individuals with respect to whom
4 such payments are made;

5 “(C) undertaking and continuing special efforts to
6 protect the welfare of such individuals and to improve,
7 to the extent possible, ~~his~~ *their* capacity for self-care
8 and to manage funds;

9 “(D) periodic review by the State agency of the
10 determination under clause (A) to ascertain whether
11 conditions justifying such determination still exist, with
12 provision for termination of the payments if they do not
13 and for seeking judicial appointment of a guardian, or
14 other legal representative, as described in section 1111,
15 if and when it appears that such action will best serve
16 the interests of the needy individual; and

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

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1 **【Whether an individual is blind or severely disabled shall be**
2 **determined for purposes of this title in accordance with**
3 **criteria prescribed by the Secretary.”】**

4 “(b) *An individual shall be considered to be severely dis-*
5 *abled for purposes of this title if he is unable to engage in any*
6 *substantial gainful activity (available to him within a reasonable*
7 *distance from his residence) by reason of any medically determi-*
8 *nable physical or mental impairment which can be expected to*
9 *result in death or which has lasted or can be expected to last for*
10 *a continuous period of not less than 12 months or (but only at the*
11 *option of the State) if he is permanently and totally disabled, as*
12 *defined under a State plan approved under title XIV or under this*
13 *title, and received aid under such plan for the month preceding*
14 *the month for which such States plan under this title, as amended*
15 *by the Family Assistance Act of 1970, first became effective.*

16 “(c) *Whether an individual is blind shall be determined for*
17 *purposes of this title in accordance with criteria prescribed by the*
18 *Secretary.”*

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1 REPEAL OF TITLES I, X, AND XIV OF THE SOCIAL

2 SECURITY ACT

3 SEC. 202. Titles I, X, and XIV of the Social Security
4 Act (42 U.S.C. 301 et seq., 1201 et seq., and 1351 et
5 seq.) are hereby repealed.

6 [ADDITIONAL DISREGARDING OF INCOME OF OASDI RECIPI-
7 ENTS IN DETERMINING NEED FOR AID TO THE AGED,
8 BLIND, AND DISABLED

9 [SEC. 203. Section 1007 of the Social Security Amend-
10 ments of 1969 is amended by striking out “and before July
11 1970”] [*and by inserting “applying for or” immediately*
12 *following “in the case of any individual”.*]

13 TRANSITION PROVISION RELATING TO OVERPAYMENTS
14 AND UNDERPAYMENTS

15 SEC. [204.] 203. In the case of any State which has a
16 State plan approved under title I, X, XIV, or XVI of the
17 Social Security Act as in effect prior to the enactment of this
18 section, any overpayment or underpayment which the Secre-
19 tary determines was made to such State under section 3,

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1 1003, 1403, or 1603 of such Act with respect to a period
 2 before the approval of a plan under title XVI as amended by
 3 this Act, and with respect to which adjustment has not
 4 already been made under subsection (b) of such section 3,
 5 1003, 1403, or 1603, shall, for purposes of section 1609 (a)
 6 of such Act as herein amended, be considered an overpay-
 7 ment or underpayment (as the case may be) made under
 8 title XVI of such Act as herein amended.

9 **TRANSITION PROVISION RELATING TO DEFINITIONS OF**
 10 **BLINDNESS AND DISABILITY**

11 Sec. **[205.]** 204. In the case of any State which has in
 12 operation a plan of aid to the blind under title X, aid to the
 13 permanently and totally disabled under title XVI, or aid to
 14 the aged, blind, or disabled under title XVI, of the Social
 15 Security Act as in effect prior to the enactment of this Act,
 16 the State plan of such State submitted under title XVI of
 17 such Act as amended by this Act shall not be denied ap-
 18 proval thereunder, with respect to the period ending with
 19 the first July 1 which follows the close of the first regular
 20 session of the legislature of such State which begins after

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1 the enactment of this Act, by reason of its failure to include
 2 therein a test of disability or blindness different from that
 3 included in the State's plan (approved under such title X,
 4 XIV, or XVI of such Act) as in effect on the date of the
 5 enactment of this Act.

6 **[TITLE III—INDIVIDUAL AND FAMILY SERV-**
 7 **ICES AND CONSOLIDATED HEALTH, EDU-**
 8 **CATION, AND WELFARE PLANS]**¹

* * * * *

9 **TITLE III [IV]—MISCELLANEOUS CONFORMING**
 10 **AMENDMENTS**

11 **AMENDMENT OF SECTION 228(d)**

12 **SEC. 301 [401].** Section 228 (d) (1) of the Social Se-
 13 curity Act is amended by striking out “I, X, XIV, or”, and
 14 by striking out “part A” and inserting in lieu thereof “re-
 15 ceives payments with respect to such month pursuant to part
 16 D or E”.

¹The full text of title III of the June revision, proposed for deletion in the October revised revision, is reproduced as appendix A on pages E1 thru E37.

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1 AMENDMENTS TO TITLE XI

2 SEC. 302 [402]. Title XI of the Social Security Act is
 3 amended—

4 (1) by striking out “I,” “X,” and “XIV,” [*and*
 5 *by striking out “and XIX” and inserting in lieu thereof*
 6 *“XIX, and XX”*] in section 1101 (a) (1) ;

7 (2) by striking out “I, X, XIV,” in section 1106
 8 (c) (1) (A) ;

9 (3) (A) by striking out “I, X, XIV, and XVI” in
 10 section 1108 (a) and inserting in lieu thereof “XVI”,
 11 and

12 (B) by striking out “section 402 (a) (19)” in sec-
 13 tion 1108 (b) and inserting in lieu thereof “part A of
 14 title IV” *by repealing section 1108 (a) and (b)* ;

15 (4) by striking out the text of section 1109 and
 16 inserting in lieu thereof the following:

17 “SEC. 1109. Any amount which is disregarded ~~(or set~~
 18 ~~aside for future needs)~~ in determining the eligibility for and

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1 amount of aid or assistance for any individual under a State
 2 plan approved under title XVI or XIX, or eligibility for
 3 and amount of payments pursuant to part D or E of title
 4 IV, shall not be taken into consideration in determining the
 5 eligibility for and amount of such aid, assistance, or payments
 6 for any other individual under such other State plan or such
 7 part D or E.”;

8 (5) (A) by striking out “I, X, XIV, and” in sec-
 9 tion 1111, and

10 (B) by striking out “part A” in such section and
 11 inserting in lieu thereof “parts D and E”;

12 (6) (A) by striking out “I, X, XIV,” in the mat-
 13 ter preceding clause (a) in section 1115, [*by striking*
 14 *out “or XIX” and inserting in lieu thereof “XIX, or*
 15 *XX”*], and by striking out “part A” in such matter
 16 and inserting in lieu thereof “parts A and E”,

17 (B) by striking out “of section 2, 402, 1002,
 18 1402, 1602, [*or 1902*]” in clause (a) of such section

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1 and inserting in lieu thereof “of or pursuant to section
2 402, 452, 1602, 1603, **[1902, 2003, and 2005]**”, and
3 (C) by striking out “3, 403, 1003, 1403, 1603,
4 **[or 1903]**” in clause (b) of such section and inserting
5 in lieu thereof “403, 453, 1604, 1608, **[1903, or**
6 **2012’]**”;

7 (7) (A) by striking out “I, X, XIV, **[XVI, or**
8 **XIX, or part A of title IV]**” in subsections (a) (1),
9 (b), and (d) of section 1116 **[and inserting in lieu**
10 **thereof “XVI, XIX, or XX”]**, and

11 (B) by striking out “4, 404, 1004, 1404, 1604
12 **[, or 1904]**” in subsection (a) (3) of such section and
13 inserting in lieu thereof “404, ~~454~~, 1607, 1608, **[1904, or**
14 **2006]**”; **[, and**

15 **[(C) by inserting after subsection (d) of such sec-**
16 **tion the following new subsection:**

17 **[(“e) If the Secretary determines that a State**
18 **plan which he has approved under title XVI, XIX,**

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1 or *XX* no longer complies with the applicable re-
 2 quirements for approval, or that in the administra-
 3 tion of such plan or of any agreement into which
 4 he has entered under section 437, 451, 461, or 1605,
 5 there is a failure by the State to comply substantially
 6 with any provision of such plan or agreement, the
 7 Secretary may request the Attorney General to bring
 8 suit to enforce the provisions of such plan or agree-
 9 ment.”;】

10 (8) by repealing section 1118;

11 (9) (A) by striking out “I, X, XIV” [everything
 12 after “individual”] in section 1119, [that precedes
 13 clause (1) and inserting in lieu thereof “eligible for in-
 14 dividual and family services, as prescribed by section
 15 2003(1), under a State plan approved under title *XX*
 16 if—”, and】

17 (B) by striking out “part A” in such section and
 18 inserting in lieu thereof “services under a State plan
 19 approved under part A”, and

20 (C)【(B)】 by striking out “3 (a), 403 (a), 1003
 21 (a), 1403 (a), or 1603 (a)” in such section and insert-

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1 ing in lieu thereof “403(a) or 1604 **[2012(1)]**”; **[and]**

2 *(10) by repealing section 1120; and*

3 **[(10)](11) (A)** by striking out “a plan for old-age
4 assistance, approved under title I, a plan for aid to the
5 blind, approved under title X, a plan for aid to the perma-
6 nently and totally disabled, approved under title XIV, or
7 a plan for aid to the aged, blind, or disabled” in section
8 1121 (a) and inserting in lieu thereof “a plan for aid
9 to the aged, blind, and disabled”, and

10 **(B)** by inserting “(other than a public nonmedical
11 facility)” in such section after “intermediate care facili-
12 ties” the first time it appears.

13 **AMENDMENTS TO TITLE XVIII**

14 **SEC. 303.** **[403.]** Title XVIII of the Social Security Act
15 is amended—

16 (1) (A) by striking out “title I or” in section 1843

17 (b) (1),

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1 (B) by striking out "all of the plans" in section
 2 1843 (b) (2) and inserting in lieu thereof "the plan",
 3 **and**

4 (C) by striking out "titles I, X, XIV, and XVI, and
 5 part A" in section 1843 (b) (2) and inserting in lieu
 6 thereof "title XVI and under part E";

7 (2) (A) by striking out "title I, X, XIV, or XVI
 8 or part A" in section 1843 (f) both times it appears and
 9 inserting in lieu thereof "title XVI and under part E";
 10 **and**

11 (B) by striking out "title I, XVI, or XIX" in such
 12 section and inserting in lieu thereof "title XVI or XIX";
 13 **and**

14 (3) by striking out "I, XVI" in section 1863 and
 15 inserting in lieu thereof "XVI".

16 **AMENDMENTS TO TITLE XIX**

17 **SEC. 304. [404.]** Title XIX of the Social Security Act
 18 is amended—

19 (1) by striking out "families with dependent chil-
 20 dren" and "permanently and totally" in clause (1) of

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1 the first sentence of section 1901 and inserting in lieu
 2 thereof “needy families with children” and “severely”,
 3 respectively;

4 (2) by striking out “I or” in section 1902 (a)
 5 (5);

6 (3) (A) by striking out everything in section
 7 1902 (a) (10) which precedes clause ~~(A)~~ (B) and
 8 inserting in lieu thereof the following:

9 “(10) provide for making medical assistance
 10 available to all individuals receiving assistance to
 11 needy families with children as defined in section
 12 405(e) ~~[(455)]~~, receiving payments under an agree-
 13 ment pursuant to part E of title IV, or receiving aid
 14 to the aged, blind, and disabled under a State plan
 15 approved under title XVI; and—”, and

16 ~~(B)~~ by inserting “or payments under such part E”
 17 after “such plan” each time it appears in clauses ~~(A)~~
 18 and ~~(B)~~ of such section;

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1 “(A) provide that medical assistance made avail-
2 able to any such individuals—

3 “(i) shall be equal in amount, duration, and
4 scope for all such individuals, and

5 (ii) shall not be less in amount, duration, or
6 scope than the medical or remedial care and services
7 made available to any other individuals; and”, and

8 (B) by striking out “aid or assistance under any
9 such State plan” each time it appears in clause (B) of
10 such section and inserting in lieu thereof “such assist-
11 ance, payments, or aid” and by striking out “of the one
12 of such State plans which is appropriate” in such clause
13 (B) and inserting in lieu thereof “for such assistance,
14 payments, or aid”;

15 (4) by striking out “effective July 1, 1969,” in
16 section 1902(a)(11)(B);

17 ~~(4)~~ (5) by striking out section 1902(a)(13)(B)
18 and inserting in lieu thereof the following:

19 “(B) in the case of individuals receiving assist-
20 ance to needy families with children as defined in

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1 section **405(b) [455]**, receiving payments under an
 2 agreement pursuant to part E of title IV, or receiv-
 3 ing aid to the aged, blind, and disabled under a State
 4 plan approved under title XVI, for the inclusion of
 5 at least the care and services listed in clauses (1)
 6 through (5) of section 1905 (a), and”;

7 ~~(5)~~ (6) by striking out “aid or assistance under
 8 State plans approved under titles I, X, XIV, XVI, and
 9 part A of title IV.” in section 1902 (a) (14) (A) and
 10 inserting in lieu thereof “assistance to needy families with
 11 children as defined in section **405(b) [455]**, receiving
 12 payments under an agreement pursuant to part E of title
 13 IV, or receiving aid to the aged, blind, and disabled
 14 under a State plan approved under title XVI,”;

15 ~~(6)~~ (7) (A) by striking out “aid or assistance under
 16 the State’s plan approved under title I, X, XIV, or XVI,
 17 or part A of title IV,” in so much of section 1902 (a)

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1 (17) as precedes clause (A) and inserting in lieu thereof
 2 “assistance to needy families with children as defined in
 3 section 405(b) ~~【455】~~, payments under an agreement pur-
 4 suant to part E of title IV, or aid under a State plan ap-
 5 proved under title XVI,”

6 (B) by striking out “aid or assistance in the
 7 form of money payments under a State plan approved
 8 under title I, X, XIV, or XVI, or part A of title
 9 IV) *as would not be disregarded (or set aside for future*
 10 *needs)”* in clause (B) of such section and inserting in
 11 lieu thereof “assistance to needy families with children
 12 as defined in section 405(b) ~~【455】~~, payments under an
 13 agreement pursuant to part E of title IV, or aid to the
 14 aged, blind, and disabled under a State plan approved
 15 under title XVI) *as would not be disregarded”*,

16 (C) by striking out “aid or assistance under such
 17 plan” in such clause (B) and inserting in lieu thereof
 18 “assistance, ~~aid, or payments”~~; *payments, or aid”*, and

19 (D) by striking out “~~【age 21】~~ or is blind or per-

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1 *manently and totally disabled in clause (D) of such sec-*
 2 *tion* **【and inserting in lieu thereof “age 22 or is blind or**
 3 *severely disabled”】*;

4 (8) *by striking out “【age 21 or is blind or】 per-*
 5 *manently and totally disabled” in section 1902(a)(18)*
 6 *and inserting in lieu “【age 22 or is blind or】 severely*
 7 *disabled”*;

8 ~~(7)~~ (9) *by striking out “section 3(a)(4)(A)*
 9 *(i) and (ii) or section 1603(a)(4)(A)(i) and (ii)”*
 10 *in section 1902(a)(20)(C) and inserting in lieu there-*
 11 *of “section 1608(b)(1)(A) and (B) 【2002(1)(D)*
 12 *and (E)”】*;

13 (10) *by striking out “effective July 1, 1969,” in*
 14 *sections 1902(a)(24) and 1902(a)(26)*;

15 (11) *by striking out “(after December 31, 1969)”*
 16 *in section 1902(a)(28)(F)(i)*;

17 ~~(8)~~ (12) *by striking out “title X (or title XVI, in-*
 18 *sofar as it relates to the blind) was different from the*

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1 State agency which administered or supervised the ad-
 2 ministration of the State plan approved under title I (or
 3 title XVI, insofar as it relates to the aged), the State
 4 agency which administered or supervised the administra-
 5 tion of such plan approved under title X (or title XVI,
 6 insofar as it relates to the blind)” in the last sentence of
 7 section 1902 (a) and inserting in lieu thereof “title XVI,
 8 insofar as it relates to the blind, was different from
 9 the agency which administered or supervised the ad-
 10 ministration of such plan insofar as it relates to the aged,
 11 the agency which administered or supervised the admin-
 12 istration of the plan insofar as it relates to the blind”;
 13 ~~(9) (13)~~ by striking out “~~section 406(a)(2)~~” in
 14 section 1902 (b) (2) and inserting in lieu thereof “~~see-~~
 15 ~~tion 405(b)~~”; the following:
 16 “(2) any age requirement which excludes any indi-
 17 vidual who has not attained age 22 and is or would, but
 18 for the provisions of section 445(b)(2), be a member of
 19 a family eligible for assistance to needy families with
 20 children as defined in section [455] 405(b) or supple-
 21 mentary payments under part E of title IV; or”;

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1 ~~(10)~~ (14) by striking out “I, X, XIV, or
2 XVI, or part A” in section 1902 (c) and inserting in
3 lieu thereof “XVI or under an agreement under part E”;

4 (15)(A) by striking out “and section 1117” and
5 “beginning with the quarter commencing January 1,
6 1966” in the matter preceding clause (1) of section
7 1903(a), and

8 ~~(11)~~ (B) by striking out “I, X, XIV, or XVI,
9 or part A” in section ~~1903(a)~~ such clause (1) and
10 inserting in lieu thereof “XVI or of payments under an
11 agreement **[under]** pursuant to part E”;

12 ~~(12)~~ (16) by repealing section 1903 (c) ;

13 ~~(13)~~ (17) by striking out “highest amount which
14 would ordinarily be paid to a family of the same size
15 without any income or resources in the form of money
16 payments, under the plan of the State approved under
17 part A of title IV of this Act” in section 1903 (f) (1)

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1 (B) (i) and inserting in lieu thereof “highest total
 2 amount which would ordinarily be paid under parts D
 3 and E of title IV to a family of the same size without
 4 income or resources, eligible in that State for money
 5 *supplementary* payments under part E of title IV of
 6 this Act”;

