

93d Congress }
2d Session }

COMMITTEE PRINT

STAFF DATA AND MATERIALS ON SOCIAL SERVICES

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



DECEMBER 13, 1974

U.S. GOVERNMENT PRINTING OFFICE

42-374

WASHINGTON : 1974

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402-Price 90 cents

S.362 - 32

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

HERMAN E. TALMADGE, Georgia
VANCE HARTKE, Indiana
J. W. FULBRIGHT, Arkansas
ABRAHAM RIBICOFF, Connecticut
HARRY F. BYRD, Jr., Virginia
GAYLORD NELSON, Wisconsin
WALTER F. MONDALE, Minnesota
MIKE GRAVEL, Alaska
LLOYD BENTSEN, Texas

WALLACE F. BENNETT, Utah
CARL T. CURTIS, Nebraska
PAUL J. FANNIN, Arizona
CLIFFORD P. HANSEN, Wyoming
ROBERT DOLE, Kansas
BOB PACKWOOD, Oregon
WILLIAM V. ROTH, Jr., Delaware

MICHAEL STERN, *Staff Director*

(II)

CONTENTS

	Page
Social services provisions of H.R. 17045: Background and summary of proposal.....	1
Legislation in 1972.....	1
Regulatory changes by the Department of Health, Education, and Welfare.....	2
Congressional action to postpone new regulations.....	3
Revised regulations.....	3
H.R. 3153 and further postponement of regulations.....	4
New social services proposal.....	4
Comparison of social services provisions: Present law, H.R. 3153, H.R. 17045.....	10
1. Authorization.....	10
2. Allotment to States.....	10
3. Federal matching.....	11
4. Eligibility for services.....	12
5. Fees for services.....	13
6. Kinds of services.....	14
7. Prohibited expenditures.....	17
8. Use of donated funds for matching purposes.....	19
9. Provisions relating to child care.....	20
10. Family planning provisions.....	22
11. Social services plans.....	23
12. Requirements relating to State administration.....	24
13. State requirements for program reporting, evaluation, and audit.....	26
14. Maintenance of effort.....	28
15. Work incentive program services.....	28
Tables:	
1. Federal social services funding.....	31
2. Limits on eligibility for social services under H.R. 17045 for non-recipients of welfare and AFDC payment standards..	34
3. Fiscal year 1972 expenditures for social services by category and object of expenditure (Federal, State, and local funds).....	36
4. Estimated distribution of Federal social services funds under current law.....	38
Appendix A—Fees for services under H.R. 17045.....	43
Appendix B—Federal interagency day care requirements of 1968..	47
Appendix C—Changes in existing provisions of the Social Security Act under H.R. 17045.....	51

SOCIAL SERVICES PROVISIONS OF H.R. 17045: BACKGROUND AND SUMMARY OF PROPOSAL

Legislation in 1972

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

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

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

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

Regulatory Changes by the Department of Health, Education, and Welfare

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

Eligibility for services.—Under the May 1 regulations, social services could have continued to be provided to cash assistance recipients and to former and potential recipients; however, the definition of former and potential recipients was considerably narrower than under the prior regulations. Services provided to former recipients would have had to have been provided within three months after assistance was terminated (compared with two years under the former regulations). Persons could have qualified for services as potential recipients only if they were likely to become recipients within six months and only if they had incomes no larger than 150 percent of the State's cash assistance payment standard. In the case of child care services, potential recipients with incomes above that limit but not more than 233 $\frac{1}{2}$ percent of the cash assistance payment standard could have qualified for partially subsidized child care. Under the former regulations services could be made available to individuals likely to become recipients within five years and without any specific income tests. The former regulations also permitted eligibility to be established for some services on a group basis (for example, services could be provided to all residents of a low-income neighborhood). The new regulations would have not permitted group eligibility but would have required the welfare agency to make an individualized eligibility determination for each recipient of services.

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

Procedural provisions.—The May 1 regulations would have changed a number of the administrative requirements imposed upon the States in connection with services; for example, the requirement of an AFDC advisory committee would have been dropped and the requirement of recipient participation in the advisory committee on day care services would have been eliminated. Similarly, a fair hearing procedure (as applicable to serv-

ices) would no longer have been mandated. The regulations would have required more frequent review (every 6 months rather than each year) of the effectiveness of services being provided and would have required that agreements for purchase of services from sources other than the welfare agency be reduced to writing and be subject to HEW approval.

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

Congressional Action to Postpone New Regulations

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

Revised Regulations

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

H.R. 3153 and Further Postponement of Regulations

H.R. 3153.—In the fall of 1973, the Committee on Finance agreed to an amendment to the House-passed bill H.R. 3153 which was designed to resolve the issue raised by the HEW social services regulations. In general, the social services provisions added to H.R. 3153 by the Committee would have retained the provisions of present law requiring States to provide welfare recipients certain types of services (for example family planning services), but would otherwise have given the States wide discretion in the use of available social services funds. The Committee recommendations were approved by the Senate in passing H.R. 3153 on November 30, 1973. The House conferees, however, were not willing to give immediate consideration to the Senate amendments to H.R. 3153. Legislation was agreed to at the end of 1973 invalidating the HEW regulations which had gone into effect on November 1 and prohibiting those or any other new social services regulations from becoming effective prior to January 1, 1975. Since that time the House conferees have not agreed to resume the conference on H.R. 3153.

