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STAFF DATA WITH RESPECT TO MODIFICATION OF THE WORK INCENTIVE PROGRAM AND RELATED PROVISIONS

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MODIFICATION OF THE WORK INCENTIVE PROGRAM AND RELATED PROVISIONS

1. WORK INCENTIVE PROGRAM

Present Law

The Work Incentive Program was created by the Congress as part of the Social Security Amendments of 1967. It represents an attempt to cope with the problem of rapidly growing dependency on welfare by dealing with the three major barriers which prevented many of the women who headed families on welfare from becoming financially independent by working:

1. Many recipients lacked the skills necessary to find employment in today's labor market;
2. Day care was largely unavailable for the children of mothers on welfare who wished to work; and
3. Welfare reductions which generally equalled net wages provided little incentive to work.

The 1967 Social Security Amendments dealt with each of these barriers, establishing the new Work Incentive Program for families receiving welfare payments administered partly by State welfare agencies and partly by the Department of Labor.

Referral for work and training.—The State welfare agencies were to determine which welfare recipients were appropriate for referral for work and training, but they could not require participation from persons in the following categories:

1. Children under age 16 or going to school;
2. Persons with illness, incapacity, advanced age or such remoteness from a project that they would be precluded from effective participation in work or training; or
3. Persons whose substantially continuous presence in the home is required because of the illness or incapacity of another member of the household.

For all those referred, the welfare agency is required to assure necessary child care arrangements for the children involved. An individual who desires to participate in work or training is to be considered for assignment and, unless specifically disapproved, is to be referred to the program.

Work and training program.—Under the law the Secretary of Labor establishes an employability plan for each person referred. Persons referred by the State welfare agency to the Department of Labor must be handled according to three priorities. Under the first priority the Secretary of Labor places as many persons as possible without further preparation in employment or on-the-job training.

Under the second priority, all persons found suitable receive training appropriate to their needs and up to $30 a month as a training incentive payment. After training, as many persons as possible are placed in regular employment.

Under the third priority, the employment office is required to make arrangements for special work projects (public service employment) to employ those who are found to be unsuitable for the training and those for whom no jobs in the regular economy can be found at the time. These special projects are to be set up by agreement between the employment office and public agencies or nonprofit private agencies organized for a public service. purpose. It is required that workers receive at least the minimum wage (but not necessarily the prevailing wage) if the work they perform is covered under a minimum wage statute. In addition, the work performed under special projects may not result in the displacement of regularly employed workers.

A central idea of the public service employment program is that in most instances the recipient would no longer receive a check from the welfare agency. Instead, he would receive a payment from an employer for services performed. The entire check would be subject to income, social security, and unemployment compensation taxes, thus assuring that the individual would be accruing rights and responsibility just as other working people do. In those cases where an employee receives wages which are insufficient to raise his income to a level equal to (1) his welfare check plus (2) 20 percent of his wages, a welfare check equal to the difference would also be paid. In these instances the supplemental check would be issued by the welfare agency and sent to the worker.

Penalty for refusal to participate.—A refusal to accept work or undertake training without good cause by a person who has been referred must be reported back to the State agency by the Labor Department; and, unless such person returns to the program within 60 days (during which he would receive counseling), his welfare payment is required to be terminated. Protective and vendor payments are to be continued, however, for the dependent children to protect them from the faults of others.

Non-Federal share.—The States would have to meet 20 percent, in cash or in kind, of the total cost of the program (excluding the special arrangements related to public service employment).

Earned income disregard.—Under the 1967 Amendments the earned income of each child recipient who is a full-time student, or is a part-time student not working full time, is excluded in determining need for assistance. In the case of any adult or child who is not a student, the first $30 of earned income plus one-third of the remainder of such income for the month is disregarded.

Impact of the Work Incentive Program During Its First Two Years

Funds were first appropriated for the Work Incentive Program in July 1968. Operations under the program since that time have been disappointing, and it has had almost no impact on soaring welfare rolls. According to Administration figures, 330,000 welfare recipients were found appropriate for referral to the Work Incentive Program in its first 21 months. Despite this, 23 percent of those found appropriate were never actually referred to the Work Incentive Program; and another 33 percent were referred but not enrolled. Of the 145,000 actually enrolled in the Work Incentive Program between July 1968 and March 1970, 48,500 enrollees about (one-third of the total) had dropped out of the program, 13,000 were employed following the completion of their participation in the program; and 83,000 were still

enrolled. During this same period, the number of families on welfare increased by 641,000.