7 ~~(14)(A)~~ by striking out “the highest amount
 8 which would ordinarily be paid to such family under
 9 the State’s plan approved under part A of title IV of
 10 this Act” in section 1903(f)(3) and inserting in lieu
 11 thereof “the highest total amount which would ordi-
 12 narily be paid to such family”, and

13 ~~(B)~~ by striking out “section 408” in such section
 14 and inserting in lieu thereof “section 406”;

15 (18) by striking out section 1903(f)(3) and in-
 16 serting in lieu thereof the following:

17 “(3) *For purposes of paragraph (1)(B), in the*
 18 *case of a family consisting of only one individual, the*
 19 *‘highest total amount which would ordinarily be paid’*
 20 *to such family shall be the amount determined by the*
 21 *State agency (on the basis of reasonable relationship to*

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1 *the amounts payable under parts D and E of title IV*
 2 *to families consisting of two or more persons) to be the*
 3 *amount which would ordinarily be payable under such*
 4 *parts to a family (without any income or resources)*
 5 *consisting of one person if such parts provided for pay-*
 6 *ments to such a family.”;*

7 ~~(15)~~ (19) by striking out “~~I, X, XIV, or XVI, of~~
 8 ~~part A”~~ in section 1903 (f) (4) (A) and (B) and in-
 9 serting in lieu thereof the following: “~~XVI or under an~~
 10 ~~agreement under part E; and~~

11 “(A) is a recipient of assistance to needy fam-
 12 ilies with children, as defined in section [455]
 13 405(b), payments under an agreement pursuant to
 14 part E of title IV, or aid to the aged, blind, and
 15 disabled under a State plan approved under title
 16 XVI, or

17 “(B) is not a recipient of such assistance, pay-
 18 ments, or aid but

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1 “(i) is eligible therefor, or

2 “(ii) would be eligible therefor if he were
3 not in a medical institution.”;

4 (20) by striking out “has been so changed that it”
5 in section 1904(1);

6 ~~(16)~~ (21) (A) by striking out “aid or assistance un-
7 der the State’s plan approved under title I, X, XIV,
8 or XVI, or part A of title ~~VI~~ IV, who are—” in the
9 matter preceding clause (i) in section 1905(a) and
10 inserting in lieu thereof “assistance to needy families with
11 children as defined in section 405(b), payments under
12 an agreement pursuant to part E of title IV, or aid under
13 a State plan approved under title XVI, who are—”,

14 (B) by striking out clause (ii) of such section and
15 inserting in lieu thereof the following:

16 “(ii) receiving assistance to needy families with
17 children as defined in section 405(b), or payments pur-
18 suant to an agreement under part E of title IV mem-
19 bers of a family, as described in section 445(a), except
20 a family in which both parents of a child or children are
21 present, neither parent is incapacitated, and the male
22 parent is not unemployed,”

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1 (C) by striking out clause (v) of such section and
 2 inserting in lieu thereof the following:

3 “~~(iv)~~(v) severely disabled as defined [by the Secre-
 4 tary in accordance with section 1602 (b) (4)] in section
 5 1610(b), or”, and

6 (D) by striking out “or assistance” and “I, X,
 7 XIV, or” in clause (vi), and in the second sentence of
 8 such section;

9 (22) by striking out “effective July 1, 1969,” in
 10 section 1905 (a)(4)(B); and

11 (23) by striking out the semicolon and everything
 12 that follows in the last sentence of section 1905(b) and
 13 inserting in lieu thereof a period.

14 TITLE IV [V]—GENERAL

15 EFFECTIVE DATE

16 [SEC.] 404. [501.] [The amendments and repeals
 17 made by this Act shall become effective, and section 9 of the
 18 Act of April 19, 1950 (25 U.S.C. 639), is repealed effective,
 19 on July 1, 1971; except that—]

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1 *SEC. 401. (a) Sections 105, 404, 405, 407(a), and 408*
2 *of this Act and sections 436 and 463 of the Social Security*
3 *Act, as amended by this Act, shall become effective upon enact-*
4 *ment.*

5 *(b) Except as provided in subsection (a), the amendments*
6 *and repeals made by this Act shall become effective, and section*
7 *9 of the Act of April 19, 1950 (25 U.S.C. 639), is repealed*
8 *effective on January 1, 1972, except that nothing in this Act*
9 *or the amendments made thereby shall be construed to authorize*
10 *any Federal payments under title IV of the Social Security Act,*
11 *as amended by this Act, with respect to any family other than*
12 *a family in which one parent of the child or children is dead,*
13 *continuously absent from the home, or incapacitated or in which*
14 *the male parent is unemployed (as defined in section 455 of the*
15 *Social Security Act, as amended by this Act) for any month*
16 *prior to July 1972; and except that—*

17 (1) in the case of any State a statute of which
18 (**[on July 1, 1971]** *on the date of enactment of this*
19 *Act*) prevents it from **[making the supplementary pay-**
20 **ments provided for in]** *entering into the agreement re-*

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1 *quired by part E of title IV of the Social Security Act,*
2 *as amended by this Act, and the legislature of which*
3 *does not meet in a regular session which closes after*
4 *the enactment of this Act and on or before July 1,*
5 *1971, the amendments and repeals made by this Act,*
6 *and such repeal, shall become effective with respect to*
7 *individuals in such State on the first July 1 which fol-*
8 *lows the close of the first regular session of the legisla-*
9 *ture of such State which closes after July 1, 1971, or*
10 *(if earlier than such first July 1 after July 1, 1971)*
11 *on the first day of the first calendar quarter following*
12 *the date on which the State certifies it is no longer so*
13 *prevented from making such payments; and*

14 (2) in the case of any State a statute of which
15 (**[on July 1, 1971]** *on the date of enactment of this*
16 *Act*) prevents it from complying with the requirements
17 of section 1602 *or 1603* of the Social Security Act, as
18 amended by this Act, and the legislature of which does
19 not meet in a regular session which closes after the
20 enactment of this Act and on or before July 1, 1971,

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1 the amendments made by title II of this Act shall be-
 2 come effective on the first July 1 which follows the
 3 close of the first regular session of the legislature of such
 4 State which closes after July 1, 1971, or (subject to
 5 paragraph (1) of this section) on the earlier date on
 6 which such State submits a plan meeting the require-
 7 ments of such sections 1602 and 1603[;].

8 **[and except that]** **[(i)]** **[section 436 of the Social Security**
 9 **Act, as amended by this Act, shall be effective upon the en-**
 10 **actment of this Act]** **[(ii) section 203 of this Act shall be**
 11 **effective July 1, 1970, and (iii) section 505 of this Act shall**
 12 **be effective upon enactment.]**

13 SAVING PROVISION

14 SEC. 402 **[502]**. (a) The Secretary shall pay to any
 15 State which has a State plan approved under title XVI of
 16 the Social Security Act, as amended by this Act, and has
 17 in effect an agreement under part E of title IV of such Act,

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1 for each quarter in a **[fiscal]** calendar year beginning after
 2 **[June 30,]** December 31, 1971, and ~~prior to July 1, 1973,~~
 3 in addition to the amount payable to such State under such
 4 title and such agreement, an amount equal to the excess of—

5 (1) (A) 70 per centum of the total of those pay-
 6 ments for such quarter pursuant to such agreement which
 7 are required under sections 451 and 452 of the Social
 8 Security Act (as amended by this Act), plus (B) the
 9 non-Federal share of expenditures for such quarter re-
 10 quired under title XVI of the Social Security Act (as
 11 amended by this Act) as aid to the aged, blind, and
 12 disabled (as defined in subsection (b) (1) of this
 13 section), over

14 (2) the non-Federal share of expenditures ~~which~~
 15 ~~would have been made during such quarter~~ as aid or
 16 assistance for the corresponding quarter of **[fiscal]** calen-
 17 *dar year 1971* under the plans of the State approved

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1 under titles I, IV (part (A)), X, XIV, and XVI
2 ~~had they continued in effect~~ (as defined in subsection
3 (b) (2) of this section).

4 (b) For purposes of subsection (a)—

5 (1) the non-Federal share of expenditures for any
6 quarter required under title XVI of the Social Security
7 Act, referred to in clause (B) of subsection (a) (1),
8 means the difference between (A) the total of the ex-
9 penditures for such quarter under the plan approved un-
10 der such title as aid to the aged, blind, and disabled which
11 would have been included as aid to the aged, blind, or dis-
12 abled under the plan approved under such title as in effect
13 for **[June]** *December* 1971 plus so much of the rest of
14 such expenditures as is required (as determined by the
15 Secretary) by reason of the amendments to such title
16 made by this Act, and (B) the total amounts determined
17 under section 1604 of the Social Security Act for such
18 State with respect to such expenditures for such quarter;
19 and

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1 (2) the non-Federal share of expenditures ~~which~~
2 ~~would have been made during any quarter as aid or~~
3 ~~assistance for the corresponding quarter of~~ **[fiscal]**
4 ~~calendar year 1971~~ under approved State plans, referred
5 to in subsection (a) (2), means the difference (*adjusted*
6 *as provided in clause (B) of the following sentence*) be-
7 tween (A) the total of the expenditures ~~which would~~
8 ~~have been made as aid or assistance~~ (excluding emergency
9 assistance specified in section 406(e) (1) (A) of the
10 Social Security Act, **[and]** foster care under section 408
11 **[thereof]**) *of such Act (as such section were in effect on*
12 *the date of the enactment of this Act)*, for such quarter
13 under the plans of such State approved under titles I,
14 IV (part A), X, XIV, and XVI of such Act ~~and in~~
15 ~~effect in the month prior to the enactment of this Act if~~
16 ~~they had continued in effect during such quarter, and if~~
17 ~~they had included (if they did not already do so) pay-~~

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1 ments to dependent children of unemployed fathers au-
 2 thorized by section 407 of the Social Security Act (as
 3 in effect on the date of the enactment of this Act), and
 4 (B) the total of the amounts which would have been de-
 5 termined under sections 3, 403, 1003, 1403, and 1603,
 6 or under section 1118, of the Social Security Act, or
 7 section 9 of the Act of April 19, 1950, for such State with
 8 respect to such expenditures for such quarter.

9 ***[Between]*** *As soon after enactment of this Act as may be*
 10 *feasible, and thereafter between [July 1 and September 30]*
 11 *June 30 and October 1 of each year, [beginning with 1970,]*
 12 *the Secretary (A) shall determine the percentage by which the*
 13 *average level of the price index for the months in the most re-*
 14 *cent preceding calendar [quarter beginning April 1 of such]*
 15 *year exceeds the average level of the price index for months in*
 16 *calendar year 1969, and (B) shall increase the amount com-*
 17 *puted under clause (2) of the preceding sentence for any*
 18 *quarter in the fiscal year beginning July 1 next succeeding*
 19 *such determination by such percentage. For purposes of the*

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1 preceding sentence, the term "price index" shall have the same
 2 meaning as it does in section 453(c) of the Social Security
 3 Act (as amended by this Act).

4 SPECIAL PROVISIONS FOR PUERTO RICO, THE VIRGIN
 5 ISLANDS, AND GUAM

6 SEC. 403 [503]. Section 1108 of the Social Security
 7 Act is amended by adding at the end thereof the following
 8 new subsection:

9 " (e) (1) In applying the provisions of sections
 10 432(a), 442 (a) and (b), 443 (b) (2), 1603 (a) (1)
 11 and (b) (1), and 1604 (1) with respect to Puerto Rico,
 12 the Virgin Islands, or Guam, the amounts to be used
 13 shall (instead of the \$30 in section 432(a), the \$500,
 14 \$300, and \$1,500 in such section 442 (a), the \$500 and
 15 \$300 in such section 442 (b), the \$30 in clauses (A) and
 16 (B) of such section 443 (b) (2), the \$1,500 in such section
 17 1603 (a) (1), the \$110 in such section 1603 (b) (1), and
 18 the \$65 in section 1604 (1)) bear the same ratio to such
 19 \$30, \$500, \$300, \$1,500, \$500, \$300, \$30, \$1,500, \$110,

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1 and \$65 as the per capita incomes of Puerto Rico, the Virgin
2 Islands, and Guam, respectively, bear to the per capita
3 income of that one of the fifty States which has the lowest
4 per capita income; except that in no case may the amounts
5 so used exceed such \$30, \$500, \$300, \$1,500, \$500, \$300,
6 \$30, \$1,500, \$110, and \$65.

7 “(2) ~~(A)~~ The amounts to be used under such sections
8 in Puerto Rico, the Virgin Islands, and Guam shall be pro-
9 mulgated by the Secretary between July 1 and September
10 30 of each even-numbered year, on the basis of the average
11 per capita income of each State ~~and of the United States~~ for
12 the most recent calendar year for which satisfactory data are
13 available from the Department of Commerce. Such promul-
14 gation shall be effective for each of the two fiscal years in the
15 period beginning July 1 next succeeding such promulgation.

16 “~~(B)~~ The term ‘United States’, for purposes of sub-
17 paragraph ~~(A)~~ only, means the fifty States and the District
18 of Columbia.

19 “(3) If the amounts which would otherwise be promul-
20 gated for any fiscal year for any of the three States referred
21 to in paragraph (1) would be lower than the amounts pro-

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1 promulgated for such State for the immediately preceding period.
2 the amounts for such fiscal year shall be increased to the ex-
3 tent of the difference; and the amounts so increased shall
4 be the amounts promulgated for such year.”

5 *REPORT TO CONGRESS ON MEDICAL ASSISTANCE*

6 *SEC. 404. [504.] On or before February 15, 1971, the*
7 *Secretary shall submit to the Congress recommendations for*
8 *restructuring and improving the existing program of medical*
9 *assistance under title XIX of the Social Security Act, includ-*
10 *ing recommendations specifically designed to assure that such*
11 *program will be consistent in effect with the objectives of the*
12 *family assistance plan established by section 101 of this Act.*

13 *ADDITIONAL SUPERGRADES FOR DEPARTMENTS OF*
14 *HEALTH, EDUCATION, AND WELFARE AND LABOR*

15 *SEC. 405. [505.] (a) Section 5168(a) of title V, United*
16 *States Code, is amended by striking out “2734” and inserting*
17 *“2787” in lieu thereof. [Section 5108(c) of title V of the*
18 *United States Code is amended by striking out “and” at the*

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1 *end of clause (8), by striking out the period at the end of*
2 *clause (9) and inserting in lieu thereof “;”, and by inserting*
3 *after such clause (9) the following new clauses:*

4 **【“(10) the Secretary of Health, Education, and**
5 **Welfare may place — positions in GS-16, — positions in**
6 **GS-17, and — positions in GS-18, for purposes of**
7 **administration of the programs included in the Family**
8 **Assistance Act of 1970 and related programs; and**

9 **【“(11) the Secretary of Labor may place — posi-**
10 **tions in GS-16, — positions in GS-17, and — positions**
11 **in GS-18, for purposes of administration of manpower**
12 **and employment programs included in the Family Assist-**
13 **ance Act of 1970.”】**

14 **(b) For purposes of administration of the programs in-**
15 **cluded in the Family Assistance Act of 1970 and related pro-**
16 **grams, the Secretary of Health, Education, and Welfare may**
17 **establish one position with a rate of compensation equivalent**
18 **to the rate specified for level V of the Executive Schedule**
19 **specified in 5 U.S.C. 5316.**

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1

REFERENCES IN OTHER ACTS

2 *SEC. 406. The reference in any Act other than the Social*
3 *Security Act and this Act to the number of children receiving*
4 *aid to families with dependent children shall be construed to in-*
5 *clude the number of children within needy families with children*
6 *(as defined in section 405(b) of the Social Security Act, as*
7 *amended by this Act) plus the number of additional children re-*
8 *ceiving supplementary payments under agreements pursuant to part*
9 *E of title IV of the Social Security Act, as amended by this Act.*

10

ADDITIONAL REMEDIES FOR STATE NONCOMPLIANCE

11 *SEC. 407. (a) Section 1116 of the Social Security Act is*
12 *amended by adding at the end thereof the following new sub-*
13 *sections:*

14 *“(e) In any case in which the Secretary determines that a*
15 *State has failed in a substantial number of cases*

16 *“(1) to make payments as required by title I, X, XIV,*
17 *XVI, or XIX or part A of title IV, or*

18 *“(2) to make payments in the amount prescribed under*
19 *the appropriate State plan (which complies with the condi-*
20 *tions for approval under such title or part),*

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1 *he may require the State to make retroactive payment to all*
2 *persons affected by such failure in order to assure, to the maxi-*
3 *mum extent possible, that with respect to each such person, the*
4 *sum of the aid or assistance actually received during the period*
5 *that such failure occurred plus such retroactive payments are*
6 *equal to the amount of aid or assistance he would have received*
7 *for such period had such failure not occurred, but such payments*
8 *shall not be required with respect to any period prior to the*
9 *date of enactment of the Family Assistance Act of 1970. Expendi-*
10 *tures for such retroactive payments shall be considered to have*
11 *been made under the State plan approved under such title or*
12 *part for purposes of determining the amount of the Federal*
13 *payment with respect to such plan. In any case in which the*
14 *Secretary does add such a requirement for retroactive payments*
15 *pursuant to the preceding provisions of this subsection, the State*
16 *shall disregard the amount of such retroactive payments for pur-*
17 *poses of determining the amount of aid or assistance payable to*
18 *such persons after such failure has been corrected. The Secretary*
19 *may prescribe such methods of administration as he finds neces-*
20 *sary to carry out a requirement for retroactive payments imposd*
21 *under this subsection and such requirement and methods shall*
22 *be deemed necessary for the proper and efficient operation of*
23 *the plan under which such failure occurred.*

1 “(f) *In any case in which the Secretary has found, in ac-*
2 *cordance with the procedures of title I, X, XIV, XVI, or XIX, or*
3 *part A of title IV, that in the administration of the State plan*
4 *approved under such title or part, there is a failure to comply*
5 *substantially with any provision which is required by such title*
6 *or part to be included in such plan, the Secretary may prescribe*
7 *such methods of administration as he finds appropriate to correct*
8 *such administrative noncompliance within a reasonable period*
9 *of time and upon obtaining assurances satisfactory to him that*
10 *such methods will be undertaken (including a timetable for imple-*
11 *mentation of such methods which specifies a date by which there*
12 *will no longer exist such administrative noncompliance), he may,*
13 *instead of withholding payments under the title or part with re-*
14 *spect to which such failure occurred, continue to make payments*
15 *(in accordance with such title or part) to such State with respect*
16 *to expenditures under such plan (for so long as he remains satis-*
17 *fied that the timetable is being substantially followed).*

18 “(g) *If the Secretary determines that a State plan which he*
19 *has approved under title I, X, XIV, XVI, or XIX, or part A of*
20 *title IV, no longer complies with all requirements of such title*
21 *or part, or that in the administration of such plan there is a*
22 *failure to comply substantially with any such requirements, the*
23 *Secretary may (in addition to or instead of withholding payments*

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1 *under such title or part) request the Attorney General to bring*
2 *suit to enforce such requirements.”*

3 *(b)(1) Section 1116 of the Social Security Act, as amended*
4 *by this Act, is amended by, in subsection (e),*

5 *(A) striking out “I, X, XIV, XVI, or XIX or part A”*
6 *and inserting in lieu thereof “XVI or part E”;*

7 *(B) striking out, in clause (2) of the first sentence*
8 *“or part” and inserting “or agreement” immediately before*
9 *the comma;*

10 *(C) by striking out “assistance” and inserting in lieu*
11 *thereof “supplementary payments” everywhere it appears*
12 *therein;*

13 *(D) by inserting “or agreement” entered into imme-*
14 *diately after “State plan approved” in the second sentence*
15 *thereof; and*

16 *(E) by inserting “or agreement” immediately after*
17 *“plan” in the final sentence thereof.*

18 *(2) Such section is further amended by, in subsection (f),*

19 *(A) striking out “I, X, XIV, XVI, or XIX, or part A”*
20 *and inserting in lieu thereof “XVI or XIX, or part E”;*

21 *(B) by inserting “or agreement entered into” imme-*
22 *diately after “State plan approved”; and*

1 (C) by inserting “or agreement” immediately after
 2 “such plan” everywhere it appears therein.