New Social Services Proposal

H.R. 17045 and S. 4082.—On November 21, 1974, the Committee on Ways and Means ordered reported a new social services bill, H.R. 17045, which would amend the Social Security Act by adding a new title XX dealing with social services. This bill is essentially identical to a bill (S. 4082) introduced in the Senate on October 3, 1974 by Senator Walter F. Mondale. H.R. 17045 was passed by the House of Representatives on December 9, 1974 and referred to the Committee on Finance.

A detailed comparison of the differences between present law, the Senate version of H.R. 3153, and H.R. 17045 is presented starting on page 10 of this document. Some of the major areas of difference between these three approaches to social services are described below.

Persons eligible for services.—Under present law, States must provide services to recipients of aid to families with dependent children (AFDC) and, if they have a services program under Title VI, must provide services to aged, blind, and disabled persons who get Supplemental Security Income (SSI) benefits. These requirements would be unchanged by H.R. 3153. H.R. 17045 would permit States, if they chose, to provide no services at all. However, if a State did elect to have a services program under the bill, the State would have to meet a requirement that its total expenditures for services to welfare recipients and eligibles be equal to at least 50 percent of the amount of Federal social services funds used by the State. However, a State could, at least in theory, provide services to one category of welfare recipients but not to others (for example, to AFDC families but not to the aged, blind, or disabled persons, or *vice versa*).

Present law gives the States considerable latitude in providing services to nonwelfare recipients on the grounds that they are "former or potential" recipients. No income limits are specified in law or regulations and individuals can be considered potential recipients if the State finds them likely to be on welfare within the next five years. In addition, States can blanket groups of individuals into eligibility without individualized eligibility determinations (for example, all residents of a low-income neighborhood).

H.R. 3153 would give the States complete discretion in providing eligibility for services to nonwelfare recipients.

H.R. 17045 would permit States to make eligible for services nonwelfare recipients only up to an income limit which would vary from State to State (in the case of a family of 4, the limit would range from about \$12,500 to \$18,500 per year). In addition, nonwelfare recipients with incomes above certain limits (for a family of four, from about \$9000 to \$13,000, depending upon the State) would have to be charged fees related to their income. (See Table 2, p. 34).

Funding of program and allocation of funds.—Under present law, Federal funding for social services is limited to \$2.5 billion annually. The limit in each State is based upon the State's relative share of the national population and funds not used by a State are not re-allocated to other States. In the case of services for the aged, blind, and disabled and services related to child care, family planning, drug addiction and alcoholism, mental retardation and foster care, States may use all or any part of their allocated Federal funds for either recipients or non-recipients of welfare. Any funds used for other types of services, however, must be allocated in such a way that 90 percent of the funds are used for services to welfare recipients.

H.R. 3153 retains the \$2.5 billion annual national limit on social services but permits re-allocation of funds unused by any State. The requirement that 90 percent of funds for services (other than the six specified high-priority services) be devoted to welfare recipients would be repealed by H.R. 3153.

H.R. 17045 retains the \$2.5 billion limit and would not permit re-allocation of unused amounts. It would require that States expend for services to welfare recipients and eligibles an amount equal to at least 50 percent of the Federal funds received by the State. (For services matched at the 75 percent rate this would amount to a requirement that 37.5 percent of total matchable expenditures be used for welfare recipients and eligibles.) No specific services would be exempt from this requirement.

Types of services permitted.—Under present law, broad language in both the statute and regulations (for example "services to strengthen family life") has been interpreted to cover a very wide range of possible services. The exact limits of this language are hard to pin down and apparently have varied from time to time depending upon *ad hoc* determinations of HEW officials.

H.R. 3153 contains a lengthy list of services specifically permitted and specifies that States have complete discretion to provide any other services they consider appropriate.

H.R. 17045 similarly contains an illustrative list of permitted services and allows States to provide any other service not on the list. However, the bill also includes a list of certain specified types of expenditures for which Federal matching cannot be provided; for example, certain medical, educational, and institutional services could not be covered.

Mandatory services.—Under present law, certain services are specifically required in the statute and the Secretary of Health, Education, and Welfare is authorized to mandate other services meeting certain broadly stated statutory objectives. For example, the statute requires that family planning services be made available to AFDC families and includes specific penalties to be imposed upon States which do not meet this requirement. In regulations, the Department of Health, Education, and Welfare has listed a large number of other specific services in the mandatory category. It is questionable, however, whether any attempt is made to assure that these services are in fact made available by the States.

H.R. 3153 would not change the mandatory service requirements of present law insofar as the AFDC program is concerned.

In the case of the aged, blind, and disabled, H.R. 3153 would require at least three types of services (not specified) for the aged, blind, and disabled in place of the present requirement for protective, health, homemaker, self-support and other services enumerated in regulations.

H.R. 17045 lists five goals towards which services must be directed and requires that States provide at least one service directed at each of these five goals. However, the bill permits each State to determine whether or not a given service is directed at any particular goal. The goals are:

- (1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,
- (2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,
- (3) preventing or remedying neglect, abuse, or exploitation of children and adults, unable to protect their own interests, or preserving, rehabilitating, or reuniting families,
- (4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, and
- (5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Child care standards.—There is no specific provision relating to child care standards in the AFDC statute. However, the Economic Opportunity Act makes the Federal Interagency Day Care Requirements of 1968 applicable

to all HEW programs, presumably including child care funded under aid to families with dependent children. It is generally recognized, however, that compliance with these standards has not been monitored.