Auerbach Report

In 1969 the Department of Labor contracted with the Auerbach Corporation to study the operations of the Work Incentive Program. The Auerbach Corporation conducted on-site evaluations in 23 cities and published a detailed report on each, as well as an overall appraisal of the Work Incentive Program. The overall report has been reproduced by the Committee in a Committee Print.[1] The Auerbach Report details the problems in implementing the Work Incentive Program, and concludes: "The basic idea of WIN is workable—though some aspects of the legislation require modification." (Page 212 of the Committee Print). The Auerbach Report points to the following as some of the reasons for the slow development of the Work Incentive Program and its lack of impact on the welfare rolls:

1. On-the-job training, highly desirable because of its virtual guarantee of employment upon successful completion of training, has been largely ignored under the Work Incentive Program.

2. Special work projects (public service employment) also provide actual employment for welfare recipients; although required by law to be established in all States, only one State has implemented this provision in a substantial way.

3. Lack of day care has had a great inhibiting effect on welfare mother participation in the program.

4. Lack of coordination between welfare and employment agencies has inhibited progress. In some cases, lack of referral of trainable people by some State welfare agencies has been a problem. Also, bureaucratic rivalry of long standing between welfare and employment agencies has been carried over to WIN in some States. This situation on the local level is compounded by some lack of coordination on the Federal level between the Department of Labor and the Department of Health, Education and Welfare.

5. Lack of adequate transportation has been a serious problem for many WIN projects, affecting the enrollees' ability both to participate in the program and to secure employment.

6. Lack of medical supportive services (physical examinations and the ability to remedy minor health problems) has been cited as a major problem.

7. Commenting on the need for job development, the Auerbach Corporation stated: "Although the WIN concept is built around jobs for welfare recipients, there has been little investigation of the labor market to determine exactly where and how jobs can be obtained, and how many jobs are actually available or likely to become available for WIN enrollees. Now that the program is underway, there is a growing feeling among local WIN staff that many participants, women in particular, will not obtain jobs in the already tightly restricted labor market existing in many communities."

Amendments Proposed by Senators

Several amendments to the Administration's welfare bill proposed by Senators would have bearing on the work and training features of present law. These are discussed as appropriate in the section on issues and considerations below.

[1] "Reports on the Work Incentive Program," printed as a Committee Print August 3, 1970.

Issues and Considerations

1. *Referral for Work and Training.*—Under present law, all "appropriate" welfare recipients must be referred by the welfare agency to the Labor Department for participation in the Work Incentive Program. The following categories of persons are statutorily considered inappropriate:

1. Children who are under age 16 or attending school;
2. Persons who are ill, incapacitated or of advanced age;
3. Persons so remote from a WIN project that their effective participation is precluded; and
4. Persons whose presence in the home is required because of illness or incapacity of another member of the household.

Persons may volunteer to participate in the Work Incentive Program even if the State welfare agency finds them inappropriate for mandatory referral.

Under the House-passed welfare bill, a family assistance recipient would have been required to register with the Labor Department as a condition of eligibility for welfare, unless the recipient fit either within one of the categories deemed inappropriate under present law, or within one of these additional exempt categories:

5. A mother or other relative of a child under the age of six who is caring for the child; and
6. The mother in a family in which the father registers.

As under present law, an individual not required to register may do so voluntarily.

Senator Ribicoff's Amendment No. 593 and the Javits-Brooke Amendment No. 804 would both extend the list of persons exempted from the registration requirement. The former would exempt mothers of children under 14 if child care is not available, while the latter would exempt all mothers or relatives caring for a child under 16.

Senator Talmadge's Amendment No. 788 assumes registration of welfare recipients with the Labor Department as a condition of welfare eligibility. Unlike the House bill, however, it would exempt from mandatory registration individuals already working full-time on the grounds that there is no need to require a full-time employee to leave work in order to undergo training so that she may be employed. The Talmadge amendment would also require that at least 15 percent of the registrants in each State actually participate in the Work Incentive Program. The amendment would establish clear statutory direction in determining which individuals would receive employment or training by generally requiring the Secretary of Labor to accord priority in the following order, taking into account employability potential:

1. Unemployed fathers;
2. Dependent children and relatives age 16 or over who are not in school, working or in training;
3. Mothers who volunteer for participation;
4. Individuals working full-time who wish to partcipate; and
5. All other persons.

Thus under the amendment, no mother would be required to participate until every person who volunteered was first placed.