3 (3) Such section is further amended by, in subsection (g),

4 (A) striking out “I, X, XIV, XVI, or XIX, or part A”
 5 and inserting in lieu thereof “XVI or XIX, or agreement into
 6 which he has entered under part E”; and

7 (B) by inserting “or agreement” immediately after “such
 8 plan.”

9 AMENDMENTS TO PART A OF TITLE IV

10 SEC. 408. (a) Section 402(a) of the Social Security Act is
 11 amended—

12 (1) by inserting, before “provide” at the beginning of
 13 clause (1), “except to the extent permitted by the Secretary
 14 with respect to services”;

15 (2)(A) by striking out “a program for” in clause (14),

16 (B) by striking out “each child and relative who re-
 17 ceives” in such clause and inserting in lieu thereof “children
 18 and relatives who receive”;

19 (C) by striking out “each appropriate individual” in
 20 such clause and inserting in lieu thereof “appropriate indi-
 21 viduals”; and

22 (D) by striking out “such child, relative, and individual”

Boldface Italic indicates language neither in H.R. 16311 nor in the
 June revision but proposed for inclusion in the October revised revision.

1 *in such clause and inserting in lieu thereof “such children,*
2 *relatives, and individuals” each place it appears therein; and*
3 *(3) by striking out “the types” in clause 15(B)(ii), and*
4 *inserting “a type” in lieu thereof.*

5 *(b) Section 404(a) is amended by striking out clause (1)*
6 *and inserting in lieu thereof the following:*

7 *“(1) that the plan no longer complies with the provi-*
8 *sions of section 402; or.”*

9 *(c) Section 402(a) of the Social Security Act, as amended*
10 *by this Act, is further amended by inserting before the period at*
11 *the end thereof, the following new clause:*

12 *“and (12) provide that, to the extent services provided*
13 *under the plan are furnished by staff of the State or local*
14 *agency administering such plan in each of the political subdivi-*
15 *sions of such State, such staff will be located in organiza-*
16 *tional units (up to such organizational levels as the Secretary*
17 *may prescribe) which are separate and distinct from the units*
18 *within such agencies responsible for determining eligibility for*
19 *foster care for any other form of cash assistance paid on a*
20 *regularly recurring basis or for performing any functions*
21 *directly related thereto, but subject to any exceptions which,*
22 *in accordance with standards prescribed in regulations, the*
23 *Secretary may permit when he deems it necessary in order*
24 *to ensure efficient administration of such plan”.*

1 MEANING OF SECRETARY AND FISCAL YEAR

2 SEC. 404, 409 [~~506~~]. As used in this Act and in the
3 amendments made by this Act, the term "Secretary" means,
4 unless the context otherwise requires, the Secretary of
5 Health, Education, and Welfare; and the term "fiscal year"
6 means a period beginning with any July 1 and ending with
7 the close of the following June 30.

 Passed the House of Representatives April 16, 1970.

Attest:

W. PAT JENNINGS,

Clerk.

Boldface Italic indicates language neither in H.R. 16311 nor in the June revision but proposed for inclusion in the October revised revision.

~~Linotype~~ indicates language in H.R. 16311 proposed to be deleted in both the June revision and the October revised revision.

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

**DEPARTMENT OF HEALTH, EDUCATION, AND
WELFARE—EXPLANATION OF PROPOSED
AMENDMENTS TO H.R. 16311**

(Explanations are not provided for editorial or technical changes; amendments introduced or modified in October 1970 are indicated by an asterisk)

**I. FAMILY ASSISTANCE AND AID TO THE AGED, BLIND,
AND DISABLED**

*Number of Section of Title IV or Title XVI of the Social Security Act, as
Proposed to be Amended by Titles I and II of H.R. 16311, and Page
of Bill.*

***412(c)(1), pp. C8-C9: Period for Determination of Benefits**

This section has been rewritten to clarify the time period for redetermination of benefits. It is now ambiguous whether the redetermination becomes effective immediately or at the beginning of the following quarter.

The amended version provides for universal determination quarterly, but requires adjustments for essential changes in family composition and income at any time during the quarter with any change in benefits effective in the following month. All estimates of income will be based on the actual income of the preceding period unless modifications in income have or clearly will occur on the basis of changes in circumstances.

This change reduces one element of secretarial discretion and would also limit potential overpayments. A change made in October provides a thirty-day limitation for determination of eligibility after application in order to ensure prompt responsiveness to need.

412(c)(2), p. C9: Initial Eligibility

This section has been written to eliminate secretarial discretion. No benefits are to be paid for periods before the month of application. In the month of initial entitlement, benefits would be prorated to reflect the date of application.

***443(a)(2), pp. C11-C12: Treatment of prizes and awards, gifts, inheritances, and the proceeds of life insurance policies as resources**

This change in Section 443(a)(2) would treat prizes and awards, gifts, inheritances, and the proceeds of life insurance policies as resources rather than unearned income. Such sums are typically lump payments rather than regular income, and thus are more properly treated as part of a resource base.

***443(a)(2)(D), p. C12: Treatment of Regularly Recurring Payments as Income**

New language has been added to specify that certain regularly recurring payments, such as some types of extended sick pay, are to be treated as unearned income. The treatment of these payments was not heretofore specified. It should be noted that payments not immediately available for the recipient's use, such as employer contributions to health benefit and pension plans, would not be treated as unearned income under this subsection since they would be excluded from the definition of income.

443(b)(3), p. C13: Earnings Disregard for Child Care

This amendment reduces secretarial discretion by specifying that the amount deducted from earned income by a family for necessary child care cannot exceed the cost of comparable care established by the Secretary in section 436(c). This would prevent the possibility of unlimited deductibility of costs.

***443(b)(5), p. C14: Other Assistance Excludable**

This amendment eliminates secretarial discretion and encourages uniformity by defining the types of private agencies or organizations paying excludable assistance as those ruled by IRS as exempt from income tax under section 501(c)(3) or (4) of the Internal Revenue Code.

443(b)(6), p. C14: Vocational Rehabilitation Allowances Excludable

This section excludes from countable income all incentive and other allowances paid under section 437(d) to individuals referred for and receiving vocational rehabilitation services (comparable to the exclusion of training allowances under the Department of Labor programs).

443(b)(9), p. C14: Foster Care Payments Excludable

This section covers the case in which a FAP family provides foster care for a child who is not a member of the family for FAP purposes. To prevent penalizing low income families who provide homes for foster children, payments for such a child should not count in the income of the FAP family.

445(b)(2), p. C17: Conform Definition of Child to Social Security Definition

This amendment changes the upper age limit of a "child" from under the age of 21 to under the age of 22. This approach conforms with the social security definition and recognizes the fact that the 21st year is generally the last year of undergraduate education.

445(c), p. C17: Strike State Law Reference in Determination of Family Relationships

This section is eliminated in order to permit definition of family relationships on a nationwide basis.

446(a)(1), p. C19: Payments of Benefits

This amendment eliminates secretarial discretion by specifying that payments will be made at least monthly except in such cases where a quarter's benefits will not exceed \$30 in which case a quarterly payment may be made.

***446(a)(2), pp. C19-C20: Safeguards on Use of Protective Payments**

This section has been expanded to provide certain procedural safeguards before the Secretary may order the use of protective payments—that is, payments to someone other than a member of the family—in order to better protect the interests of the children. These safeguards, including the right to a fair hearing, exist under present law and were inadvertently omitted from previous drafts.

***446(c)(1), pp. C21-C23: Hearings**

Section 446(c)(1) would be amended in two respects in changes proposed in October.

A first change provides that there shall be repayment of Family Assistance benefits after a negative ruling pursuant to a hearing only if the overpayment resulted from fraudulent statements or willful misstatements by a member of the family. This avoids penalizing families who have sought hearings in good faith.

This section has been further amended to provide that the Administrative Procedure Act will not apply to the hearings held under that section. Because of the potentially large volume of hearings which might be requested, it is desirable to permit some procedural flexibility so that the interests of the applicants and beneficiaries, and those of the United States, can be protected. In particular, it is anticipated that there might be serious difficulty in securing a sufficient number of hearing examiners (described under section 11 of the APA) so that hearings may be held expeditiously in all parts of the country. In all respects, however, procedural rights inherent in the statutory provision for "fair hearing" and constitutional guarantees of due process will be afforded (See *Goldberg vs. Kelly*, 397 U.S. 254 (1970)).

***446(c)(2), p. C22: Prompt Decision After Hearing**

In order to expedite the decision process after a hearing and to protect recipients, this change provides that a determination must be made within thirty days after a hearing. The section already provides that a determination must be made within ninety days after a hearing request.

***446(c)(3), p. C23: Application of Substantial Evidence Rule**

This change makes the "substantial evidence" rule applicable in cases of judicial review of a decision by the Secretary, thereby adding a protection for applicants or recipients in situations where facts are in dispute. Previous language would have made the Secretary's findings of fact unchallengeable even where not supported by substantial evidence.

446(d), p. C23: Lawyer's Fees

This amendment removes all authority to withhold a FAP recipient's back benefits and make payments directly to a lawyer who has represented him. This change places FAP on the same basis as present AFDC practice; the collection of the fee should not be a governmental function.

***446(g), pp. C23-C24: Requirement that FAP Applicant Apply for any Payments Due Under Other Public Programs**

This amendment to section 446(g) clarifies the intent of H.R. 16311 by specifically setting forth a requirement that members of families who apply for FAP must also apply for any other payments that may be due them under other public programs—such as, social security, veterans' benefits, unemployment insurance, etc. This procedure is generally in line with present practice under the public assistance programs and it has been the intent of the Administration to follow such a procedure under H.R. 16311.

447(a), pp. C25-C26; 448(a), p. C30: Penalty for Refusal To Register for or Accept Employment or Training

This section raises the penalty for refusal to register or accept work or training to \$500 and clearly states that it applies to each of the first two members of the family. This strengthens the incentives for work and training.

447(d), p. C29: Periodic Review of Incapacity: Vocational Rehabilitation

The changes would delete the quarterly review and would provide that the frequency of reevaluation would be tailored to the nature of the incapacity as is the case in redetermination in social security. In many cases, quarterly reviews are unnecessary and would be wasteful.

447(d), p. C29: Hearing and Review in Case of Vocational Rehabilitation

This change would provide for hearing and appeal in the case of a person who refuses vocational rehabilitation services under the same conditions as for loss or reduction of benefits generally.

***448(b)(4), p. C33: Definition of Suitable Employment**

This change restores the House Ways and Means Committee language on the definition of suitable employment to be used in enforcing the employment requirements. This change restores protections added by the House Committee requiring the Secretary of Labor to take into consideration such matters as risk to the individual's health and safety, and his physical fitness for the work.

***451 and 455, pp. C34-C35 and C52: Elimination of Federal Requirement for Supplementation of New Unemployed Father Cases, With "Grandfather Clause"**

In order to provide for greater equity between treatment of unemployed and employed male family heads, and to provide for an unbroken set of work incentives under which such men are always better off if they work more, the requirements for State supplementation of the unemployed fathers category and Federal matching for any such State payments were eliminated in amendments proposed in June, 1970. However, in order to protect families receiving assistance under AFDC-UF as of the effective date for Family Assistance, States would be permitted to provide supplemental benefits to such families as specified in section 452, and Federal reimbursement would be made for such payments in accordance with section 453. This "grandfather clause" for AFDC-UF cases would be in force for two years following the Family Assistance effective date.

***452(a) and (b), pp. C37-C41: Level of State Supplementation and "Grandfather Clause"**

Various changes made in June, and clarified in October, provide a new and simpler method of determining the minimum required levels of State supplementation under the bill.

The first of these changes seeks to establish a single payment level in any State for a family of a given size and income, in lieu of certain widely varying payments related to special circumstances permitted under current law. Under the House-passed bill, State supplementation was defined by reference to State plans previously in effect and required the continuation of these complicated payment differentials which now exist in some States relating to age and sex of family members and to special needs. Under the amendment, the Secretary, after consultation with the State, will determine the basic minimum payment level for families of that size in the State, with variations permitted only for differences in shelter costs among parts of the State. This minimum payment would approach the previous maximum payment in the State, (exclusive of allowances to meet special needs) to families with no other income. However, this approach would eliminate need for reference to State "standards" which in many States are artificial and bear no relation to actual payment levels. The minimum required supplemental payment would then be the difference between the payment level defined above and the sum of the basic Family Assistance benefit plus countable income.

Finally, since this change would produce some loss in benefits for a relatively small number of recipients in some States who have outside earnings, a "grandfather provision" was added to sustain, at the State's option, the previous

higher benefit levels for two years for anyone actually receiving that higher payment on the effective date of this Act.

***452(c)(11), p. C48: Reduction of State Supplementary Benefits for Refusal To Register for or Accept Employment or Training**

If a family head refuses to register or to accept training, vocational rehabilitation, or a bona fide offer of suitable employment, he suffers a reduction of \$500 per annum in his Family Assistance payment. (A new technical amendment to section 452(a)(2) prevents this reduction from being offset by an increased State supplement in the case of a family receiving a State supplemental payment. That amendment requires that a State disregard the penalty reduction in the Family Assistance payment for the purpose of setting the family's supplemental payment.) In addition, an amendment to section 452(c)(11) strengthens the work refusal penalty by calling for a reduction in the State supplemental payment on a per capita basis; that is, if the person refusing work is one of four family members, then the State supplement is reduced by one-fourth, or 25%.

***453(a)(2), pp. C49-C50: Federal Sharing in Administrative Costs**

This change requires that the Federal Government pay 100 percent of the administrative costs for the program required under section 452(c)(9). Under that paragraph, a State must, under its Part E agreement, develop a program to establish paternity for an illegitimate child and secure support from the father of such a child or from a deserting parent. Yet, any support payments made would first serve to reduce the FAP amount payable (support payments would be considered unearned income). Thus, States would get little or no financial benefit from having secured these support payments but, under the previous language, would have been required to pay 50 percent of the administrative costs of securing them. To correct this inequity, and to provide the States with an incentive to fulfill this part of the agreement, Federal matching of these administrative costs is increased.

453(c)(1), p. C50: Families Size 7-11

Under H.R. 16311 the effect of using a single average poverty level for families of seven or more would be to limit Federal financial participation with respect to large families even though the earnings of such families do not bring them up to the poverty level. Spelling out the level for families of more than seven adds no serious administrative complexity and appears more equitable to both the States and the families. Also the figures have been revised to produce more regular intervals between families of one size and the next.

461, pp. C53-C58: State Agreements

Section 461(a)(3) p. C54

This amendment authorizes the Secretary to pay all the State's administrative costs necessary to carry out its agreement to make supplementary payments for a transitional period of up to 2 years if the State has entered into an agreement, with a future effective date, for the Secretary to administer its supplemental payments. If the State prevents the Secretary from eventually making these supplementary payments, the Secretary is required to recover one-half the administrative costs (which the State would have provided under the general formula).

Section 461(b), pp. C54-C56

This subsection authorizes the Secretary, on behalf of a State, to determine eligibility for medical assistance, or for surplus food commodities, or to administer the State's food stamp program, with respect to the classes of adults covered by title XVI if the State has an agreement allowing the Secretary to administer title XVI, or with respect to all other persons if the State allows the Secretary to make its supplementary payments, if any. The State reimburses the Secretary, at whatever is the usual rate, for these additional expenses of the Secretary in performing these functions. This and the succeeding change are designed to facilitate a State's choice to move toward Federal administration of its cash payments since, if it had to retain a field organization to perform similar functions for other programs, it might not find Federal administration of payments under this act economical. Moreover, this will permit administration of assistance programs from a single source more convenient for the recipient.

Section 461(c), p. C56

If the State has given the Secretary all its eligibility determining functions under the Social Security Act, the Secretary may agree (but only if he finds it will be administratively feasible) to determine eligibility and administer payments with respect to all or part of the State's general assistance program. The State will reimburse the Secretary for additional administrative expenses, as in the preceding section and for the costs of cash payments.

Section 461(d), p. C57

With respect to any functions which the Secretary performs on behalf of a State, he may substitute his own administrative rules and procedures which he applies under part D in place of those which the State would be required by Federal statute to observe. This will permit the Secretary to administer programs for many States under a uniform set of procedures.