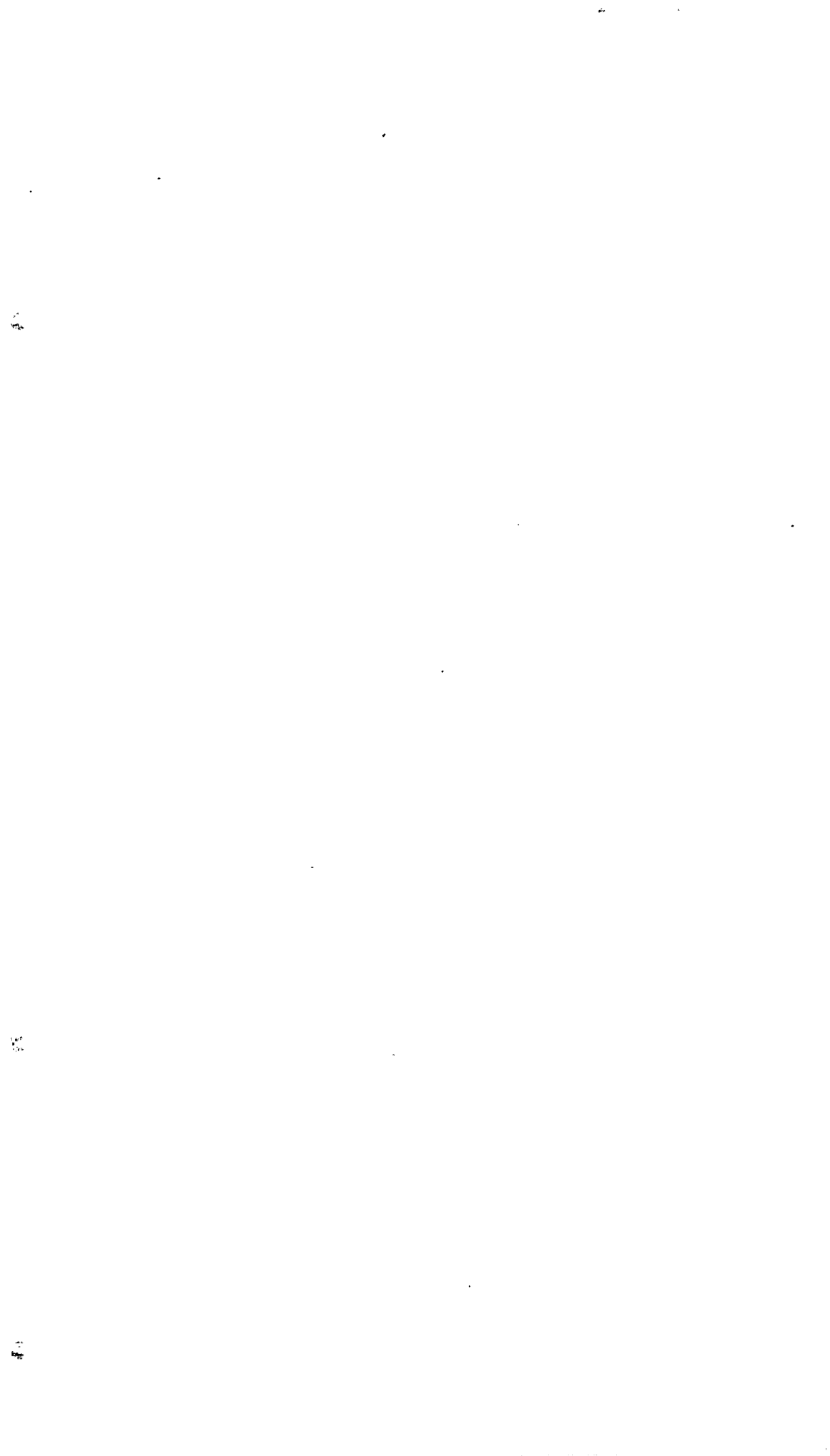
H.R. 3153 would require that in-home care meet State standards which are in accord with the recommendations of national organizations concerned with child care. Out-of-home care would have to meet the 1968 Interagency Requirements modified to make less stringent the staffing requirements and to make the educational content of child care programs recommended rather than mandatory. This requirement would apply to all child care under the Social Security Act including child care in connection with the Work Incentive (WIN) program.

H.R. 17045 would require that child care funded under the Social Security Act meet the 1968 Federal Interagency standards. In addition, for care of children under three years old outside the child's own home, the bill would require at least one caretaker for every two children, and that caretaker could attend no older children. Also, States would be required to establish standards for child care which are in accord with the recommendations of national organizations concerned with child care. These requirements would be applicable to child care both under Title XX and under the Work Incentive (WIN) program.

Program administration.—Traditionally social services have been a part of the public assistance programs. Originally, in fact, services costs were considered to be a part of the State's administrative costs in connection with administering their assistance programs. In the case of AFDC, social services are administered by the agency administering the AFDC program, and the services plan is a part of the State plan for aid to families with dependent children. For the aged, blind, and disabled, basic income maintenance is now provided through the Federal SSI program. Services, however, are provided through a State plan framework (similar to that applicable to AFDC) under Title VI of the Social Security Act.