2. *Job development and methods of relating manpower services to actual jobs.*—A major criticism contained in the Auerbach Report cited the lack of development of on-the-job training and public service employment under the Work Incentive Program and the

frequent lack of relationship between WIN training programs and local labor market needs.

Senator Ribicoff's Amendment No. 591 would require that at least 20 percent of manpower services funds be used for special work projects (public service employment). The Ribicoff-Harris Amendment No. 850 would require that one-third of the funds for manpower services be spent on community service employment programs.

Senator Talmadge's Amendment No. 788 would require that 40 percent of the funds spent for the Work Incentive Program be for on-the-job training and public service employment. The Talmadge amendment would also require the Secretary of Labor to establish local labor market advisory councils whose function would be to identify present and future local labor market needs. The findings of this council would have to serve as the basis for local training plans under the Work Incentive Program to assure that training was related to actual labor market demands. Third, the Talmadge amendment would simplify the financing and increase the Federal share of the cost of public service employment (special work projects) by providing 100 percent Federal funding for the first year and 90 percent Federal sharing of the costs in subsequent years (if the project was in effect less than 3 years, Federal sharing for the first year would be cut back to 90 percent).

As an incentive for employers in the private sector to hire individuals placed in employment through the Work Incentive Program, another feature of the Talmadge amendment would provide a tax credit equal to 20 percent of the wages and salaries of these individuals. The credit would only apply to wages paid to these employees during their first 12 months of employment, and it would be recaptured if the employer terminated employment of an individual during the first 12 months of his employment or before the end of the following 12 months. This recapture provision would not apply if the employee became disabled or left work voluntarily.

Elements of consideration.—The following factors may be taken into consideration in connection with this issue:

1. The Labor Department during hearings on the welfare bill opposed any limitation on the way work and training funds are to be spent. The Talmadge amendment would permit the Labor Department a degree of flexibility while still requiring that a substantial portion of the funds be devoted to job development.

2. During times of high unemployment, it would be expected that the Labor Department would emphasize public service employment. When unemployment declines, the Labor Department should increase its efforts to expand on-the-job training. Placing both types of job development under a single limitation would permit accommodation to changes in the economy.

3. There are already a number of Federal manpower programs; the Senate has passed a bill to consolidate these programs. The present work incentive program does not require the establishment of separate manpower programs for welfare recipients, nor would the Talmadge amendment.

3. *Earned income disregard.*—Under present law States are required, in determining need for Aid to Families with Dependent Children, to disregard the first $30 monthly earned by an adult plus one-third of additional earnings. Costs related to work (such as transportation costs) are also deducted from earnings in calculating the amount of the welfare benefit.

Two problems have been raised concerning the earned income disregard under present law. First, Federal law neither defines nor limits what may be considered a work-related expense, and this has led to great variation among States and to some cases of abuse. A woman in California was apparently able to successfully deduct $300 per month, the cost of sending her son to a private school, as a necessary work expense.

Secondly, some States have complained that the lack of an upper limit on the earned income disregard has the effect of keeping people on welfare even after they are working full-time at wages well above the poverty line. In New Jersey, for example, a mother with three children will ordinarily be able to remain eligible for welfare until her earnings are above $7,000.

H.R. 16311 attempted to deal with both of these problems. The bill would have allowed a flat $60 per month disregard for both family assistance payments and State supplementary payments in lieu of the present $30 per month total disregard plus an open-ended disregard of work expenses. In addition, for State supplementation purposes, the bill would have limited the disregard of one-third of earnings above $60 per month to earnings below $326 per month ($3,920 a year) for a family of 4. Above this amount only one-fifth of earnings would be disregarded. The effect of this provision would be to limit somewhat the earnings at which a family would still be eligible for some welfare benefits even in a State with relatively high supplementary payments. Under the House bill, a mother with three children in New Jersey would be ineligible for welfare benefits by the time her earned income reached $5,000.

During the hearing on the welfare bill, Senator Miller questioned the appropriateness of allowing a full $60 monthly earned income disregard for all persons regardless of how much they actually worked. The Committee may wish to consider a differential disregard which would offer a higher incentive for full-time employment. For example, the disregard might be $30 plus one-third of additional earnings (up to say $300, and one fifth of amounts above $300) for persons working part-time, but $60 plus one-third (up to $300, and one-fifth of amounts above $300) for individuals working full-time.

In the case of a welfare recipient working full time, such a provision would be the same as the earnings disregard in H.R. 16311 as it passed the House; for a recipient working less than full time, the earnings disregard would be lower than the provision in the House bill.