**Section 461(e), pp. C57-C58*

This amendment provides that when a State enters into an agreement with the Secretary for direct Federal administration of the supplementary payments under part E of title IV or of the adult categories, the State must maintain this agreement in order to remain eligible for payments under part E of title IV or title XVI, respectively. This change avoids the possibility of frequent and cumbersome shifts in administrative responsibility for any one program. It sets forth in the law the practice that the Administration would expect to follow under H.R. 16311 as passed by the House and as revised and resubmitted in June.

**Section 461(f), p. C58*

This amendment would preclude the Secretary from permanently delegating responsibility for administering the program for all families made newly eligible under Part D but who are ineligible for a Part E payment (i.e., the "working poor"). The "working poor" group is a newly defined category of assistance recipients. The program and administrative costs of all benefits paid to this group come entirely from the Federal Treasury. Thus, the administration of the program for this group should be a Federal responsibility in all States, regardless of whether the State exercises an option to maintain State administration of benefits to the category of recipients presently defined by the rules for eligibility for AFDC. The State would have no incentive for scrupulous administration of a program financed wholly by the Federal Government and the amendment is designed to ensure sound administration.

***461, p. C60: Obligation of Deserting Parents**

This change clarifies existing language to provide that deserting parents are obligated to the United States for repayment of Family Assistance benefits and the Federal share of State supplementary payments paid to deserted families only when it can be established that the receipt of aid has been a consequence of the desertion or abandonment. Anomalous situations might arise under the House-passed bill in which the receipt of aid by the family bore no direct relation to the desertion of a parent. If, for example, a father deserted a family in 1965 and the family did not apply for assistance until 1972 when a working mother became unemployed, the receipt of aid is not a direct consequence of the desertion.

465, pp. C62-C63: Provision for Food Stamp Checkoff

This section provides that persons receiving Family Assistance or State supplementary benefits may request the Secretary or the State to withhold the amount of benefits necessary to purchase part or all of the food stamp allotment to which the recipient is entitled. This unified administration is designed to facilitate coordination of services and to reduce administrative costs at the national and local levels. It represents a step toward standardization of food and cash programs, and furthers the concept of the "one window" approach to cash and in-kind programs.

***431(a)(2) and (b), pp. C65-C66: Priorities for Placement in Training and Employment Programs**

This new language establishes priorities for the Secretary of Labor in the development of employability plans and for referral to training and employment among categories of persons who are registered pursuant to part D. These priorities are based on those suggested in Amendment No. 788 to H.R. 16311, introduced by Senator Talmadge.

436(a)(1), pp. C75-C78: Construction Grants for Child Care

These changes go beyond the provision for alteration and remodeling of physical facilities for child care which was present in the House bill and permit, in addition, the use of grant funds for new construction—but only where the Secretary finds alteration of existing facilities is not feasible and only in the case of public or nonprofit private sponsors.

***436(a)(2), p. C76: Secretarial Designation of Child Care Grantees and Contractors**

This change authorizes the Secretary to designate the agency through which child care grants and contracts will be made when he finds it necessary to promote the purposes of section 436 with respect to child care. This precludes the possibility that unnecessary delays or obstacles in the provision of child care will prevent the effective operation of manpower, training, and employment programs.

***463(d), p. C79: Pre-emption of State and Local Codes Regulating Child Care**

Numerous studies have made it clear that unnecessarily complex and restrictive State and local codes relating to health, safety, and the like, have retarded the development of day care pursuant to the WIN program. This change, patterned on Senator Long's bill, S. 4101, empowers the Secretary to establish nationwide standards on such matters which will govern and expedite the development of child care provided under this section and which will supersede related State and local codes.

437(a), p. C80: Provision of Vocational Rehabilitation to Referred Individuals

This clarifying change would mandate vocational rehabilitation services as defined in the Vocational Rehabilitation Act to persons referred under section 447(d). This also allows for 90-percent matching for services to those who, after evaluation, are judged handicapped and with vocational rehabilitation potential. The evaluation of incapacity under section 447(d) would not be a cost attributable to this section.

437(d), p. C81: Vocational Rehabilitation Allowances

The new subsection (d) assures the handicapped FAP recipients referred for rehabilitation services under section 447(d) the same work incentives and allowances for necessary expenses as are supplied the able-bodied in section 432(a) (1) and (2).

***1603(a), pp. C115-C117: Disregard of Work-Related Expenses**

This change limits the work-related expenses that may be disregarded in determining earnings under title XVI to those expenses necessitated by the individual's age, blindness, or disability. (In the case of the blind, however, clause (3) provides that all work-related expenses must be disregarded.)

***1603(a)(2), p. C116: Determination of Need Under Title XVI for Blind or Disabled Adult Children**

Section 1603(a)(2), as passed by the House, authorizes a State to consider the financial responsibility of a parent in determining the need of the parent's blind or severely disabled child, not only when the child is under age twenty-one, but also beyond that age. In effect, the parent of a blind or severely disabled child will have financial responsibility indefinitely. Under the revision to section 1603(a)(2) a State would be allowed to take into account parents' financial responsibility only with respect to minor children.

1603(a)(5), p. C118: Mandatory Disregard of Earnings of the Aged

This change makes it mandatory (rather than optional) to disregard, in the case of the aged, the first \$60 per month of earnings plus one-half the remainder.

The earnings disregard provision for other assistance recipients is already mandatory. The extension of this requirement assures that the aged will have the benefit of the earnings disregard.

***1603(b)(1), pp. C119-C120: Maintenance of Level of Payments in Title XVI**

A first amendment to this section would provide that States with payment levels for the aged, blind, or disabled of more than \$110 per month (as of October 1970) will be required to at least maintain those levels under the new title XVI program (rather than to maintain their "standards" as provided under the House-passed bill). Moreover, many States have need standards and payment levels in excess of the \$110 a month minimum proposed for Title XVI recipients but pay less than that amount for recipients who have reduced housing costs as a result of shared living arrangements with relatives. A second amendment to section 1603(b)(1) will permit States to consider such savings in housing expenses for the purpose of meeting the \$110 minimum.

***1608(a)(2), p. C127: Separation of Services and Assistance Functions**

A new provision is added as a precondition to obtaining the 75% matching rate for services under title XVI: staff providing services must be located in organizational units separate from assistance payment units up to the adminis-

trative level prescribed by the Secretary. The Secretary may authorize exceptions where he finds it would be administratively unfeasible to separate these functions. (This same requirement is added to part A of title IV by section 408(c) of the Family Assistance Act.)

These separation provisions would become effective on the general effective date of January 1, 1972.

***1610(b), p. C137: Definition of Disability**

The new paragraph defines severe disability for the purpose of establishing eligibility for aid to the disabled under Title XVI. The definition used follows the language of the House Ways and Means Committee Report and that used in Title II (Disability Insurance), with the further stipulation that potential employment for the disabled must be located within a reasonable distance from his home. Recipients of aid under Title XIV at the time of the effective date of this provision will be included, at State option, for aid under the new Title XVI program as a protection for those receiving aid under current law who would otherwise be excluded by the new definition.

Section Number and Page of Bill

***105, pp. C102-C107: Authorization of Pretests**

Section 105 of the Family Assistance Act authorizes pretests of the Family Assistance Plan. This section is adapted from Senator Ribicoff's Amendment No. 841. It authorizes "such sums as may be necessary" to carry out as many as two pretests of Family Assistance. The projects may be used to test any of the provisions of the Family Assistance Act. A report on the projects' results must be submitted to the Congress by March 1, 1972.

***203, p. C138: Pass-Through of Social Security and Railroad Retirement Benefit Increases**

This section would have made permanent the mandatory pass-through of \$4 in Social Security or Railroad Retirement benefit increases going to recipients of aid to the aged, blind, or disabled.

This section would be deleted from H.R. 16311, since the Finance Committee has tentatively agreed to include a similar provision in H.R. 17550.

302(3), p. C141: Repeal of Limits on Payments to Puerto Rico, the Virgin Islands, and Guam

In view of the effort throughout the bill to treat Puerto Rico, the Virgin Islands, and Guam in an equitable manner, as compared with the States, by reducing if necessary the payment levels to reflect the ratio of the per capita income of those areas to that of the State with the lowest per capita income, it is necessary to remove the dollar ceilings on Federal payments to these areas with respect to cash assistance payments and services. This is a conforming change that was previously overlooked by the Administration.

***302(10), p. C145: Repeal of Section 1120 of the Social Security Act—"Approval of Certain Projects"**

This amendment repeals section 1120 which requires personal approval by the Secretary or Under Secretary of federally funded experimental, pilot, demonstration, or other projects and prompt notification of the Congress of the purpose, cost, and duration of such projects. In certain instances, literal compliance with section 1120 has caused unnecessary additional administrative steps, delays, and inconveniences. There is sufficient authority under other provisions of the Social Security Act for assuring intelligent and imaginative use

of funds for experimental, demonstration, and other projects and for informing Congress of the nature and cost of the projects.

304(21), p. C156: Inclusion of Unemployed Fathers Under Medicaid

This change permits a State to provide or continue to provide Medicaid coverage, with Federal matching, to the unemployed father category.

***401, p. C158: Effective Dates**

Amendments to section 401 of the Family Assistance Act will set the effective date for all changes in the adult categories and the conversion of present AFDC programs to FAP and State supplements to January 1, 1972. The effective date for the payment of FAP benefits to the working poor will be July 1, 1972.

The provision of later effective dates for these programs is necessary to provide sufficient lead time for planning and pretesting.

***402, pp. C160-C165: State Saving Provision**

This change makes the guarantee against increases in State assistance payments permanent, rather than effective only for fiscal years 1972 and 1973 and provides a new method of calculating the extent of State liability for future assistance cost increases. States will be "held harmless" as to required costs in excess of State expenditures in calendar year 1971 for AFDC (excluding the Unemployed Father program) and the adult categories (excluding the cost of disability cases made ineligible under the general definition in sec. 1610(b)) to the extent that such costs exceed increases in the cost of living. States will, however, be liable for the State's share of increased payment costs resulting from voluntary increases in its payment levels.

404, p. C167: Study of Medical Assistance

This new section would require the Secretary to submit recommendations to the Congress, on or before February 15, 1971, for restructuring and improving the Medicaid program. It would require that the recommendations specifically include proposals designed to assure that the effect of medical assistance program for the needy will be consistent in effect with the objectives of the FAP. This provision is designed to put legislative backing behind the Administration's commitment to introduce a family health insurance plan early in the next Congress.

***405, p. C167: Position Requirements**

In order to accomplish the massive tasks of building an administrative system for the Family Assistance Plan, language is included to specify the need for one executive level V position for the FAP Agency Administrator and the need for supergrade positions in both the Department of HEW and the Department of Labor. This section would amend section 5108(a) of title V, United States Code, to authorize the Civil Service Commission to establish 53 new supergrade positions for the administration of the Family Assistance Plan and related activities.

This provision would become effective upon enactment.

***407, pp. C169-C173: Additional Remedies for State Noncompliance**

This section amends section 1116 of the Social Security Act by adding three new provisions pertaining to noncompliance.

Subsection 1116(e) would authorize the Secretary to require provision of aid or assistance to persons who were eligible during past periods but who were not provided assistance. This subsection will not be effective retroactively.

D11

Subsection 1116(f) would authorize the Secretary, after a finding of non-compliance, to continue payments to a State even though the noncompliance cannot be corrected immediately, if he receives assurance that appropriate administrative steps are being taken and a timetable is established for achieving the full compliance.

Subsection (g) would, as an alternative to providing a hearing and terminating payments to a noncomplying State, authorize the Secretary to request the Attorney General to bring suit to require compliance for so long as the State continues to accept Federal payments.

This section would be effective upon enactment.

***408 (a) and (b), pp. C173-C174: Amendments to Part A of Title IV of the Social Security Act**

This section would amend the existing Title IV program by (1) allowing the Secretary to waive State-wideness with respect to services, (2) not requiring service plans where they are unnecessary or inappropriate, and (3) streamlining the language on operation of State plans in section 404, to make clear that failure to comply with statutory plan requirements is a conformity issue and subject to the hearing requirement.

These changes would be effective upon enactment.

**POSSIBLE AMENDMENTS FOR INCLUSION IN THE FAMILY
ASSISTANCE PLAN**

The following amendments were prepared as technical assistance by the Department of Health, Education, and Welfare, in some cases at the request of various members of the Senate Finance Committee. The specific terms of these proposals have not been cleared by the Senators involved or by Committee staff, and they are offered only as illustrative methods of meeting the questions raised. The position of the Administration on each of these possible amendments is indicated.

1. Special Repeal Authority for the Working Poor Program

This amendment would provide a special procedure for repealing or delaying the effective date of the new program of assistance to the "working poor"—intact families with male-heads working fulltime. The Secretary would report to the Congress not later than March 1, 1972, on the results of the pilot projects he has undertaken pursuant to section 105 of the bill (Family Assistance pre-tests) or pursuant to proposals 2 and 3 below, if enacted. Under this amendment, the Secretary would, in the first instance, decide whether to proceed with coverage of the working poor through Family Assistance or through one of the other approaches described below. If he determines that the wage subsidy approach is preferable, for example, he could by his own action suspend the implementation of Family Assistance coverage for the working poor and ask the Congress to enact legislation substituting the wage subsidy approach.

On the other hand, if the Secretary's report includes a determination to proceed with the Family Assistance approach, the Congress could act under this amendment to suspend the implementation of or repeal that program for the working poor. This special repeal device has been drafted in the alternative, permitting action under a reorganization plan type device, or under a concurrent resolution. Under the former, either House of Congress could pass a resolution by majority vote to suspend operation of the program. The second alternative would require passage of a concurrent resolution, supported by majority vote of each House.

The Administration takes no position on either of these approaches.

1 REORGANIZATION PLAN TRIGGER DEVICE

2 Insert at page C158, line 5, as substitute for section
3 401 (b) :

4 (b) Except as provided in subsection (a), the amend-
5 ments and repeals made by this Act shall become effective,
6 and section 9 of the Act of April 19, 1950 (25 U.S.C. 639),
7 is repealed effective, on January 1, 1972; but nothing in
8 this Act or the amendments made thereby shall be construed
9 to authorize any Federal payments under title IV of the
10 Social Security Act, as amended by this Act, with respect to
11 any family, other than a family in which one parent of the
12 child or children is dead, continuously absent from the
13 home, or incapacitated or in which the male parent is un-
14 employed (as defined in section 455 of the Social Security
15 Act, as amended by this Act) —

1 (1) for any month prior to July 1972; or

2 (2) for any month after June 1972 if, prior to such
3 month—

4 (A) the Secretary determines, and so states
5 in his report submitted pursuant to subsection
6 (e) (2) of section 105 of this Act, that one of the
7 programs tested pursuant to section 106 or 107 will
8 carry out the purposes of title IV of the Social
9 Security Act, as amended by this Act, better than
10 the program tested pursuant to such section 105, or

11 (B) either House of the Congress, after Feb-
12 ruary 29, 1972, and before July 1, 1972, passes a
13 resolution stating in substance that it does not favor
14 the making of such Federal payments; except that—

15 **CONCURRENT RESOLUTION TRIGGER DEVICE**

16 Insert at page C158, line 5, as substitute for section
17 401 (b) :

18 (b) Except as provided in subsection (a), the amend-
19 ments and repeals made by this Act shall become effective
20 and section 9 of the Act of April 19, 1950 (25 U.S.C. 639),
21 is repealed effective, on January 1, 1972; but nothing in this
22 Act or the amendments made thereby shall be construed to
23 authorize any Federal payments under title IV of the Social
24 Security Act, as amended by this Act, with respect to any
25 family, other than a family in which one parent of the child

1 incapacitated or in which the male parent is unemployed (as
2 defined in section 455 of the Social Security Act, as amended
3 by this Act) —

4 (1) for any month prior to July 1972; or

5 (2) for any month after June 1972 if, prior to such
6 month—

7 (A) the Secretary determines, and so states in
8 his report submitted pursuant to subsection (e) (2)
9 of section 105 of this Act, that one of the programs
10 tested pursuant to section 106 or 107 will better carry
11 out the purposes of title IV of the Social Security
12 Act, as amended by this Act, better than the program
13 tested pursuant to such section 105, or

14 (B) both Houses of the Congress, after Feb-
15 ruary 29, 1972, and before July 1, 1972, pass a
16 concurrent resolution stating in substance that the
17 Congress does not favor the making of such Federal
18 payments; except that—

19 or children is dead, continuously absent from the home, or

2. Pilot Project To Test a Wage Subsidy Program

Under this amendment, the Secretary of Health, Education, and Welfare would be required to conduct a pilot project in not more than two locations to determine the efficacy of providing income supplementation to the working poor through a subsidy of wages rather than by direct Federal payments as under Family Assistance. Under this approach, Federal assistance payments to low-wage heads of household would be funneled through employers pursuant to agreements under which the funds would be paid over to such employees in the form of higher wages.

The wage subsidies would be available only to employees earning less than the Federal minimum wage (\$1.60 per hour) and would be in an amount equal to all or a portion of the difference between the minimum wage and the wage typically paid by the employer for the performance of such work by a person having the type of skills possessed by the individual in question. In order to avoid subsidizing inordinately low wages and to prevent employers from cutting back on their current wages, employers would not be eligible to enter the program unless they paid at least \$1 per hour as wages for the job.

The program could be administered through local public or nonprofit private agencies. It would involve an integrated effort in which the wage subsidy would be joined with a complete line of manpower training and child care services designed to upgrade the employment potential of the working poor.

The Secretary of Health, Education, and Welfare and the Secretary of Labor would submit initial evaluations of the project to the Congress after about one year of operation, not later than March 1, 1972. The project itself would be authorized to continue for three years. If the Family Assistance Plan were to become effective during the conduct of the pilot project, authority is provided whereby the Family Assistance payment to the working poor could be integrated with the wage subsidy and also paid to the employee through the employer.