H.R. 3153 would retain the services program in the framework of the State plans under Titles IV A and VI, but the HEW role with respect to services would essentially be limited to assuring that States provide the required services to welfare recipients. To the extent States exceeded these minimum requirements, they would have almost full discretion as to the administration of their services programs.

H.R. 17045 creates a new title XX of the Social Security Act which establishes a new administrative framework for social services involving the development of annual State plans for services which must meet a number of requirements. HEW would monitor the compliance of these plans with the requirements of law and the compliance of the services program with the provisions incorporated by the States in their annual plans.



**COMPARISON OF SOCIAL SERVICES PROVISIONS: PRESENT
LAW, H.R. 3153, H.R. 17045**

(9)

COMPARISON OF SOCIAL SERVICES PROVISIONS: PRESENT LAW, H.R. 3153, H.R. 17045

Present law	H.R. 3153 (as passed by the Senate)	H.R. 17045
1. Authorization		
<p>Provides for Federal matching for State expenditures for social services up to an annual ceiling of \$2,500,000,000.</p> <p>Services for families are authorized as a part of the public assistance AFDC program under title IV-A of the Social Security Act; services for aged, blind, and disabled are authorized under title VI.</p>	<p>Same as present law.</p> <p>.....do.....</p>	<p>Same as present law.</p> <p>Eliminates services authorization in titles IV-A and VI and substitutes an authorization under new title XX.</p>
2. Allotment to States		
<p>Provides for allocation of funds (within \$2,500,000,000 ceiling) among the States on the basis of State population.</p>	<p>Same as present law, except also provides for <i>reallocation</i> of unused funds among States which can use them.</p>	<p>Same as present law.</p>

3. Federal Matching

Matching formula. Provides for 75 percent Federal matching for social services (including the costs of personnel engaged in the delivery of social services); provides 90 percent Federal matching for family planning services and supplies. (Federal matching is subject to above described overall \$2,500,000,000 limit.)

Matching limitation. Provides that 90 percent of Federal matching funds must be used for services to recipients and applicants of cash assistance. Services for: aged, blind, disabled; child care; family planning; mentally retarded; addicts and alcoholics; children in foster care are excluded from this limitation.

Matching formula. Same as present law.

Matching limitation. Eliminates 90 percent requirement in present law; provides for State determination as to distribution of funds (although States must still meet plan requirements with regard to AFDC recipients and must provide at least 3 types of services to recipients of SSI).

Matching formula. Same as present law.

Matching limitation. Provides that an amount equal to 50 percent of Federal funds (i.e. 37.5 percent of total matchable funds at a 75 percent matching rate) used by State must be used for services to persons receiving or eligible to receive AFDC, SSI (including State supplementary payments), or Medicaid.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

4. Eligibility for Services

Provides for eligibility for services for individuals and families who are *recipients of and applicants for cash assistance*, and for *former and potential* recipients. *Current HEW regulations* specify that States may provide services to *former recipients* if they have received aid within the last 2 years; counseling and case-work services may be provided to former recipients without regard to the time since they last received aid.

States may consider individuals and families eligible for services as *potential recipients*, under current regulations, if they are likely to become recipients of cash assistance, i.e., those who (1) are eligible for medical assistance, (2) would be eligible for cash assistance if the earnings exemption applied to them, (3) are likely within 5 years to become recipients of cash assistance, (4) are at or near dependency level where

Provides for State determination of who is eligible for services, although certain services must be provided to AFDC recipients and 3 types of services must be provided to SSI recipients.

No specific requirement of providing services to AFDC or SSI recipients, but specified percentage (see number 3 above) of services funding must go to welfare recipients. Non-recipients may be provided services at State option if their income does not exceed 115 percent of the State median income for family of 4, adjusted for family size.

services are provided on a group basis, (5) and all families and children in the above groups, or a selected reasonable classification of families and children with common problems or common service needs.

5. Fees for Services ¹

Contains *no provision* for fees for services generally, although provides that States are to provide for payment for child care services in cases where families are able to pay part or all of the cost of care. This provision is not monitored by HEW, although sketchy information indicates some State activity in this area.

Same as present law.....

Prohibits fees for services to families or individuals who are recipients of or eligible for cash assistance or medical assistance; *requires* fees for services which are provided to individuals or families with incomes which are between 80 percent of the median income of a family of 4 in the State (or if lower, the median income of a family of 4 in the 50 States) adjusted to take into account the size of the family, and 115 percent of the median income of a family of 4 in the State, adjusted to take into account the size of the family. *Leaves to State option* whether to charge fees for services to families and individuals with incomes below 80 percent of median who are not eligible for or recipients of cash assistance.

¹ See also Appendix A, page 43.

6. Kinds of Services

State plans *must provide* for the development and application of a program for *family services* and *child welfare services* for each child and relative who receives AFDC as may be necessary in the light of the particular home conditions and other needs of the child or relative in order to assist them to attain or retain capability for self-support and care and in order to strengthen family life and foster child development. State plans must also provide for the development of a program for each appropriate relative and dependent child receiving AFDC for *preventing or reducing* the incidence of *births out of wedlock* and otherwise strengthening family life and by assuring that in all appropriate cases *family planning services* are offered to them and are provided promptly to all individuals voluntarily requesting such services.