Under a provision contained in section 507 of the Higher Education Amendments of 1968 (Public Law 90–575, 82 Stat. 1063), welfare agencies are required to disregard educational assistance grants in determining the amount of the welfare payment. The committee may wish to repeal this section of the Higher Education Amendments of 1968 and instead provide under the welfare law for the disregarding of any portion of a scholarship, fellowship, or educational allowance received for use in paying the cost of tuition and fees at an educational institution. Similar language is included in H.R. 16311.

4. *Various administrative provisions.*—The Auerbach report cited a number of administrative problems which would be remedied by provisions in Talmadge Amendment No. 783.

A. The Talmadge amendment would mandate coordination between the Departments of Labor and Health, Education, and Welfare on the national, regional, and local levels. The Auerbach report notes that

certain regulations of the Labor Department on the Work Incentive Program conflict with regulations of the Department of Health, Education, and Welfare. The Talmadge amendment would require that all regulations on the Work Incentive Program be issued jointly by both agencies within six months of enactment.

B. The Talmadge amendment would require that a joint Health Education, and Welfare-Labor Committee be set up to assure that forms, reports, and other matters are handled consistently between the two departments. The Auerbach report cited as imperative the need that the Work Incentive Program be operated under one set of guidelines, policies, and administrative procedures—a situation found not to be the case today.

C. Under present law, the welfare agency is supposed to prepare an employability plan for each appropriate welfare recipient and make referrals to the Department of Labor. The Department of Labor is then to prepare an employability plan and place the individual in employment, on-the-job training, institutional training, or public service employment.

Problems have arisen in this process. In some cases, the welfare agency has not referred sufficient numbers of persons, while in other cases they have referred far too many persons, without first arranging for the supportive services (such as day care) needed in order to enable the welfare recipient to participate in the Work Incentive Program.

The Talmadge amendment would solve this problem by requiring the welfare agency to set up a unit with the responsibility of arranging for supportive services so that the welfare recipient may participate in the Work Incentive Program. Furthermore, it would require that the welfare agency and the Labor Department on the local level enter into a joint agreement on an operational plan—that is, the kinds of training they would arrange for, the kinds of job development the Labor Department would undertake, and the kinds of job opportunities both agencies would need to prepare persons for during the period covered by the plan. In addition, both agencies would jointly develop employability plans for individuals, consistent with the overall operational plans, to assure that individuals receive the necessary supportive services and preparation for employment without unnecessary waiting.

D. The Talmadge amendment would require that the Secretary of Labor utilize other existing manpower programs to the maximum extent feasible, to avoid unnecessary duplication of programs.

E. The amendment would provide that funds for the Work Incentive Program be allocated among the States on the basis of the number of registrants for work and training. This would give States some advance knowledge of their entitlement for training slots under the Work Incentive Program.

F. The Talmadge amendment would require the Secretary of Labor to collect significant statistical information on the Work Incentive Program so that progress under the program could be evaluated.

G. The amendment would modify an anomaly in H.R. 16311 by assuring that Federal matching for medical services related to employment be at the Medicaid matching rate rather than at a higher 90 percent.

H. The Talmadge amendment would preclude the Secretary of Labor from entering into a contract such as the one under which the National Welfare Rights Organization was paid $430,000 to help inform welfare recipients about the Work Incentive Program.

2. CHILD CARE

Introduction

Evaluations of the Work Incentive program have consistently cited the lack of child care as a basic problem in moving welfare mothers into employment and training. In considering how best to provide necessary child care for mothers participating in such programs, three basic questions are raised:

(1) How and to what extent should the Federal Government provide financing?

(2) What kind of administrative mechanism is most likely to be effective in developing child care resources?

(3) How can the so-called child care "notch" problem be solved? Both under present law and under the Family Assistance Act an increase in earnings can result in a sudden drop in income because of loss of entitlement to free child care.

Present law

Under present law, child care for the children of working mothers who receive public assistance may be paid for in one of two ways:

1. The child care may be arranged by the welfare agency, which would pay for the care and receive 75 percent Federal matching; or

2. A mother may arrange for child care herself and in effect be reimbursed by adding the cost of child care to her welfare payment as a work expense.