While the Secretary of Health, Education, and Welfare would retain general supervision of the project and would be responsible for its policy direction, authority is provided under which he could delegate to the Director of OEO any of the various functions which he is authorized to carry out with respect to the income transfer, child care and supportive service aspects of the project. It is believed that operation of the wage subsidy experiment by an agency separate from the Department of HEW, which will be conducting the Family Assistance pretests at the same time, would better contribute to the success of the pilot project. The Secretary of Labor would be responsible for the manpower training and related aspects of the project.

Such sums as may be necessary are authorized to be appropriated for the pilot projects. Preliminary estimates indicate that about \$30 million would be needed on an annual basis.

The Administration accepts this amendment if the Committee wishes to proceed with it.

1 PILOT PROJECT TO TEST WAGE SUBSIDY PROGRAM

2 Insert on page C107, after line 15:

3 SEC. 106. (a) The Secretary of Health, Education, and
4 Welfare, after consultation with the Secretary of Labor, shall
5 conduct a pilot project in not more than two locations to test
6 the efficacy of a program designed to provide income supple-

1 mentation in the form of wage subsidies to employed heads
2 of families (as defined in section 445 (a) of the Social Secu-
3 rity Act, as amended by this Act) who are earning less than
4 the minimum wage established by section 6 of the Fair Labor
5 Standards Act (29 U.S.C. 206), with the objectives of
6 enabling such individuals to develop their full employment
7 potential and hold independent and useful roles in their com-
8 munities.

9 (b) (1) The Secretary of Health, Education, and Wel-
10 fare may contract with any public or nonprofit private
11 agency or organization to operate a wage subsidy program
12 at the local level in accordance with standards prescribed by
13 him. Each contract shall assure the provision of such child
14 care and supportive services as may be appropriate to assist
15 in achieving the objectives of this section.

16 (2) Any agency or organization which has entered into
17 a contract under paragraph (1) shall, by contract with the
18 Secretary of Labor, assure the provision of training or other
19 related services as may be appropriate (as determined in
20 accordance with an employability plan developed for each
21 participant) to carry out the objectives of this section.

22 (c) Any contract under subsection (b) (1) shall include
23 provision for payment by the contracting agency or organiza-
24 tion to each eligible employer (as defined in subsection (d))
25 of amounts necessary to enable such employer to increase

1 the wages of his employees who are participating in the wage
2 subsidy program by an amount equal to all or a portion of
3 the difference between—

4 (1) the minimum wage established by section 6
5 of the Fair Labor Standards Act (even though not
6 applicable to such employee) ; and

7 (2) the wage paid by the employer for the per-
8 formance of such work by a person with a degree of
9 skill or experience similar to that possessed by the per-
10 son whose wage is to be subsidized.

11 (d) For purposes of this section, the term “eligible
12 employer” means an employer who pays his employees de-
13 scribed in subsection (a) at a rate of not less than \$1 per
14 hour.

15 (e) The pilot project established under this section may
16 continue for up to three years. During that period the Secre-
17 tary may make such changes in the project in order to con-
18 tinue to test the program described in subsection (a) as may
19 be necessary as a result of the initiation or implementation of
20 any other program established by title I of this Act.

21 (f) Notwithstanding any other provision of this Act or
22 of the Social Security Act, as amended by this Act,

23 (1) in the case of an individual who is participat-
24 ing in the wage subsidy program under this section and
25 who is or becomes entitled to payments from the Sec-

1 retary under title IV of the Social Security Act, as so
2 amended, the Secretary may pay an amount equal to
3 the payments to which such individual is entitled to his
4 employer through the agency or organization which is
5 operating such program, and

6 (2) in the case of an individual who is participating
7 in the wage subsidy program under this section and who
8 is or becomes entitled to payments from a State pur-
9 suant to title IV of the Social Security Act (either before
10 or after the effective date with respect to such State of
11 the amendments to title IV of such Act made by this
12 Act), such payments may be made to the employer of
13 such employee through the agency or organization which
14 is operating such program,

15 and any amounts so paid to an employer shall be included
16 in the subsidized wage payment made to the employee.

17 (g) The Secretary of Health, Education, and Welfare,
18 and the Secretary of Labor shall submit to the President and
19 the Congress, on or before March 1, 1972, a report of their
20 evaluations of the pilot project conducted under this section.

21 Such report shall contain all available information concerning
22 the effects of the wage subsidy program with respect to its
23 effect on incentives to accept, obtain, and continue in full-
24 time employment and any other information which they may
25 find relevant to the purposes of this section.

1 (h) There are authorized to be appropriated such sums
2 as may be necessary to conduct the pilot project authorized
3 by this section, including evaluation thereof either directly or
4 through grant or contract.

5 (i) The Secretary of Health, Education, and Welfare is
6 authorized, in carrying out his functions under this section,
7 to delegate to the Director of the Office of Economic Oppor-
8 tunity any or all of his functions under this section, but only
9 if there is an agreement between the Secretary and the Di-
10 rector for (1) approval by the Secretary of the standards
11 prescribed pursuant to subsection (b) and of any other mat-
12 ters which the Secretary determines should be subject to his
13 approval, and (2) the exchange of complete operational in-
14 formation between the Department of Health, Education,
15 and Welfare and the Office of Economic Opportunity.

3. Employment Incentive Corporation Pilot Project

This amendment requires the Secretary of Labor to conduct a pilot project in not more than two locations to experiment with ways to better involve unions and management in the effort to place welfare recipients in jobs. This project is designed especially to develop a joint labor and employer sense of responsibility and accountability for dealing with the welfare problem, using such funding and support techniques by the Federal government as may be helpful to this end.

The projects shall be operated at the local level by employment incentive corporations governed by Boards of Directors appointed by the Secretary of Labor from among persons representing business, labor, government, and the public at large. These corporations shall assure the provision of a complete range of manpower training, employment, child care and related services as may be necessary to enable recipients of assistance under title IV of the Social Security Act to develop their full employment potential. The corporations shall be supported by program funds for these purposes from the Department of Labor and the Department of Health, Education, and Welfare. In addition, the Secretary of Health, Education, and Welfare is empowered to pay public assistance benefits, to which individuals participating in the program are entitled, through the employment incentive corporations.

The pilot project may continue for three years, and the Secretaries of Labor and Health, Education, and Welfare are instructed to provide an evaluation of the project to the Congress on or before March 1, 1972.

Such sums as may be necessary are authorized to be appropriated for the conduct of this pilot project.

The Administration accepts this amendment if the Committee wishes to proceed with it.

1 Insert on page C107, after line 15:

2 EMPLOYMENT INCENTIVE CORPORATION PILOT PROGRAM

3 SEC. 107. (a) The Secretary of Labor shall enter into
4 contracts with employment incentive corporations established
5 under subsection (b) for the conduct of a pilot project in not
6 more than two locations to encourage representatives of busi-
7 ness and labor in the private sector to exercise initiative and
8 responsibility, with government assistance, for the training
9 and placement in employment to the maximum extent fea-
10 sible of persons who are or would be eligible for payments
11 under title IV of the Social Security Act, as amended by this
12 Act.

1 (b) The Secretary of Labor shall establish one or more
2 employment incentive corporations to operate the pilot proj-
3 ect at the local level. Each such corporation shall have a
4 Board of Directors appointed by the Secretary, consisting of
5 nine persons representing government, business, labor, and
6 the public at large. The corporations so established shall
7 operate in accordance with standards prescribed by the Sec-
8 retary of Labor, except that they shall operate in accordance
9 with standards pertaining to the amount of payments to in-
10 dividuals participating in the project, or with respect to child
11 care, which are prescribed by the Secretary of Health, Edu-
12 cation, and Welfare.

13 (c) The Secretary of Health, Education, and Welfare
14 may pay to each employment incentive corporation, in the
15 case of an individual participating in the project under this
16 section who is a member of a family with respect to which
17 benefits under part D are not authorized only with respect
18 to any period beginning after June 30, 1972, such amounts
19 as he estimates would be paid if such benefits were author-
20 ized for such family with respect to periods beginning on
21 or after January 1, 1971, and such corporation shall pay
22 such benefits to such individual.

23 (d) Each employment incentive corporation operating
24 the project under this section shall by contract with the Sec-
25 retary of Labor and the Secretary of Health, Education, and

1 Welfare assure the provision of such training, child care, or
2 other manpower services as may be necessary or appropriate
3 to enable individuals participating in the program to accept
4 and retain employment and to improve their employment
5 situation to the greatest degree practicable.

6 (e) The Secretary of Labor and the Secretary of Health,
7 Education, and Welfare, shall submit to the President and the
8 Congress, on or before March 1, 1972, reports of their evalu-
9 ations of the pilot project conducted under this section. Such
10 reports shall contain details concerning the results of the pro-
11 gram with respect to its effect on incentives to accept, obtain,
12 and continue in full-time employment and any other informa-
13 tion which they may find relevant to the purposes of this
14 section.

15 (f) The pilot project established under this section may
16 continue for up to three years.

17 (g) There are authorized to be appropriated such sums
18 as may be necessary to conduct the pilot project authorized
19 by this section including evaluation thereof either directly
20 or through grant or contract.

4. Public Service Employment Program

This amendment authorizes a new public service employment program for recipients of Family Assistance or State supplementation. The authority for "special work projects" is deleted as unnecessary in light of the change.

Under the amendment, the Secretary of Labor would enter into grants or contracts with public or private nonprofit agencies to create jobs in a wide variety of enumerated fields of benefit to the public. Special provisions are included designed to assure that such jobs are not dead-end jobs and that they offer opportunities for career advancement. The Secretary of Labor is required to review the employment record of each individual so employed at least once every six months to determine whether he could be placed in other training or in a regular job.

The jobs provided must meet standards with regard to health, safety, and working conditions, not jeopardize existing employment, and otherwise conform to certain protections. Wages paid must at least equal the Federal minimum wage or, if higher, any applicable State or local minimum wage or the prevailing wage for such jobs in the same labor market area.

In order to encourage movement by participating individuals into regular jobs and to ensure that these jobs involve the performance of useful work, provision is made for declining Federal matching over time. Ninety percent matching is provided for the first 24 months during which such employment is provided to a particular person, 75 percent for the next 24 months, and 50 percent thereafter.

The Secretary of Labor is obligated to expend at least \$150 million annually on such public service jobs for such individuals, which funds may come from appropriations pursuant to part C of title IV of the Social Security Act or from any other funds available to the Secretary or the Department of Labor under other acts.

The Administration accepts this amendment.

1 PUBLIC SERVICE EMPLOYMENT

2 1. Delete section 431 (c) (4) (on page C67, line 8)

3 and insert in lieu thereof:

4 "(4) public service employment programs."

5 2. Delete section 431 (d) (beginning on page C67, line

6 9) and insert in lieu thereof:

7 "(d) (1) For purposes of subsection (c) (4), a 'pub-
8 lic service employment program' is a program designed to
9 provide employment in fields such as health, education, wel-
10 fare and social service, beautification and pollution control,
11 urban and rural development and redevelopment, recreation,
12 facilities and public safety, or in any other fields
u would benefit the community, State, or United States

1 as a whole by improving physical, social, economic or cul-
2 tural conditions.

3 “(2) The Secretary of Labor shall, through grants to
4 or contracts with any public or nonprofit private agency or
5 organization, provide for the development of employment
6 opportunities in the fields described above. Such employ-
7 ment shall be designed with a view toward—

8 “(A) developing new careers,

9 “(B) providing opportunities for career advance-
10 ment,

11 “(C) providing opportunities to continue training,
12 including on-the-job training, and

13 “(D) enabling individuals employed under public
14 service employment programs to move into public or
15 private employment not supported under this or any
16 similar manpower Act.

17 “(3) Before making any grant or entering into any con-
18 tract for a public service employment program under this
19 subsection, the Secretary of Labor shall have reasonable
20 assurances that—

21 “(A) appropriate standards for the health, safety,
22 and other conditions applicable to the performance of
23 work and training in such program are established and
24 will be maintained,

1 “(B) such program will increase available employ-
2 ment opportunities and will not result in a reduction in
3 the employment and labor costs of any employer or in a
4 displacement of persons currently employed, including
5 partial displacement resulting from a reduction in hours
6 of work or wages or employment benefits,

7 “(C) with respect to such program the conditions
8 of work, training, education, and employment are rea-
9 sonable in the light of such factors as the type of work,
10 geographical region, and proficiency of the participant,

11 “(D) appropriate workmen’s compensation pro-
12 tection is provided to all participants, and

13 “(E) such program will improve the employability
14 of the participants.

15 “(4) Wages paid to an individual participating in a
16 public service employment program shall be equal to the
17 highest of (A) the minimum wage which would be appli-
18 cable to the employment under the Fair Labor Standards
19 Act of 1938 if section 6 (a) (1) of such Act applied to the
20 participant, and if he were not exempt under section (13)
21 thereof, (B) the State or local minimum wage if applicable,
22 or (C) the prevailing rate of pay in the same labor market
23 area for persons employed in similar public occupations.

24 “(5) With respect to individuals employed in public
25 service employment programs established as provided in

1 subsection (b), the Secretary of Labor shall periodically
2 (but not less frequently than once every six months) review
3 the employment record of each such individual while par-
4 ticipating in such program and on the basis of such record
5 and such other information as he may acquire determine
6 whether it would be feasible to place such individual in regu-
7 lar employment or in on-the-job, institutional, or other
8 training.

9 “(6) Payments for programs pursuant to grants or
10 contracts under this section may be made for not to exceed
11 (A) 90 per centum of the cost of providing employment to
12 a particular individual for the first twenty-four month period
13 during which it is provided to him, (B) 75 per centum of
14 such cost for the second such twenty-four month period, and
15 (C) 50 per centum of such cost thereafter. Such payments
16 may be made (after necessary adjustment in the case of
17 grants, on account of previously made underpayments or
18 overpayments) in advance or by way of reimbursement, and
19 in such installments and on such conditions, as the Secretary
20 of Labor may determine.

21 “(7) The Secretary of Labor shall, from amounts
22 available to him or to the Department of Labor for public
23 service employment programs or other similar activities, re-
24 serve and make available in any fiscal year not less than

D30

1 \$150 million expenditures for such purposes for or with re-
2 spect to persons eligible for family assistance benefits under
3 part D or receiving supplemental payments pursuant to
4 part E.

5. Variations for Differences in Cost of Living and for the Value of Food Produced for Home Consumption

This amendment is designed to permit the Secretary of Health, Education, and Welfare, after study, to make adjustments in Family Assistance benefit levels in order to assure that such benefits take into account geographic cost-of-living differences and the value of home grown and consumed food. The objective of the amendment is to assure that Family Assistance benefits are equivalent throughout the country in terms of real purchasing power.

As a first step, the Secretary is required to conduct a special study, in cooperation with the Bureau of Labor Statistics and other agencies, to develop data on cost of living variations between urban and rural areas or between such other regions in the country as he finds appropriate. That study shall also determine the net monetary value to a family of home grown and consumed food.

Based on the results of that study, and before January 1, 1972, the Secretary is required to make adjustments in Family Assistance benefit levels, and such corresponding adjustments in the definition of State supplementation as may be necessary, in order to vary Federal benefits according to cost of living differentials. The Secretary is required, also based on the results of his study, to prescribe a schedule under which earned income shall be imputed to any family which consumes home grown food. The Secretary is required to report before January 1, 1972, on the changes and regulations he proposes to implement pursuant to this amendment.

The administration takes no position on this amendment.

1 VARIATIONS FOR DIFFERENCES IN COST OF LIVING AND
2 FOR THE VALUE OF FOOD PRODUCED FOR HOME CON-
3 SUMPTION

4 Insert on page C107, after line 15:

- 5 SEC. 108. (a) The Secretary of Health, Education, and
6 Welfare shall, through arrangements with the Bureau of
7 Labor Statistics and with any other agency or organization
8 which he may find appropriate, conduct a study to—
- 9 (1) establish the variations, if any, which exist in
10 the cost of living between urban and rural areas or be-
11 tween other appropriate regions in the United States,
12 and
- 13 (2) determine the monetary value to a family of
14 producing food for home consumption.
- 15 (b) On the basis of the variations in the cost of living,
16 if any, established as a result of the study conducted pursuant

1 to subsection (a), the Secretary shall, on or before Jan-
2 uary 1, 1972, make such adjustments in the amounts pre-
3 scribed in sections 442 (a), 442 (b), and 452 (a) of the
4 Social Security Act, as amended by this Act, as may be
5 necessary so that benefits payable under part D, are insofar as
6 practicable, made equivalent for families in similar circum-
7 stances in whatever region they may reside in the United
8 States. The Secretary shall, by regulations which become
9 effective on or before January 1, 1972, prescribe a schedule
10 of earned income which is to be imputed to any family which
11 produces food for home consumption, for purposes of de-
12 termining eligibility for and the amount of family assistance
13 benefits payable under part D and supplementary payments
14 under part E of the Social Security Act, as amended by
15 this Act. To the extent practicable, the Secretary shall in-
16 clude such adjustments and such schedule in the pretest pro-
17 grams authorized by section 105.

18 (c) Before January 1, 1972, the Secretary shall re-
19 port to the Congress and describe the adjustments which
20 he proposes to make and the regulations which he proposes
21 to issue pursuant to subsection (b).

22 (d) There are authorized to be appropriated such sums
23 as may be necessary to conduct the study authorized by
24 subsection (a).

6. Modification of Family Assistance by "Cashing Out" Food Stamps and Related Changes

In the course of hearings on H.R. 16311, the Chairman and other members of the Committee indicated on several occasions their concern about the overlap and duplication created by the food stamp program existing alongside welfare. In response to these observations, and pursuant to the instruction contained in the Report of the House Ways and Means Committee on H.R. 16311 and the Administration's own expressed interest in phasing out food stamps in favor of cash assistance, the Department of Health, Education, and Welfare has prepared the following proposal. This three part proposal would: (1) cash out food stamps by raising the Family Assistance payment to \$2200 for a family of four, making corresponding adjustments in State supplementation; (2) raise the adult category minimum income to \$130 per month (\$230 for a couple); and, (3) put the allocation of fiscal relief on a more equitable basis as between States by ensuring each State a 10 percent savings in the first year of operation compared to its CY 1971 public assistance costs.

The Administration strongly supports this set of changes. The following material contains a more complete description, and a statement of the advantages of this approach.