Maintains the requirement in present law that State plans must provide for specified services for each child and relative who receives AFDC.

Adds a provision requiring that States provide services necessary to aid the prevention, identification, and treatment of *child abuse* and neglect and, wherever feasible, to make it possible for the child to remain in the home.

Adds a provision *requiring* States to provide at least 3 types of *services* for recipients of *supplemental security income*.

Provides otherwise that States may provide such social services as each State determines to be appropriate for meeting any of the *following goals*: (1) self-support goal, (2) family-care or self-care goal, (3) community-based care goal, and (4) institutional care goal. Services

Deletes the requirement in present law that State plans must provide for specified services for each child and relative who receives AFDC.

Provides for services directed at the goal of (1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency, (2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency, (3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families, (4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or (5) securing referral or admission for institutional care when other forms of care are not appropriate, or pro-

Family services are defined as services for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.

Child welfare services are defined as services which supplement or substitute for parental care and supervision for the purpose of preventing, remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children; protecting and caring for homeless, dependent, or neglected children; protecting and promoting the welfare of children of working mothers; and otherwise protecting and promoting the welfare of children, including the strengthening of their own homes or, where needed, the provision of adequate care of children away from their homes in foster family homes or day care or other child care facilities.

State plans *may provide* for any of the above services to individuals

include day care services for children, child care services for children with special needs, services for children in foster care, protective services for children, family planning services, protective services for adults, services for adults in foster care, homemaker services, chore services, home delivery or congregate meals, day care services for adults, health related services, home management and other functional educational services, housing improvement services, a full range of legal services, transportation services, educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, employment services or training leading to employment, information and referral services, special services for the mentally retarded, special services for the blind, services for alcoholism and drug addiction, special services for the emotionally disturbed, special services for the physically handicapped, *and any*

viding services to individuals in institutions.

Services may include but are not limited to child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral and counseling services, the preparation and delivery of meals, health support services, appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

Restricts the Secretary from denying payment with respect to any expenditure on the ground that it is not an expenditure for the provision of a social service or is not an expenditure for the provision of a service directed at one of the specified goals.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

6. Kinds of Services—Continued

and families who are former or potential recipients of AFDC.

State plans *must provide* for the availability to applicants and recipients of supplemental security income benefits of at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary. (Under current regulations these include protective services, services to enable persons to remain in or return to their homes or communities, services to meet health needs, self-support services for the handicapped, homemaker services, and special services for the blind.)

The State *may provide* other services specified by the Secretary as likely to prevent or reduce dependency. (Current regulations define these as services to improve living arrangements and enhance activities of daily living, services to in-

other services which the State finds appropriate to meeting the 4 listed goals,

Provides that except for the mandated services for recipients of cash assistance, *States are not to be restricted* in determining what services they will make available, and in determining what constitutes a social service.

State plans must provide for *at least 1 service* directed at *at least 1 of the goals* in each of the 5 categories of goals.

dividuals and groups to improve opportunities for social and community participation, and services to individuals to meet special needs—such as legal services, services for alcoholics, drug addicts, and mentally retarded, and special services for the blind, deaf and otherwise disabled.)

7. Prohibited Expenditures

Present law does not specify in the statute types of expenditures which may not be used to claim Federal matching under the services provision (except for a provision requiring that vocational rehabilitation services, to be matched, must be provided through arrangements with the State vocational rehabilitation agency). However, certain restrictions are spelled out in the regulations. Expenditures specifically listed as ineligible for matching by regulation include: medical and subsistence costs (with a number of specified exceptions); vendor pay-

H.R. 3153 would have left the States complete discretion to determine which types of expenditures constituted services eligible for matching.

H.R. 17045 lists a number of specific types of expenditures for which matching will not be available. Apart from these prohibited items, States would be free to determine that any expenditure constitutes a service eligible for matching.

Medical care other than family planning, room and board costs; educational costs, and costs of services to persons in institutions and foster homes generally are not eligible for Federal matching, although they can be matched under certain specified circumstances.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

7. Prohibited Expenditures—Continued

ments for foster care; costs of construction and major renovation; raw food costs in connection with the provision of home-delivered meals.

In addition, the statute provides for regulations to specify the conditions under which services purchased by welfare agencies from other agencies or organizations may be matchable. Regulations with respect to such purchased services require among other things that the rates of payment for the services do not exceed what is reasonable and necessary.

Beyond the specific restrictions, however, the Department of Health, Education, and Welfare has been able to disallow expenditures on the basis that they do not come under any of the specifically allowable categories which are included in the existing law or regulations. Because of the rather general language used to describe some categories of services, interpretations may vary con-

The bill also prohibits, under all circumstances, matching for costs of purchasing, construction, or making major modifications in land, buildings, or equipment, and for the cost of providing cash payments.

siderably as to what types of expenditures would or would not be allowable under this criterion.