According to the Auerbach Corporation, the latter method has by far been the more common:

> Our own findings raise even more doubts about the extent to which WIN mothers may be benefiting themselves and their families through WIN. In the cities selected for the child care studies, slightly over two hundred mothers were interviewed to determine their need for child care, what they were told about child care, and how it was obtained. Our results show that not only did the overwhelming majority (eighty-eight percent) arrange their own plans, independent of welfare, but that most (eighty percent) were informed by their caseworkers that it was their responsibility to do so. Even more discouraging is that the majority of mothers (eighty-three percent) who were informed about child care by their caseworkers were left with the impression that they could make use of any service they wanted; approved services were not required. (Pages 266–267 of Committee Print).

This situation is reflected in the inability in the Department of Health, Education, and Welfare to use all the funds appropriated by the Congress for child care under the Work Incentive Program. In fiscal year 1969, $25 million was appropriated for WIN child care

but only $4 million used; in fiscal year 1970, $52 million was appropriated but only $18 million used.

The Administration has argued in hearings on the welfare bill that requiring States to pay 25 percent of the cost of child care has been the reason for their inability to use day care appropriations, and that assumption of the total cost by the Federal Government will solve the problem.

While lack of State funds is a contributing factor, other factors acting to prevent the expansion of child care for mothers on welfare are detailed in the Auerbach Report. That report notes that welfare agencies have shown little interest in arranging for child care so that mothers may participate in the Work Incentive Program. The Auerbach Report states that:

> Institutionalized child care for WIN participants is rare, and neither the private nor public sector is moving to develop adequate child care facilities. Most mothers in the program have made their own babysitting provisions; these arrangements are fragile, and subject to frequent changes, interruptions, and breakdowns. Many programs are admittedly unable to provide child care, and so must limit participation to those mothers who can make their own arrangements. In addition to lack of funds, restrictive local building codes and fire and welfare ordinances make development of day care centers very difficult. (Page 210 of Committee Print.)

Federal Child Care Corporation (Long Bill, S. 4101)

A bill introduced by Senator Long (S. 4101) takes a different approach to the problem of expanding the availability of child care services. The Long bill would establish a Federal Child Care Corporation with the sole responsibility of making child care services broadly available on a fee-for-service basis. Special priority would be required in assuring the availability of child care services to children of low-income working mothers.

To provide the Corporation with initial working capital, the Secretary of the Treasury would be required to lend the Corporation one-half billion dollars, to be placed in a revolving fund. (The loan would be repaid with interest.) With these funds the Corporation would begin arranging for day care services. Initially, the Corporation would contract with existing public, nonprofit private, or proprietary facilities providing child care services. The Corporation would also provide technical assistance and advice to groups and organizations interested in setting up day care facilities under contractual relationship with the Corporation. In addition, the Corporation could provide child care services directly in its own facilities.

The Corporation would charge fees for all child care services provided or arranged for; these fees would go into the revolving fund to provide capital for further expansion of child care services and to repay the initial loan. The fees would have to be set at a reasonable level so that parents desiring to purchase child care could afford them; but the fees would have to be high enough to fully cover the Corporation's costs in arranging for the care.

If after its first two years the Corporation felt it needed additional funds for capital investment in the construction of new child care

facilities or the remodeling of old ones, it would be authorized to issue bonds backed by its future fee collections. Up to $50 million in bonds could be issued each year beginning with an overall limit of $250 million on bonds outstanding.

To assure the physical safety of child care facilities, the bill would require that facilities meet the Life Safety Code of the National Fire Protection Association. Other standards in the bill would require child care facilities to have adequate space, staffing and health requirements.

Any facility in which child care was provided by the Corporation, whether directly or under contract, would have to meet the Federal standards in the law, but they would not be subject to any licensing or other requirements imposed by States or localities. This provision would make it possible for many groups and organizations to establish child care facilities under contract with the Corporation where they cannot now do so because of overly rigid State and local requirements.

The Federal Child Care Corporation which would be created under S. 4101 would provide a mechanism for expanding the availability of child care services, but it would not itself provide funds for the subsidization of child care provided the children of low income working mothers. The bill assumes that such costs would be met under the welfare programs. For example, if the Congress were to raise the Federal share of child care costs for mothers on welfare to 100 percent, as contemplated by H.R. 16311, it would be expected that the Corporation would derive a major source of its funding from fees charged for child care provided the children of mothers on welfare.

Child Care for Low-Income Working Women Not Eligible for Welfare

Under present law, States may partially subsidize child care costs for women whose income is too high for them to be eligible to receive welfare but who require child care services to permit them to work. However, few States have utilized this provision of law, and virtually all of the funds spent on child care have been related to children of the mothers who have been receiving welfare.