A. Cash-out Food Stamps and eliminate Federal matching for State supplementation

Proposal:

(1) Change the FAP base to \$2200. Families with no income would receive \$700 for each of the first two members, \$400 for each of the next four members, and \$300 for each additional member thereafter (\$2200 for a family of four).

(2) Change the FAP reduction rate to 60%. The initial disregard stays at \$720. The FAP marginal tax rates (MTR) would be set at 60% instead of 50%. The State would reduce its supplemental payments at a 10% rate over the income range while FAP is in effect, and at a 70% rate above the FAP break-even point. Hence, there would be a constant total MTR of 70% in a State with supplemental payments. (Note: as explained below, this is a lower MTR and a better work incentive than would be the case with FAP plus food stamps.)

(3) State supplementation would be redefined to ensure that a recipient would receive from FAP plus State supplementation at least as much as he would have received from AFDC plus food stamps (using the food stamp schedule currently in effect, but applying a constant 30% purchase price for stamps in order to remove notches and to preserve a constant MTR for cash payments). The required State supplementation to families without other income would be defined as 70% of the previous State maximum payment to a family with no other income plus a flat dollar amount varying according to family size (equivalent to the present worth of food stamps which a family that size can buy), less FAP. Hence, in a State which paid a family of four \$3000 under AFDC, the State supplementation would be 70% of \$3000, plus \$1272 (the total value of food stamps which a four person family can buy), less \$2200, or \$1172. The provision for 30% Federal matching of supplementary payments would be eliminated.

(4) The AFDC-UF program would be repealed—i.e., we would not mandate State supplementation to any intact, male-headed families, nor would there be Federal matching for any State payments made to such families.

(5) FAP and adult category recipients could not also receive food stamps or commodities.

Advantages over current bill:

(1) It would completely eliminate the duplicative welfare system of the food stamp program for families and for recipients of aid to the aged, blind, and disabled.

(2) People would have more control over their resources and more responsibility and dignity as a result. Eliminates the complex and demeaning food stamp program for these families.

(3) A majority of current recipients would be better off since not all are buying their full allotment of stamps whereas this plan gives them the bonus value automatically in cash.

(4) It would improve work incentives substantially. Marginal tax rate for two-parent families would be lowered from 65% (under \$1600 FAP plus food

stamps) to 60%, and for in which only one parent was present (in States with a supplemental) from 77% to 70%. Also, the food stamp purchase requirement would have cut into the \$720 initial disregard, but not under this plan. Finally, penalty for refusing work would go up to \$700 from \$500.

(5) This plan costs about the same in total budget impact as the \$1600 FAP.

B. Raise Adult Category Income Floor to \$130 per month

Proposal:

(1) The income floor for the aged, blind and disabled would be raised to \$130 per month. (The payment to the second person in an OAA family is set at \$100 per month, since an aged couple can live more cheaply than two single aged persons.)

(2) The Federal matching for the adult categories would be maintained at the percentages specified in H.R. 16311.

Advantages over current bill:

(1) Substantial numbers of aged, blind and disabled recipients in more than half the States would benefit from a \$130 minimum.

(2) By including the adult category change together with the change in the family category, something positive is being done for both groups, whereas an adult category increase alone would further accentuate the preferred position those recipients have over the family groups. The two changes should be made together.

C. Move to Proportion Formula for Distribution of Fiscal Relief

Proposal:

(1) In the first year of the FAP program, every State would receive a reduction in CY 1971 maintenance payment costs in the amount of the State share of AFDC-UF plus 10% of the other expenditures. In future years, the State would be given a "freeze"—i.e., it would be required to spend under the bill only that first year amount (roughly 90% of current expenditures), plus a cost-of-living increase.

Advantage over current bill:

The present bill distributes fiscal relief in an entirely haphazard way resulting from the impact of the various FAP formulae. This change would treat the States equitably, giving each State a ratable share of the fiscal relief.

D. Estimated Costs and Caseloads

Tables showing the costs of this proposal, caseload characteristics, and State fiscal relief are attached.

TABLE 1.—*Estimated Net Costs of H.R. 16311 and the \$2,200 Plan.*

	Net Federal costs, fiscal year 1971 (assumes 100% participation) (billions)	
	H.R. 16311	\$2,200 Plan
Payments to families (FAP less Federal share of AFDC).....	\$1.4	\$3.3
Sharing in State supplements.....	.7	.....
Hold harmless or freeze.....	.1	.4
Adult categories.....	.6	.9
Administration (including pretests).....	.4	.4
Training and day care.....	.6	.6
Subtotal.....	3.8	5.6
Food stamp program.....	+ .4	- 1.4
Total.....	4.2	4.2

TABLE 2.—Estimated number of families eligible for benefits under the \$2,200 alternative plan in 1971 and 1976, by selected characteristics

Characteristic	1971		1976	
	Number of families (thousands)	Percent of total	Number of families (thousands)	Percent of total
Grand total	4,345	100.0	3,571	100.0
Sex of family head:				
Male	2,300	52.9	1,580	44.2
Female	2,046	47.1	1,992	55.8
Race of family head:				
White	2,746	63.1	2,129	59.6
Nonwhite	1,599	36.9	1,442	40.4
Age of family head:				
65 and over	174	4.0	172	4.8
Under 65	4,171	96.0	3,400	95.2
Region of residence:				
Northeast	903	20.7	750	21.0
North Central	898	20.6	707	19.7
South	1,865	42.9	1,522	42.6
West	679	15.6	592	16.5
Work experience of family head:				
Worked full time all year	1,460	33.6	931	26.1
Some work experience during year	1,526	35.1	1,249	35.0
No work during year	1,308	30.1	1,382	38.7
Military	52	1.2	9	.2
Number of earners in family:				
No earners	946	21.7	1,034	28.9
1 earner	1,960	45.1	1,479	41.4
2 earners	930	21.4	665	18.6
3 or more earners	509	11.7	394	11.0

Table 3.—Fiscal relief for the States: A comparison of H.R. 16311 (as amended October 1970) with the \$2,200 alternative plan

	Estimated reductions in State expenditures for maintenance payments, 1971 (millions)		Estimated reductions in State expenditures for maintenance payments, 1971 (millions)	
	H. R. 16311 (October 1970 version)	\$2,200 plan	H. R. 16311 (October 1970 version)	\$2,200 plan
Total	\$599.1	\$448.5		
Alabama	9.5	2.9	Montana	1.6
Alaska	1.5	.4	Nebraska	1.4
Arizona	8.7	2.2	Nevada	.8
Arkansas		1.9	New Hampshire	
California	182.2	112.7	New Jersey	14.1
Colorado	14.6	5.7	New Mexico	
Connecticut	3.1	4.8	New York	37.9
Delaware	2.5	.5	North Carolina	
District of Columbia	5.2	2.2	North Dakota	
Florida	17.4	4.2	Ohio	30.8
Georgia	7.0	4.7	Oklahoma	13.6
Hawaii	1.8	1.7	Oregon	6.9
Idaho		.5	Pennsylvania	3.8
Illinois	51.7	28.4	Rhode Island	4.9
Indiana	5.2	2.3	South Carolina	
Iowa	2.7	3.6	South Dakota	
Kansas	6.2	3.4	Tennessee	
Kentucky		2.6	Texas	30.1
Louisiana	24.7	5.6	Utah	.7
Maine	.9	1.1	Vermont	.1
Maryland	11.8	4.7	Virginia	
Massachusetts	17.6	18.7	Washington	6.7
Michigan	20.7	15.6	West Virginia	4.2
Minnesota	2.4	6.2	Wisconsin	13.4
Mississippi		1.5	Wyoming	.5
Missouri	21.9	5.2	Guam	(¹)
			Puerto Rico	7.8
			Virgin Islands	.5

¹ Less than \$60,000.

TABLE 4.—Summary of characteristics of families eligible for benefits in 1971 under the \$2,200 alternative plan

	Number of families (thousands)	Percent of total	Amount (millions)	Percent of total	Number of persons (thousands)	Percent of total	Payment per family	Average family size
Grand total..	4,345	100.0	\$8,035	100.0	21,471	100.0	\$1,388	4.9
Sex of family head:								
Male.....	2,300	52.9	2,695	44.6	12,727	59.2	1,171	5.5
Female.....	2,046	47.1	3,340	55.4	8,745	40.8	1,632	4.3
Race of head:								
White.....	2,746	63.2	3,143	57.0	12,098	60.5	1,253	4.7
Nonwhite.....	1,599	36.8	2,592	43.0	8,473	39.5	1,621	5.3
Age of head:								
65 and over....	174	4.0	225	3.7	837	3.8	1,203	4.8
Under 65.....	4,171	96.0	5,810	96.3	20,634	96.2	1,392	4.9
Region of residence:								
Northeast.....	903	20.8	1,317	21.8	4,064	18.9	1,458	4.5
North central..	898	20.7	1,215	20.1	4,380	20.3	1,353	4.9
South.....	1,865	42.9	2,527	41.8	9,808	45.6	1,354	5.3
West.....	679	15.6	976	16.1	3,220	14.9	1,437	4.7
Work experience of head:								
Worked full time all year..	1,460	33.6	1,562	25.9	8,095	37.7	1,070	5.5
Some work experience during year....	1,526	35.1	2,019	33.5	7,250	33.8	1,323	4.8
No work during year.....	1,308	30.1	2,427	40.2	3,886	27.4	1,856	4.5
Military.....	52	1.2	27	.4	240	1.1	519	4.6
Number of earners in family:								
No earners.....	946	21.8	1,848	30.6	3,951	18.4	1,953	4.2
1 earner.....	1,960	45.1	2,344	38.8	9,080	42.2	1,195	4.6
2 earners.....	930	21.4	1,056	17.4	4,832	22.5	1,135	5.2
3 or more earners.....	509	11.7	786	13.0	3,608	16.8	1,544	7.1

1 CASHING OUT FOOD STAMPS AND RELATED CHANGES

2 On page C7, line 8, strike out "\$500" and insert in lieu
3 thereof "\$700"; strike out "(B)" in line 10, and insert
4 in lieu thereof "(C)"; after line 9 insert:

5 "(B) \$400 per year for each of the next four mem-
6 bers of the family, plus"

7 On page C7, line 19, strike out "\$500" and insert in
8 lieu thereof "\$700"; strike out "(2)" in line 21, and insert
9 in lieu thereof "(3)"; after line 20 insert:

1 “(2) \$400 per year for each of the next four mem-
2 bers of the family, plus”

3 On page C14, line 2, strike out “one-half” and insert in
4 lieu thereof “40 per centum”.

5 On page C14, in line 3, strike out “food stamps or any
6 other assistance” and insert in lieu thereof “any assistance”.

7 On page C38, line 19, strike out “The” and on page C39
8 strike out lines 1 to 16 and the first three words on line 17
9 and insert in lieu thereof: “The payment level in each State
10 for any family shall be determined by the Secretary after con-
11 sultation with such State. The payment level so determined
12 shall be so designed that, as nearly as practicable, payments
13 under the agreement (when added to benefits payable under
14 part D and income not excluded under subsection (b)) to
15 families with no other income will be equal to the sum of
16 (A) 70 per centum of the maximum payment (exclusive of
17 amounts designed to meet shelter needs) which families of
18 the same size (and which were eligible for no additional pay-
19 ments to meet special or extraordinary needs, determined in
20 accordance with criteria prescribed by the Secretary) would
21 have received for October 1970 under the plan of such State
22 (i) which is in effect for such month (or in effect for Janu-
23 ary 1971, if the State has adopted prior to October 1, 1970,
24 a change in the amount of such payments effective after Octo-

ber 1970) and (ii) which complies with the requirements for approval under part A as in effect for such month, plus (B) 70 per centum of a uniform amount to meet shelter needs (adjusted as may be necessary to reflect differences in shelter costs between different areas of the State), plus (C) an additional amount per month equal to—

“ (i) \$28 in the case of a family with one member,

“ (ii) \$56 in the case of a family with two members,

“ (iii) \$84 in the case of a family with three members,

“ (iv) \$106 in the case of a family with four members,

“ (v) \$126 in the case of a family with five members,

“ (vi) \$144 in the case of a family with six members,

“ (vii) \$162 in the case of a family with seven members,

“ (viii) \$180 in the case of a family with eight members, and

“ (ix) in the case of a family with more than eight members, \$180 plus \$16 with respect to each member in addition to such eight members; except that this section shall not be construed to require.”

1 On page C'40, line 10, strike out "one-third" and insert
2 in lieu thereof "30 per centum".

3 On page C'49, line 4, strike out "(1)" and beginning on
4 line 6, strike out everything beginning with "30 per centum
5 of the" and insert in lieu thereof a dash.

6 On pages C'62 and C'63, strike out section 465 and insert
7 in lieu thereof the following:

8 "RECIPIENTS OF PAYMENTS UNDER PART D OR E OR TITLE
9 XVI INELIGIBLE FOR FOOD STAMPS OR COMMODITIES

10 "SEC. 465. Any individual with respect to whom family
11 assistance benefits are paid or supplementary payments are
12 made pursuant to this title or aid to the aged, blind, and dis-
13 abled is paid under a State plan approved pursuant to title
14 XVI shall not be eligible to participate in the food stamp
15 program conducted under the Food Stamp Act of 1964 or the
16 program conducted under section 416 of the Act of Octo-
17 ber 31, 1949, or any similar program for distribution of sur-
18 plus agricultural commodities."

19 On page C'119, strike out the bold face material begin-
20 ning on line 15 with "(1) the sum of" and ending with end
21 of line 10 on page C'120 and insert in lieu thereof:

22 "(1) the sum of the financial assistance provided to
23 each eligible individual, other than one who is a patient
24 in a medical institution or is receiving institutional serv-

1 ices in an intermediate care facility to which section 1121
2 applies, plus (A) his income which is not disregarded
3 pursuant to subsection (a), and (B) the reasonable
4 value of shelter which is regularly provided to such indi-
5 vidual by a relative, shall not be less than \$130 per
6 month (or, in the case of two such eligible individuals
7 who have attained age 65, are married to each other, and
8 are members of the same household, as determined in
9 accordance with regulations prescribed by the Secretary,
10 \$130 for one such individual and \$100 per month for the
11 other such individual) or, if higher, the sum of the aid
12 which such individual would have received under the
13 State plan (approved under this title) as in effect for
14 October 1970 (or in effect for January 1971 if the State
15 has adopted prior to October 1, 1970, a change in the
16 amount of such payments effective after October 1970)
17 plus his income which would not have been disregarded
18 pursuant to such plan,"

19 On page C161, line 4, strike out "70 per centum of".

20 On page C161, line 11, strike out "(b) (1)" and insert
21 in lieu thereof "(c) (1)".

22 On page C161, line 13, insert "90 per centum of" after
23 "(2)" and on page C162, line 3, strike out "(b) (2)" and
24 insert in lieu thereof "(c) (2)".

25 On page C162, line 4, strike out "(b) For purposes of

1 subsection (a)” at the beginning of subsection (b) and in-
2 sert in lieu thereof “(c) For purposes of subsections (a)
3 and (b)” ; and immediately above such subsection insert the
4 following new subsection :

5 “(b) In the case of any State in which the amount de-
6 scribed in paragraph (1) of subsection (a) is less than the
7 amount described in paragraph (2) of such subsection, the
8 Secretary shall withhold payments under title V, XVI, or
9 XIX, or under part A or E of title IV of the Social Security
10 Act, as amended by this Act, until the amounts so withheld
11 equal the difference between the amounts described in para-
12 graphs (1) and (2) of such subsection.”

7. Restoration of Program for Unemployed Fathers (AFDC-UF)

A great deal of interest has been expressed by Senators on and off the Committee in restoring the treatment of families headed by unemployed fathers provided under the House-passed bill. Under that bill, and as recommended originally by the Administration, the AFDC-UF program was mandated on a nationwide basis, with the Federal Government providing 30 percent matching for such payments. This program is repealed by the revised core bill, although the States would have the option of continuing payments for two years for families receiving such benefits as of the effective date of the act and receiving Federal matching for such payments (the "grandfather" clause). The following amendment would restore the mandated AFDC-UF program, by requiring all States to supplement such families on the same basis as they had previously provided assistance to female-headed families, as under H.R. 16311.

1 On page C35, lines 7-13 delete the material in boldface
2 type and restore the material on lines 4 to 6 which is in
3 brackets and that on lines 6-7 which is in linetype.

4 On page C52, line 13 through page C53, line 3 retain
5 the material enclosed in the brackets and on page C53, lines
6 3-11 delete all of the boldface language following the
7 close bracket.

8 On page C58, lines 10-17, strike out the boldface (in-
9 cluding the comma which precedes "except").

10 On page C158, lines 8-16, strike out all of the boldface
11 material beginning with ", except that nothing in this Act"
12 and down to "July 1972; and" and insert in lieu thereof a
13 semicolon.

APPENDIX A

Text of title III of the June revision, proposed for deletion in the October revised revision

(The Administration has suggested that these proposed reforms of social services be put over until next year because in their opinion insufficient time has been available for committee consideration, and because of their desire to expedite consideration of the Family Assistance Plan.)