8. Use of Donated Funds for Matching Purposes

Includes no provision referring to use by the States of donated funds to meet the matching requirements for Federal participation. Current *regulations*, however, provide that use of private donated funds as the State's share of the matching requirements is *permitted only where* the funds are placed under the control of the welfare agency on an unrestricted basis, except that the donor can specify that the funds are to be used for a particular type of service in a particular community (provided that the donor is not the sponsor or operator of the activity being funded). Donated funds *may not be considered* to meet the State matching requirements *if they revert to the donor's facility* or use, or if they are earmarked for a particular individual or for members of a particular organization. There is *no regulation providing for in-kind* contributions. However, the practice of HEW has been to deny matching for in-kind contributions.

Provides that donated private funds *may be considered* as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable.) Donated funds which are *in-kind may also be considered* as State funds if they meet the definition in OMB Circular A-102, as in effect on Oct. 1, 1973.

Provides that donated private funds *may be used* to meet Federal matching requirements if they are transferred to the State and under its control without restrictions as to use, other than restrictions as to the type of services to be provided (imposed by a donor who is not a sponsor or operator of a program providing such services) or as to the geographic area in which the services are to be provided. Funds *may revert* to the donor's facility if the donor is a non-profit organization. *In-kind* contributions of non-public entities are not eligible for matching under any circumstances.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

9. Provisions Relating to Child Care ²

Requires each State to have a program of family and child welfare services (which include child care services) for each child and relative receiving AFDC as may be appropriate in view of the particular home conditions and other needs. The AFDC statute does not specify child care standards but the standards applicable to the Child Welfare Services program (part B of title IV) are made applicable to all of title IV including AFDC, and the Economic Opportunity Act requires all HEW child care programs to follow the Federal Interagency Day Care Requirements of 1968.

The child welfare services legislation requires: cooperative arrangements with State health and educational agencies, day care advisory committees, safeguards to assure the provision of day care only where it is in the best interest of mother and child, provisions for the pay-

Maintains provisions of present law but *adds* requirement specifically applicable to child care under the Social Security Act that (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations and (2) out-of-home child care shall meet State licensing requirements and the 1968 Federal Interagency Day Care Requirements with modifications which ease somewhat the staffing ratios prescribed by those requirements and which provide that the educational content of day care programs is to be recommended rather than mandatory.

Eliminates provision in present law with regard to State *plans* for services for children who receive AFDC. Provides that *child care may be offered* as part of the State social service plan and must meet specific *standards*: in the case of care *in the child's home*, standards established by the State which are reasonably in accord with recommended standards of national standard-setting organizations concerned with the home care of children; or in the case of care *provided outside the home* the care meets the 1968 *Federal Interagency Day Care Requirements*, and in the case of care provided to a *child under three*, there must be at least one caregiver for every two children.

The Secretary is required to submit to the Senate and the House, during the 1st 6 months of 1977, an *evaluation* of the appropriateness of the above requirements with *recom-*

ment of reasonable fees, priority for members of low-income and other groups having the greatest need for day care, assurances that day care will be provided only in licensed facilities, and provisions for the involvement of parents.

The Federal interagency requirements set limitations on the numbers and ages of children who may be cared for in different types of day care facilities, set minimum staffing ratios (1 adult for 5 children aged 3 or 4 in day care centers, 1 adult for 10 children aged 6 to 14 in centers, etc.). These standards also specify general requirements with respect to location and type of facilities which must be made available and require educational, social, health, and nutritional services of various types to be included in all day care programs. Requirements are also provided for parent involvement and other administrative matters.

Note: It is generally recognized that there is little or no monitoring by HEW of compliance with these child care standards.

mendations for modification. After 90 days he may make such modifications as he determines appropriate.

If a State program for services includes child day care services the State plan must provide for the establishment or *designation* of a *State authority* which shall be responsible for establishing and maintaining standards for such services which are reasonably in accord with recommended standards of national organizations concerned with standards for such services, including standards related to admission policies, safety, sanitation and protection of civil rights.

² See also Appendix B, page 47.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

10. Family Planning Provisions

Provides that State plans must provide for the development of a program for each appropriate relative and dependent child receiving AFDC for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life and by assuring that *in all appropriate cases family planning services are offered to them and are provided promptly to all individuals voluntarily requesting such services.*

Provides for 90 percent Federal matching for family planning services.

Provides for reduction in Federal matching under part A of title IV if States fail to provide required family planning services.

States may receive matching for services to former and potential recipients of cash assistance.

Maintains provision in present law, but provides also that States may not be restricted in determining who is eligible for services, including family planning services.

Deletes provision in present law. Provides that States may offer family planning services as part of social services program and may receive 90 percent Federal matching for such services.

11. Social Services Plans

Federal matching is available under titles VI and IV A for services provided according to the State plan under these titles. The law specifies certain elements which must be included in these plans, which must be approved by the Secretary of Health, Education, and Welfare. Plans, once approved, remain in force permanently but may be revised by the State with the approval of the Department.

Same as under existing law, but adds a requirement that States compile and make public, at least 45 days before the start of a fiscal year, a list of the social services to be provided during that year. The notice must indicate the types of services, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type. The report may be modified at any time.

Requires the governor of each State (or other official if provided by State law) to publish and make generally available a proposed comprehensive annual services program plan at least 90 days before the beginning of the State's "services program year" (i.e. either the State or Federal fiscal year). Public comment must be accepted for 45 days. Thereafter and before the start of the services year, the Governor must publish a final annual services plan with an explanation of how and why it differs from the proposed plan.