The provision of free child care services until a mother's income reaches a certain point, followed by an abrupt cutoff of subsidy, is an example of a "notch" problem which in many cases will simply force a mother to remain on welfare because she cannot afford the cost of child care. H.R. 16311 apparently does not contemplate providing even partial support for child care once a woman is working and independent of welfare.

It may be suggested that a mother with low income who is no longer receiving welfare or who has never received welfare deserves an even higher priority for at least a partial subsidy of the cost of child care than a welfare mother who is simply in training and who does not yet have a job. If the Committee decides to increase the Federal share of child care costs, it may also wish to strengthen the provisions of law providing a partial subsidy to women whose income is too high to permit them to be eligible to receive welfare. The cost of such a proposal would depend on the type of subsidy.

For example, a subsidy might be provided only if the child care was necessary in order for the mother to work, and it might be based on total family income (not just the mother's earnings). If family income was less than the minimum wage ($64), the child care could be

entirely subsidized, with the percentage of the cost subsidized decreasing as family income rose as for example in the following table:

Percent of child care costs paid by Federal Government:	Family income if the number of children receiving care is: 1	2	3
100	$64 or less	$64 or less	$64 or less.
80	$74	$80	$84.
60	$84	$96	$104.
40	$94	$112	$124.
20	$104	$128	$144.
None	More than $113	More than $143	More than $163.

Since child care costs are substantially higher for pre-school age children than for children attending school, the subsidy might be a matter of entitlement only for mothers whose youngest child was at least 6 years of age; mothers with pre-school age children might receive the subsidy only to the extent appropriations were available.

A subsidy of this type to mothers whose youngest child was at least six might cost $500 million annually. Additional funds for mothers with preschool age children would depend on congressional action on appropriations.

3. FAMILY PLANNING

Present Law

With the enactment of 1967 Social Security Amendments, the Congress significantly increased the commitment of the Federal Government to the provision of family planning services to welfare recipients and other persons with low incomes.

First, the 1967 Amendments required that family planning services be offered all appropriate recipients of Aid to Families with Dependent Children. The law provided that acceptance of the services be voluntary. Regulations issued by the Department of Health Education, and Welfare state:

> Family planning services must be offered and provided to those individuals wishing such services, specifically including medical contraceptive services (diagnosis, treatment, supplies, and followup), social services and educational services. Such services must be available without regard to marital status, age, or parenthood. Individuals must be assured choice of method and there must be arrangements with varied medical resources so that individuals can be assured choice of source of service. Acceptance of any services must be voluntary on the part of the individual and may not be a prerequisite or impediment to eligibility for the receipt of any other service or aid under the plan. Medical services must be provided in accordance with the standards of other State programs providing medical services for family planning (e.g., maternal and child health services). (45 CFR 220.21)

In its report to the Congress on the 1967 Amendments, the Department of Health, Education, and Welfare stated:

> It would be difficult to exaggerate the change of attitude and approach to family planning that has taken place in recent years in State and local welfare agencies, and among other community agencies and groups. (Page 130 of Committee Print, "Reports on the Work Incentive Program.")

The Department reports that in most States, family planning services may be offered without regard to marital status, parenthood or age.

Though Federal law and policy permit and encourage States to extend services to low income families likely to become welfare recipients as well as families already on welfare, most States have not taken advantage of this opportunity.

Under present law, States may receive either 75 percent Federal matching for family planning under the Aid to Families with Dependent Children program as a social service to prevent dependency, or they may recieve Federal matching by providing family planning services under the Medicaid program with Federal matching ranging from 50 to 83 percent, depending on State per capita income. Despite the generally more attractive matching under the former program, the Department of Health, Education, and Welfare reports that funding under the Medicaid program has been more common.

Planned Parenthood Federation Testimony

In testimony before the Committee, the Planned Parenthood Federation stressed the importance of the 1967 Amendments, but felt that not enough had been accomplished under them. The organization strongly recommended continuing the requirement that all appropriate welfare recipients be offered family planning services. They felt, however, that the requirement of a 25 percent State share had been a barrier to the extension of the family planning services and that the Federal share should be set at 100 percent as it was under the bill for child care. They also recommend that family planning services be made available to low income persons likely to become welfare recipients but who are not currently receiving welfare. It was pointed out in the hearings that the expenditure of hundreds of dollars for family planning services could save thousands of dollars in welfare expenditures.

If the Committee were to accept any of the recommendations of the Planned Parenthood Federation, it might also be desirable to authorize the Secretary to contract with organizations so as to expand the availability of family planning services.