* * * * *

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1 **[TITLE III—INDIVIDUAL AND FAMILY SERV-**
 2 **ICES AND CONSOLIDATED HEALTH, EDU-**
 3 **CATION, AND WELFARE PLANS**

4 **[ESTABLISHMENT OF SERVICES PROGRAMS**

5 **[SEC. 301. The Social Security Act (42 U.S.C. 301 et**
 6 *seq.) is amended by adding after title XIX the following*
 7 *new title:*

8 **[“TITLE XX—GRANTS TO STATES FOR INDI-**
 9 **VIDUAL AND FAMILY SERVICES AND CON-**
 10 **SOLIDATED HEALTH, EDUCATION, AND**
 11 **WELFARE PLANS**

12 **[“PART A—INDIVIDUAL AND FAMILY SERVICES**

13 **[“AUTHORIZATION OF GRANTS**

14 **[“SEC. 2001. The Secretary is authorized to make grants**
 15 *to States for the purposes of enabling each State (1) to*
 16 *provide individual and family services to low-income indi-*
 17 *viduals and families and to members of certain other groups*
 18 *particularly in need of such services in order to (A)*
 19 *strengthen family life and enhance family stability, (B)*
 20 *assist individuals to attain or retain the capability for self-*
 21 *support or self-care, (C) promote the welfare of children,*
 22 *(D) protect children and adults in danger of neglect, ex-*
 23 *ploitation, or abuse, and (E) combat dependency, and (2)*

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 *to consolidate arrangements for providing certain individual*
 2 *and family services which are currently available within*
 3 *the State through several health, education, or welfare*
 4 *programs.*

5 **【“DEFINITIONS**

6 **【“SEC. 2002. As used in this part—**

7 **【“(1) The term ‘individual and family services’ means**
 8 *services designed to carry out the purposes for which grants*
 9 *to States are made under this part, including such services*
 10 *as:*

11 **【“(A) identification of and provision of information**
 12 *to persons in need of services, counseling and referral for*
 13 *other services, and followup activities with respect to per-*
 14 *sons so referred to insure that needed services will be*
 15 *provided if available;*

16 **【“(B) services in support of manpower training**
 17 *and employment programs;*

18 **【“(C) family and marriage counseling, family plan-**
 19 *ning services, and other services designed to strengthen*
 20 *family life and reduce the incidence of births out of*
 21 *wedlock;*

【Bracketed Italic type】 indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 **[“(D) self-care services to enhance the capacity of**
2 *individuals to function independently, including home-*
3 *maker and other services aimed at preventing or*
4 *reducing the need for institutional care when alternative*
5 *arrangements are in the best interests of the individual*
6 *concerned;*

7 **[“(E) protective service for adults in danger of**
8 *abuse, neglect, or exploitation, or otherwise unable to*
9 *care for themselves, including, subject to limitations pre-*
10 *scribed by the Secretary, institutional services for adults*
11 *who are aged, or physically or mentally disabled, and*
12 *are unable to maintain their own place of residence;*

13 **[“(F) child welfare services;**

14 **[“(G) foster care services;**

15 **[“(H) adoption services; and**

16 **[“(I) temporary emergency assistance.**

17 **[“(2) The term ‘child welfare services’ means services**
18 *which supplement, or substitute for, parental care and super-*
19 *vision for the purpose of (1) preventing or remedying, or*
20 *assisting in the solution of problems which may result in,*
21 *the neglect, abuse, exploitation, or delinquency of children,*
22 **(2) protecting and caring for homeless, dependent, or ne-**

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 *glected children, (3) protecting and promoting the welfare of*
2 *children of working mothers, and (4) otherwise protecting*
3 *and promoting the welfare of children, including the strength-*
4 *ening of their own homes where possible or, where needed, the*
5 *provision of adequate care of children away from their*
6 *homes in foster family homes or day care or other child care*
7 *facilities.*

8 **[“(3) The term ‘foster care services’, with respect to any**
9 **State, means—**

10 **[“(A) payments for foster care (including medical**
11 **care not available under the State’s plan approved under**
12 **title XIX or under any other health program within the**
13 **State) of a child for whom a public agency has responsi-**
14 **bility made to any agency, institution, or person provid-**
15 **ing such care, but only if such foster care meets stand-**
16 **ards prescribed by the Secretary, and**

17 **[“(B) services and administrative activities related**
18 **to foster care of children, such as finding, evaluating,**
19 **and licensing of foster homes and institutions, supervis-**
20 **ing children in foster homes and institutions, and provid-**
21 **ing services to enable the child to remain in or return to**
22 **his own home.**

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 **[“(4) The term ‘adoption services’ means—**

2 **[“(A) services and administrative activities related**
3 *to adoptions, including activities related to judicial pro-*
4 *ceedings, determination of amount of the payments de-*
5 *scribed in clause (B), location of homes, and all activities*
6 *related to the placement and adoption, and any post-*
7 *adoption services, with respect to any child, and*

8 **[“(B) payments (subject to such limitations as the**
9 *Secretary may by regulation prescribe) to a person or*
10 *persons adopting a child based on the financial ability*
11 *of such person or persons to meet the medical and other*
12 *remedial needs of such child who is physically or men-*
13 *tally handicapped and who, for such reason, may be*
14 *difficult to place for adoption.*

15 **[“(5) The term ‘temporary emergency assistance’ means**
16 *assistance in cash or in kind or through the provision of*
17 *services to individuals or families in urgent need thereof,*
18 *subject to limitations prescribed by the Secretary with respect*
19 *to amount and duration of assistance in cash or in kind, but*
20 *in no case does it include assistance furnished in the form*
21 *of cash payments to an individual or family for any period*
22 *in excess of sixty days in any calendar year.*

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 **[“(6) The term ‘poverty level’ has the same meaning as**
2 **when used in part E of title IV.**

3 **[“(7) The term ‘local prime sponsor’ means a unit of**
4 **general local government designated to administer the pro-**
5 **gram of individual and family services in a particular serv-**
6 **ice area, or a local public agency designated for such purpose**
7 **by a unit of general local government.**

8 **[“ELIGIBLE INDIVIDUALS AND FAMILIES**

9 **[“SEC. 2003. In order to be approved under section**
10 **2005(b), a State plan must contain assurances, satisfactory**
11 **to the Secretary, that, with respect to needed individual and**
12 **family services provided under such plan—**

13 **[“(1) no charge will be made for any such services**
14 **provided to any individual or family whose income does**
15 **not exceed the poverty level;**

16 **[“(2) no charge will be made, except as authorized**
17 **pursuant to regulations prescribed by the Secretary, for**
18 **(i) those services described in clause (A) of section 2002**
19 **(1), (ii) protective services (other than institutional serv-**
20 **ices) described in clause (E) or (F) of such section, or**
21 **(iii) those services described in clause (G) or (H) of**
22 **such section, provided to any other individual or family;**

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 【“(3) no charge will be made for those services
2 described in clause (B) of section 2002(1) provided to
3 any individual registered pursuant to section 447; and

4 【“(4) except as provided in clauses (2) and (3),
5 payment of fees will be required for such services, in
6 accordance with a fee scheduled based upon family in-
7 come and approved by the Secretary, in the case of any
8 individual or family whose income exceeds the poverty
9 level; and

10 no payment may be made under section 2012 with respect to
11 any service which is not so provided.

12 【“ORGANIZATION AND ADMINISTRATION

13 【“SEC. 2004. (a) In order for a State to be eligible for
14 payments under section 2012 for its program of individual
15 and family services the Governor of such State shall, in
16 accordance with regulations of the Secretary—

17 【“(1) divide the entire State into distinct areas for
18 the provision of services (hereinafter called ‘service
19 areas’), the boundaries of which, insofar as is practicable,
20 shall coincide with the boundaries of one or more units
21 of general local government, after considering any factors
22 which might affect efficient and effective administration

【Bracketed *Italic type*】 indicates language not in H.R. 16311, pro-
posed to be included in the June revision but deleted in the October revised
revision.

1 *of the program within an area and the boundaries of*
2 *areas served by similar or related programs;*

3 *["(2) designate a State agency to review the admin-*
4 *istration of the program throughout the State and to de-*
5 *termine whether the program is being administered con-*
6 *sistently with the State plan and any applicable area*
7 *plan; and*

8 *["(3) designate, for the purpose of administering*
9 *the program of individual and family services within any*
10 *service area, either a State agency or a local prime*
11 *sponsor, except that the chief elected official or officials*
12 *of any municipality whose population is in excess of*
13 *two hundred and fifty thousand may designate such*
14 *municipality as a service area and may designate the*
15 *local prime sponsor therefor, but in any case in which*
16 *the Governor finds that the designation of a service*
17 *area by the chief elected official or officials of a munici-*
18 *pality will or is likely to result in inadequate availability*
19 *of individual and family services in areas adjacent to*
20 *(or near) the service area so designated, he shall notify*
21 *the Secretary, and the Secretary may prescribe such*
22 *requirements as a condition to such designation as he*
23 *finds necessary to safeguard the interests of such indi-*

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 *viduals and families. No State agency or local prime*
2 *sponsor shall be designated pursuant to this section unless*
3 *it is separate and distinct from any agency in the State*
4 *which is administering a program under which cash*
5 *benefits are provided on the basis of need (but this shall*
6 *not be construed to preclude the designation of a State*
7 *agency or local prime sponsor which is a constituent of a*
8 *larger agency or department which administers several*
9 *health, education, or welfare, or related programs).*

10 **[***“(b) In order for a State to be eligible for payments un-*
11 *der section 2012, the Governor of such State shall, in addition*
12 *to the requirements of subsection (a), require each local prime*
13 *sponsor, if any, to submit to him an annual area plan which*
14 *he shall approve if he finds that such area plan is consistent*
15 *with the requirements of sections 2003 and 2005, and, in the*
16 *case of plans submitted by local prime sponsors designated by*
17 *him, that the plan is consistent as well with any other appli-*
18 *cable requirements of State law. In any case in which the*
19 *Governor does not approve an area plan, the Secretary shall,*
20 *upon request of the local prime sponsor submitting such plan*
21 *and after consultation with the Governor, determine whether*
22 *the area plan is consistent with the requirements of sections*
23 *2003 and 2005 and, if the Secretary determines that such*

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 *plan is consistent therewith, the Governor shall (in order to*
 2 *be eligible for such payments) approve such plan.*

3 **【“(c) In order to carry out the purposes for which they**
 4 *were designated pursuant to subsection (a), the State agency*
 5 *and local prime sponsors (if any) may, subject to limitations*
 6 *in regulations of the Secretary, enter into such contractual or*
 7 *other arrangements as may be necessary for their efficient and*
 8 *effective administration of the program of individual and*
 9 *family services.*

10 **【“STATE PLANS**

11 **【“SEC. 2005. (a) Payments may be made under section**
 12 *2012 for a year only upon compliance with section 2004 and*
 13 *submission by the Governor of an annual State plan which*
 14 *contains—*

15 **【“(1)(A) identification of the designated service**
 16 *areas, State agency, and local prime sponsors (if any),*
 17 *(B) the approved area plans submitted by local prime*
 18 *sponsors designated pursuant to the exception contained*
 19 *in section 2004(a)(3), and (C) a statement of the*
 20 *allocation among service areas (consistent with criteria*
 21 *prescribed by the Secretary) which will be made from*
 22 *the State's allotments under section 2011;*

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1 **[**“(2) assurances, satisfactory to the Secretary,
2 that—

3 **[**“(A) the State’s program of individual and
4 family services will include a reasonable balance (as
5 prescribed in regulations by the Secretary) of such
6 services and will conform to such minimum stand-
7 ards of performance as the Secretary may establish;

8 **[**“(B) the State program will, with respect to
9 each of the individual and family services provided,
10 achieve specified levels of activity and performance
11 measured and expressed in accordance with criteria
12 prescribed by the Secretary;

13 **[**“(C) (i) to the maximum extent consistent with
14 the efficient and effective administration of the pro-
15 gram, priority will be given to the employment, in the
16 State’s program of individual and family services
17 and in such other State-assisted programs as the
18 Governor may determine, of persons registered pur-
19 suant to section 447, and to this end opportunities
20 for such employment will be listed with the State
21 employment office for use in support of employment
22 programs under part C of title IV, and (ii) a social

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1 *service volunteer program will be developed and im-*
2 *plemented, for the use of nonpaid or partially paid*
3 *volunteers in providing individual and family serv-*
4 *ices and in assisting any advisory committees es-*
5 *tablished in connection with the State's program of*
6 *individual and family services;*

7 *["(D) the State agency will coordinate its pro-*
8 *gram of individual and family services with related*
9 *service activities and programs within the State (in*
10 *both the public and the private sector), with par-*
11 *ticular emphasis on eliminating the duplicative pro-*
12 *vision, under other health, education, or welfare*
13 *programs, of those individual and family services*
14 *which are provided under such other programs but*
15 *the provision of which is not the fundamental*
16 *purpose of such other programs;*

17 *["(E) the provision of protective services for*
18 *children will be extended, with a view to making such*
19 *services available by July 1, 1975, throughout the*
20 *State;*

21 *["(F) the amount of non-Federal, public funds*
22 *expended for the provision of child welfare services*
23 *within the State will not be less than the amount of*

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1 *such funds expended for that purpose in the fiscal*
2 *year ending June 30, 1971, under the State plan*
3 *developed jointly with the Secretary as provided in*
4 *part B of title IV (as it was then in effect);*

5 **[“(G) if foster care of children is included in**
6 *the State’s program of individual and family serv-*
7 *ices, payments for such foster care will be made at*
8 *the rate of not less than \$300 per year for each child*
9 *receiving such care;*

10 **[“(H) no more than 10 per centum of the Fed-**
11 *eral assistance allocated to any service area will be*
12 *used to meet the costs of providing individual and*
13 *family services (except those required to be pro-*
14 *vided without charge pursuant to section 2003), to*
15 *individuals or families therein whose family income*
16 *exceeds the poverty level;*

17 **[“(I) acceptance of individual and family**
18 *services will be voluntary on the part of any person*
19 *to whom such services are offered (or any other per-*
20 *son responsible under applicable State law for the*
21 *welfare of such person) and will not be a prerequi-*
22 *site to eligibility for or receipt of any other service*

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1 *or to assistance from any other program operated*
2 *by the designated State agency or by a local prime*
3 *sponsor;*

4 **["(J) the Governor will make appropriate**
5 *arrangements for the administration of the program*
6 *of individual and family services in any service*
7 *area in which a local prime sponsor fails to submit*
8 *an approvable area plan or fails substantially to*
9 *administer such program in accordance with its*
10 *approved area plan;*

11 **["(K) the State agency will (i) make such**
12 *reports, in such form and containing such informa-*
13 *tion, as the Secretary may from time to time require,*
14 *and will comply with such provisions as the Secre-*
15 *tary may from time to time find necessary to assure*
16 *the correctness and verification of such reports, and*
17 *(ii) conduct periodic evaluations of its program of*
18 *individual and family services;*

19 **["(L) safeguards will be provided which re-**
20 *strict the use or disclosure of information concern-*
21 *ing applicants for and recipients of individual and*
22 *family services to purposes directly connected with*
23 *the operation of the program;*

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1 **[“(M) an opportunity for a fair hearing be-**
2 **fore the State agency will be afforded to any person**
3 **whose request for services under the State plan is**
4 **denied; and**

5 **[“(N) the State agency will provide such meth-**
6 **ods of administration as are found by the Secretary**
7 **to be necessary for the proper and efficient operation**
8 **of the program, including methods relating to the**
9 **establishment and maintenance of personnel stand-**
10 **ards on a merit basis (but the Secretary shall exer-**
11 **cise no authority with respect to the selection, tenure**
12 **of office, and compensation of individuals employed**
13 **in accordance with such methods); and**

14 **[“(3) an annual operating plan which contains such**
15 **information and is in such form and detail as the Secre-**
16 **tary finds necessary for purposes of this part.**

17 **[“(b) The Secretary shall approve a State plan sub-**
18 **mitted under subsection (a) if he finds that all of the foregoing**
19 **requirements have been met, except that he shall not approve**
20 **any such plan if there is imposed as a condition of eligibility**
21 **thereunder, any residence requirement which denies services**
22 **to any individual present in the State.**

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1 **[“OPERATION OF STATE PROGRAMS**

2 **[“Sec. 2006. (a) If the Secretary determines, after**
3 *notice and opportunity for hearing, that in the administration*
4 *of the State’s program of individual and family services there*
5 *is a substantial failure to comply with any assurance required*
6 *by section 2003 or 2005(a) or with any other requirement*
7 *of this part, the Secretary shall notify the Governor that*
8 *further payments will not be made to the State (or, in the*
9 *Secretary’s discretion, that payments will be limited to those*
10 *portions of the program or those service areas not affected*
11 *by such failure) until the Secretary is satisfied that there is*
12 *no longer any such failure to comply, and until he is so*
13 *satisfied he shall make no such further payments or shall limit*
14 *payments to those portions of the program or those service*
15 *areas not affected by such failure.*

16 **[“(b) In any case in which payments to a State are**
17 *terminated or limited pursuant to subsection (a), the Sec-*
18 *retary may provide, directly or through such arrangements*
19 *as he deems appropriate, any services which would be pro-*
20 *vided had such State’s program of individual and family*
21 *services continued in accordance with its plan approved*
22 *under this part, and for this purpose may expend such*

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1 *portion of the appropriate allotment of such State under*
2 *section 2011 as he deems necessary.*

3 **【“(c) In addition to the authority contained in subsec-**
4 *tions (a) and (b), the Secretary, if he finds that there is a*
5 *substantial failure to comply with the assurance required*
6 *by section 2005(a)(2)(D), may (1) refuse to make grants*
7 *for any other purpose under this part to the agency adminis-*
8 *tering the program of individual and family services in*
9 *the service area where such failure occurs, or (2) reduce*
10 *the amount which would otherwise be paid to the State*
11 *under section 2012 by an amount not in excess of the amounts*
12 *which he estimates are being expended under other health,*
13 *education, or welfare programs within such service area to*
14 *provide services such as those described in section 2005(a)*
15 *(2)(D) in a manner which is inconsistent with such*
16 *assurance.*

17 **【“EVALUATION**

18 **【“SEC. 2007. (a) The Secretary shall conduct in each**
19 *State not less often than once every two years an evaluation*
20 *of the achievements and the efficiency and effectiveness of the*
21 *program operated under the State plan approved pursuant to*
22 *section 2005(b).*

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1 **[“(b) Such evaluations may be carried out by the Secre-**
2 **tary directly or by contract.**

3 **[“(c) The Secretary shall take all necessary steps to**
4 **publicize the results of the evaluation of the program of**
5 **individual and family services operated in each State, includ-**
6 **ing publishing a report containing such results and sending**
7 **copies of such report to one or more of the news media in**
8 **each State whose program was evaluated.**

9 **[“PROJECT GRANTS AND CONTRACTS**

10 **[“SEC. 2008. (a) The Secretary is authorized to make**
11 **grants to any State or local public agency for planning for**
12 **the establishment of a program of individual and family**
13 **services or for the implementation of the assurance required**
14 **by section 2005(a)(2)(D).**