The annual plan must state objectives; services to be provided; a description of planning, evaluating, and reporting activities; source of funding; administrative structure; estimated expenditures by type of service, category of recipient, and geographic area.

Any amendment to a final comprehensive services program plan must be published with at least 30 days allowed for public comment.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

11. Social Services Plans—Continued

Proposed and final plans and amendments must be approved by the Governor or other official specified in State law. Federal matching is to be denied for services not provided in accordance with approved plans.

12. Requirements Relating to State Administration

For services to families and children. A State plan for services must provide that it shall be in effect in all political subdivisions of the State; for the establishment or designation of a single State agency to administer the plan or to supervise the administration of the plan; for the establishment and maintenance of personnel standards on a merit basis; for the training and use of

Generally maintains the administrative requirements and penalties described under present law.

Provides that the State plan must provide for an opportunity for a fair hearing to any individual whose claim for a service is denied or not acted on with reasonable promptness; the designation of an appropriate agency to administer or supervise the administration of the State's program; the establishment and maintenance of personnel standards on a merit basis; the

paid subprofessional staff and the use of volunteers.

If in the administration of the plan a State fails to comply with required provisions the Secretary is to withhold payments (or payments may be limited to parts of the plan not affected by the failure) until he is satisfied that there is no longer failure to comply.

For services to the aged, blind and disabled—provides for basically the same plan requirements as required for services to families and children, but also provides that if on Oct. 1, 1972, the State agency which administered the program for the blind was different from the agency administering the other programs, that agency may be designated as the administering agency for the program for the blind.

Note: 3 States—Massachusetts, North Carolina, and Virginia have separate agencies to administer services for the blind.

State's program to be in effect in all political subdivisions of the State.

If in the administration of the plan there is substantial failure to comply the Secretary may withhold payments until he is satisfied that there will no longer be such failure to comply; or, if he determines appropriate, he may instead reduce the amount otherwise payable by 3 percent for parts of the plan with respect to which there is a finding of noncompliance.

Services for families and for aged, blind, and disabled would be provided under a single title. There is no specific provision for a separate agency to administer services for the blind.

13. State Requirements for Program Reporting, Evaluation, and Audit

Generally requires the States to make such reports, in such form and containing such information, as the Secretary may from time to time require.

Provides that the Secretary shall require the States to make reports concerning the use of social services funds, which shall be the basis of the Secretary's annual reports to the Congress.

Requires that each State that has a social services program must provide within 90 days of the end of the year (or such longer period as the Secretary may provide) for the publication of a social services report which describes the extent to which the program was carried out during the year, and the extent to which the goals and objectives of the plan were achieved.

Requires each State to have a program for evaluation of the State's program.

Requires each State to submit to the Secretary, and make available to the public, information concerning the services it provides, the categories of individuals to whom services are provided, and other information as the Secretary may provide. In establishing requirements for reporting the Secretary is directed to take into account other

reporting requirements imposed under the Social Security Act.

Requires States to make available to the public, within 180 days after the end of the services program year, the report of an audit of the expenditures for the provision of social services which sets forth the extent to which those expenditures were in accordance with the State's final comprehensive annual services program plan and the extent to which the State is entitled to payment for such expenditures.

If the Secretary, after opportunity for a hearing to the State, finds that there is substantial failure to comply with any of the requirements for reporting, evaluation and audit, or to meet the maintenance of effort requirement, he shall terminate payment to the State until he is satisfied that there will no longer be any failure to comply. As an alternative, the Secretary may instead impose a reduction of 3 percent in payments for each area of activity in which there is substantial non-compliance.

Present law

H.R. 3153 (as passed by the Senate)

H.R. 17045

14. Maintenance of Effort

No provision.

Requires that any increase in Federal funding used by a State to purchase social services must result in an increase in the level of services and not represent the purchase of the same services previously purchased with State funds.

Requires that a State may not spend less for social services than it spent for services in fiscal year 1973 or fiscal year 1974 whichever is less. No State, however, would be required to spend more than is needed to entitle it to its full allotment of Federal social services funds under the \$2,500,000,000 annual national limit.

13
88

15. Work Incentive Program Services

Separate provisions are made for services supporting the participation of individuals in the Work Incentive (WIN) program. These Services are funded under closed-end appropriations outside of the \$2,500,000,000 limitation applicable to social services generally.

Does not modify WIN services provisions. (However, the new child care standards requirements would be applicable to child care under WIN.)

Does not modify WIN services provisions. (However, the new child care standards requirements would be applicable to child care under WIN.)

TABLES

(20)