15 **[“(b) The Secretary may make available to any State**
16 **agency or local prime sponsor designated pursuant to section**
17 **2004(a)(3), such technical assistance as may be necessary**
18 **to assist such agency or local prime sponsor to administer, in**
19 **an effective and efficient manner, a program and family**
20 **services under this part.**

21 **[“(c) The Secretary is authorized to make grants to any**
22 **public or nonprofit private agency or organization, and con-**

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1 *tracts with any public or private agency or organization,*
2 *for—*

3 *[(1) training of persons employed or preparing*
4 *for employment in carrying out programs related to the*
5 *purposes of this part;*

6 *[(2) research into or demonstrations of—*

7 *[(A) new individual and family services or*
8 *more effective combinations of such services, and*

9 *[(B) innovative methods of delivering such*
10 *services;*

11 *[(3) evaluations of State and local programs of*
12 *individual and family services; and*

13 *[(4) provision of individual and family services.*

14 *[(d) Payments for projects pursuant to grants or con-*
15 *tracts under this section may be made for not to exceed 90 per*
16 *centum of the cost of such projects, except that, the Secre-*
17 *tary may pay all of the costs of such a project where he finds*
18 *that full payment is essential to its successful implementation.*
19 *Such payments may be made (after necessary adjustment, in*
20 *the case of grants, on account of previously made overpay-*
21 *ments or underpayments) in advance or by way of reimburse-*
22 *ment, and in such installments and on such conditions, as the*
23 *Secretary may determine.*

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1 **[“GOVERNMENT ASSISTANCE PROGRAMS**

2 **[“SEC. 2009. (a) The Secretary is authorized to make**
 3 *grants for the purpose of strengthening the capacity of State*
 4 *or county or other units of general local government to plan*
 5 *or deliver a broad range of services under health, education,*
 6 *or welfare programs in an effectively coordinated manner.*

7 **[“(b) Grants may be made under this section to—**

8 **[“(1) the Governor of a State,**

9 **[“(2) the chief elected executive officer or officers of**
 10 *a county, city, town, or other unit of general local govern-*
 11 *ment, or*

12 **[“(3) a tribal council.**

13 **[“(c) Grants under this section may be made for proj-**
 14 *ects for—*

15 **[“(1) comprehensive planning and supervision on**
 16 *an interdisciplinary basis for the provision of services*
 17 *pursuant to health, education, or welfare programs, with*
 18 *special emphasis on activities to carry out the assurance*
 19 *required by section 2005(a)(2)(D);*

20 **[“(2) evaluation and monitoring of health, educa-**
 21 *tion, or welfare programs to determine their adequacy*
 22 *and effectiveness;*

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1 **[***“(3) training of persons employed by the grantee*
2 *and arranging for exchange, with other units of gov-*
3 *ernment or with the private sector, of persons employed*
4 *in health, education, or welfare programs, or in posi-*
5 *tions in support of such program;*

6 **[***“(4) technical assistance to public agencies en-*
7 *gaged in the planning or operation of health, education,*
8 *or welfare programs; and*

9 **[***“(5) systems analysis, including the development*
10 *of program budgeting and information systems, for State*
11 *and local agencies.*

12 **[***“(d)(1) Grants under this section may be made with*
13 *respect to any project for a period of not more than three*
14 *years and may not exceed 75 per centum of the cost of the*
15 *project for the first year thereof, 65 per centum of such cost*
16 *for the second year thereof, and 50 per centum of such cost*
17 *for the third year thereof, except that when such project is*
18 *undertaken jointly by two or more grantees, such percent-*
19 *ages may be increased to 95 per centum, 85 per centum, and*
20 *70 per centum, respectively.*

21 **[***“(2) Payments with respect to grants under this section*
22 *may be made (after necessary adjustment on account of pre-*
23 *viously made overpayments or underpayments) in advance or*

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1 *by way of reimbursement, and in such installments and on*
2 *such conditions, as the Secretary may determine.*

3 **[“APPROPRIATIONS**

4 **[“SEC. 2010. (a) There are authorized to be appropri-**
5 **ated, for the fiscal year ending June 30, 1972, and for each**
6 **fiscal year thereafter such sums as may be necessary for**
7 **grants or contracts under this part.**

8 **[“(b) There are authorized to be appropriated, for the**
9 **fiscal year ending June 30, 1972, \$50,000,000 and for the**
10 **succeeding three fiscal years such sums as may be necessary**
11 **for grants to States to assure more equal expenditures for**
12 **individual and family services among the States.**

13 **[“(c) There are authorized to be appropriated for the**
14 **fiscal year ending June 30, 1972, \$150,000,000 and for each**
15 **fiscal year thereafter such sums as may be necessary, in addi-**
16 **tion to sums appropriated for such purpose pursuant to sub-**
17 **sections (a) and (b), for grants to States for foster care and**
18 **adoption services.**

19 **[“(d) There are authorized to be appropriated for the**
20 **fiscal year ending June 30, 1972, and for each fiscal year**
21 **thereafter, in addition to sums appropriated for such purpose**
22 **pursuant to subsections (a) and (b), such sums as may be**
23 **necessary for grants to States for temporary emergency assist-**

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1 *ance in the form of cash payments and, when provided in*
2 *connection with a major disaster declared by the President*
3 *pursuant to 42 U.S.C. 1855 et seq., in the form of services.*

4 **["ALLOTMENTS**

5 **["SEC. 2011. (a) The sums appropriated pursuant to**
6 *section 2010 for a fiscal year shall be allotted as follows:*

7 **["(1)(A) the Secretary shall reserve an amount**
8 *equal to 10 per centum of the sums appropriated pur-*
9 *suant to subsection (a) of such section, of which at least*
10 *one-half shall be available to carry out sections 2007*
11 *and 2008, and the remainder shall be available to carry*
12 *out section 2009;*

13 **["(B) from the remainder of the sums appropriated**
14 *pursuant to subsection (a) of such section, (i) the Secre-*
15 *tary shall allot to each State an amount which bears the*
16 *same ratio to such remainder as the Federal share of*
17 *expenditures in such State in the fiscal year ending*
18 *June 30, 1971, for services under titles I, IV (part A),*
19 *X, XIV, and XVI, and for child welfare services under*
20 *title IV (part B) bears to the total of such Federal*
21 *shares in all the States, but in no case shall such amount*
22 *with respect to any State exceed the Federal share of*
23 *such expenditures in such State in such year, and (ii)*

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1 *after the allotment pursuant to clause (1) has been*
2 *made, from the sums remaining (if any), the Secretary*
3 *shall allot to each State an amount which bears the same*
4 *ratio to such sums remaining as the number of individ-*
5 *uals in such State whose income does not exceed the*
6 *poverty level bears to the number of such individuals in*
7 *all the States;*

8 *["(2) from the sums appropriated pursuant to sub-*
9 *section (b) of such section, there shall be allotted to each*
10 *State in which the average service expenditure (as de-*
11 *finied in subsection (b) of this section) is less than the*
12 *average of such expenditures in all the States, an amount*
13 *which, with respect to each such State, is equal to the*
14 *same proportion of the difference between the average*
15 *service expenditure in such State and the average of such*
16 *expenditures in all the States; and*

17 *["(3) from the sums appropriated pursuant to sub-*
18 *section (c) of section 2010, there shall be allotted to each*
19 *State an amount which bears the same ratio to such sums*
20 *as the number of children in such State bears to the num-*
21 *ber of children in all the States.*

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1 **[“(b) For purposes of this section, the term ‘average**
2 *service expenditure’ in a State means the amount obtained*
3 *by dividing (1) the Federal share of expenditures in such*
4 *State in the fiscal year ending June 30, 1971, for services*
5 *under titles I, IV (part A), X, XIV, and XVI, by (2) the*
6 *number of individuals in the State whose income does not*
7 *exceed the poverty level, determined on the basis of the most*
8 *recent period for which satisfactory data are available from*
9 *the Department of Commerce.*

10 **[“(c) The amount of any allotment to a State under sub-**
11 *section (a) for any fiscal year which the Secretary deter-*
12 *mines will not be required for carrying out the State’s pro-*
13 *gram of individual and family services (if any) under this*
14 *part shall be available for reallocation, for the same purposes*
15 *for which it was originally available, from time to time, on*
16 *such dates as the Secretary may fix, to other States which the*
17 *Secretary determines have need in carrying out their pro-*
18 *grams of individual and family services under this part of*
19 *amounts in excess of those previously allotted to them under*
20 *subsection (a), giving particular consideration to the needs*
21 *of States for reallocations to prevent termination or reduction*
22 *of ongoing services. Any amount so reallocated to a State shall*

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1 *be deemed part of its allotment under clause (1), (2), or (3)*
 2 *of subsection (a), as appropriate.*

3 **[“(d) The amount of any allotment under this section to**
 4 *which a State would otherwise be entitled shall be reduced by*
 5 *any amounts expended for the provision of individual and*
 6 *family services within such State by the Secretary pursuant*
 7 *to section 2006(b).*

8 **[“PAYMENTS**

9 **[“SEC. 2012. For each fiscal year, the Secretary shall**
 10 *pay to each State with State plan approved pursuant to sec-*
 11 *tion 2005, the sum of the following amounts:*

12 **[“(1)(A) an amount equal to 90 per centum of**
 13 *expenditures during such year for those individual and*
 14 *family services described in section 2002(1)(B), and*

15 **[“(B) an amount equal to 75 per centum of ex-**
 16 *penditures (other than those with respect to which pay-*
 17 *ment is made under paragraph (2)) during such year*
 18 *for—*

19 **[“(i) other individual and family services (but**
 20 *not including temporary emergency assistance in*
 21 *the form of cash payments), including the renova-*
 22 *tion, remodeling, or alteration of facilities necessary*

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1 *to adapt them or increase their effectiveness for use as*
2 *group care facilities for children receiving individual*
3 *and family services, and*

4 **[***“(ii) administrative and other activities, sub-*
5 *ject to limitations prescribed by the Secretary, for*
6 *the purpose of increasing the efficiency or effectiveness*
7 *of the State’s program of individual and family*
8 *services,*

9 *but reduced by 75 per centum of any fees collected for*
10 *such services;*

11 **[***“(2) an amount equal to the expenditures made, as*
12 *required by section 2005(a)(2)(G), during such year*
13 *in the form of payments for foster care and 75 per*
14 *centum of any other expenditures during such year for*
15 *foster care services and for adoption services; and*

16 **[***“(3) an amount equal to 50 per centum of expendi-*
17 *tures during such year for temporary emergency assist-*
18 *ance in the form of cash payments,*

19 *except that the amount paid to such State pursuant to para-*
20 *graph (1) for any fiscal year may not exceed the amount*
21 *allotted to such State under paragraphs (1) and (2) of sec-*
22 *tion 2011(a) for such year and the amount paid to such*

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1 *State pursuant to paragraph (2) for any fiscal year may not*
2 *exceed the amount allotted to such State under paragraph (3)*
3 *of such section. To the extent permitted by the Secretary, the*
4 *term 'expenditure' as used in clauses (1) and (2) may be*
5 *construed to include services or facilities made available for*
6 *the provision of individual and family services under the*
7 *approved State plan.*

8 **["NATIONAL ADOPTION INFORMATION EXCHANGE SYSTEM**

9 **["SEC. 2013. (a) The Secretary is authorized to provide**
10 *information, though a national adoption information ex-*
11 *change system, to assist in the placement of children await-*
12 *ing adoption and in the location of children for persons who*
13 *wish to adopt children, including cooperative efforts with any*
14 *similar programs operated by¹ or within foreign countries,*
15 *and such other related activities as would further or facili-*
16 *tate adoptions.*

17 **["(b) There are authorized to be appropriated \$1,000,-**
18 *000 for the fiscal year ending June 30, 1972, and such*
19 *sums as may be necessary for succeeding fiscal years, to*
20 *carry out this section.*

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1 **[“PART B—CONSOLIDATED HEALTH, EDUCATION, AND**
 2 **WELFARE PLANS**

3 **[“PURPOSE**

4 **[“SEC. 2020. In order to secure increased flexibility to**
 5 *respond to the varying needs and local conditions within his*
 6 *State, and in order to permit more effective and interrelated*
 7 *planning and operation of its health, education, or welfare*
 8 *programs, the Governor of a State may submit an annual*
 9 *consolidated health, education, and welfare plan which in-*
 10 *cludes the State's program of individual and family services*
 11 *and one or more other health, education, or welfare programs.*

12 **[“CONSOLIDATED HEALTH, EDUCATION, AND WELFARE**
 13 **PLANS**

14 **[“SEC. 2021. (a) A consolidated health, education, and**
 15 *welfare plan shall—*

16 **[“(1) designate an agency or official, reporting di-**
 17 *rectly to the Governor, to carry out the requirements of*
 18 *clause (2);*

19 **[“(2) provide that all necessary steps will be taken**
 20 *to assure the coordinated planning and administration of*
 21 *the programs included in the plan, which shall include*
 22 *joint planning, exchange of information, establishment of*

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1 *procedures for referral of persons seeking services, and*
2 *provision of services through single sites;*

3 **["(3) provide that any unit of general local govern-**
4 *ment administering portions of any two or more pro-*
5 *grams included in the plan will be permitted to exercise*
6 *the options authorized in section 2022;*

7 **["(4) if Federal assistance is to be transferred from**
8 *one program to another, as authorized in section 2022,*
9 *contain a full description of the programs, purposes, and*
10 *the amounts involved at both the State and local levels;*
11 *and*

12 **["(5) comply with all other requirements imposed**
13 *by or pursuant to statutes applicable to the programs in-*
14 *cluded in the plan, except that the Secretary may waive*
15 *any nonstatutory requirements applicable to any such*
16 *program to the extent necessary to achieve the purposes*
17 *of the plan and upon such conditions as he deems appro-*
18 *priate to assure compliance with all applicable statutory*
19 *conditions.*

20 **["(b) If the Secretary finds that the requirements of**
21 *subsection (a) and of the statute authorizing Federal assist-*
22 *ance for each program included in the plan all (subject to*
23 *any waivers authorized by subsection (a)) are satisfied, he*

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revision.

1 shall approve the plan, which shall serve in all respects as the
2 substitute for the separate plans which would otherwise be
3 required with respect to each of the programs included
4 therein.

5 【“(c)(1) If the Secretary finds, after notice and oppor-
6 tunity for a hearing to a State, that a program included in
7 its plan approved under this section no longer complies with
8 all applicable requirements, that program may no longer be
9 included within the plan until the Secretary is satisfied that
10 it meets such requirements.

11 【“(2) If the statute authorizing the assistance for the
12 program referred to in paragraph (1) requires notice and
13 opportunity for hearing before suspension or termination of
14 assistance or any other such sanction may be imposed, the
15 notice and opportunity for hearing afforded pursuant to
16 paragraph (1), may, at the option of the Secretary, be
17 deemed to have been provided pursuant to the requirements in
18 the statute under which such assistance is extended.

19 【“OPTIONS FOR PROGRAM INTEGRATION

20 【“SEC. 2022. (a) Notwithstanding any other provision
21 of Federal law—

22 【“(1) the Secretary may, upon request of the Gov-
23 ernor, establish a single Federal share for expenditures

【*Bracketed Italic type*】 indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 *under the plan based on (A) the Federal share or shares*
2 *applicable to the various programs included in the plan,*
3 *and (B) the total expenditures which may be claimed for*
4 *Federal financial participation with respect to each such*
5 *program, and*

6 *["(2) the Governor or the chief elected executive*
7 *officer or officers of a unit of general local government*
8 *which administers one or more health, education, or wel-*
9 *fare programs included in the plan may transfer an*
10 *amount, not in excess of 20 per centum of the Federal*
11 *assistance available to the State or to such unit of general*
12 *local government with respect to any program included*
13 *in the plan for any fiscal year, for use in carrying out*
14 *one or more other such programs in the same fiscal year,*
15 *but in no case may the amount of Federal assistance*
16 *available for use in carrying out any of such other pro-*
17 *grams exceed 150 per centum of the amount of such*
18 *assistance which would have been available therefor with-*
19 *out regard to this subsection.*

20 *["(b) Any Federal assistance transferred pursuant to*
21 *subsection (a) shall be subject to the non-Federal share re-*
22 *quirements applicable to such assistance prior to such transfer.*

【Bracketed *Italic type*】 indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 **[“(c) None of the provisions of this section shall apply**
 2 *with respect to a program of medical assistance under title*
 3 *XIX, or of cash assistance under title IV or XVI.*

4 **[“PART C—GENERAL PROVISIONS**

5 **[“JOINT FUNDING**

6 **[“SEC. 2030. Pursuant to regulations prescribed by the**
 7 *President, where funds are advanced for a single project or*
 8 *program by more than one Federal agency to an agency or*
 9 *organization assisted under this title, any one Federal agency*
 10 *may be designated to act for all in administering the funds*
 11 *advanced. In such cases, a single non-Federal share require-*
 12 *ment may be established according to the proportion of funds*
 13 *advanced by each agency, and any such agency may waive*
 14 *any technical grant or contract requirement (as defined by*
 15 *such regulations) which is inconsistent with the similar re-*
 16 *quirements of the administering agency or which the ad-*
 17 *ministering agency does not impose.*

18 **[“DEFINITIONS**

19 **[“SEC. 2031. For purposes of this title—**

20 **[“(1) the term ‘ Governor’ means the chief executive**
 21 *officer of each State;*

[Bracketed Italic type] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.

1 **[“(2) the term ‘unit of general local government’**
2 *means a political subdivision of the State whose authority*
3 *is broad and general and is not limited to only one*
4 *function or a combination of related functions;*

5 **[“(3) the term ‘health, education, or welfare pro-**
6 *grams’ means programs to which Federal assistance*
7 *is extended by the Department of Health, Education,*
8 *and Welfare, and which include provision, directly or*
9 *indirectly, of services to individuals or families to aid*
10 *or improve their personal development, including health,*
11 *education, social services, vocational rehabilitation,*
12 *aging, and any similar or related program.”]*

[Bracketed *Italic type*] indicates language not in H.R. 16311, proposed to be included in the June revision but deleted in the October revised revision.