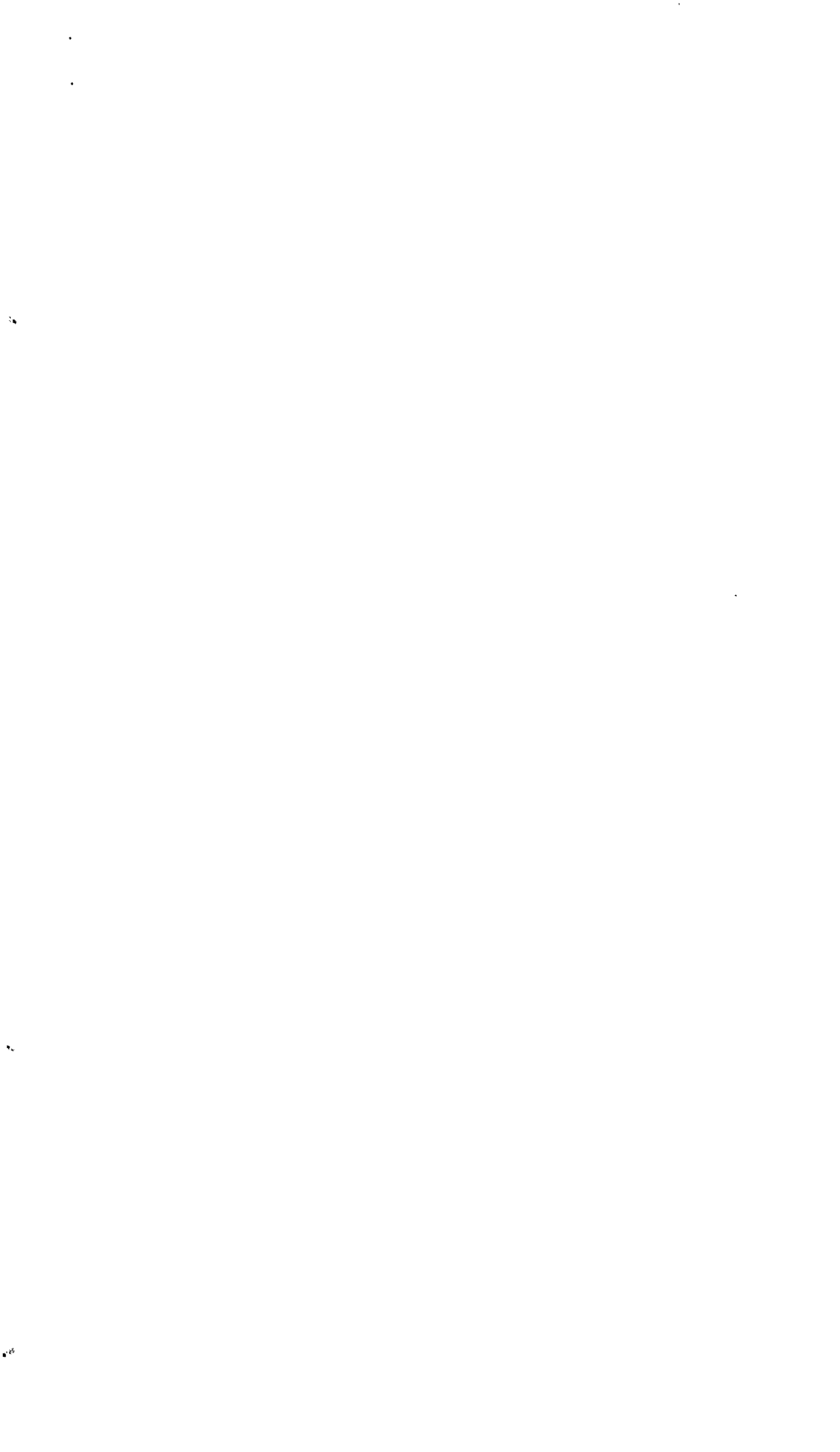


TABLE 1.—FEDERAL SOCIAL SERVICES FUNDING

State	Full allocation under \$2,500,000,000 limit	Amount of allocations used by State in fiscal year		
		1973 (actual)	1974 (estimated)	1975 (estimated)
Total.....	\$2,500,000,000	\$1,604,996,707	\$1,577,984,679	\$1,803,499,758
Alabama.....	42,140,000	16,278,683	20,237,852	24,599,000
Alaska.....	3,901,750	6,414,618	3,043,020	3,900,000
Arizona.....	23,351,250	3,182,326	3,018,546	3,412,000
Arkansas.....	23,747,250	6,276,582	5,988,020	6,396,063
California.....	245,733,250	211,583,774	245,733,250	245,733,250
Colorado.....	28,297,500	21,879,564	24,697,070	28,297,500
Connecticut.....	37,001,750	21,067,497	37,001,750	37,000,000
Delaware.....	6,783,250	7,839,897	5,300,853	5,434,913
District of Columbia.....	8,980,250	8,320,353	8,980,250	8,980,250
Florida.....	87,149,500	42,024,891	19,834,264	40,000,000
Georgia.....	56,667,000	48,488,595	38,921,188	40,124,985
Hawaii.....	9,712,500	2,321,023	6,103,394	9,143,471
Idaho.....	9,076,250	4,708,367	7,184,647	8,889,969
Illinois.....	135,076,500	139,454,609	113,469,003	126,355,000
Indiana.....	63,522,250	7,230,470	7,178,536	6,374,656

(31)

TABLE 1.—FEDERAL SOCIAL SERVICES FUNDING—Continued

State	Full allocation under \$2,500,000,000 limit	Amount of allocations used by State in fiscal year		
		1973 (actual)	1974 (estimated)	1975 (estimated)
Iowa.....	34,612,500	12,673,536	16,186,407	18,818,837
Kansas.....	27,109,000	6,902,308	7,912,361	11,330,425
Kentucky.....	39,607,000	25,771,941	24,937,530	29,639,000
Louisiana.....	44,661,250	20,738,470	20,644,940	21,776,182
Maine.....	12,354,000	8,671,871	7,183,182	7,500,000
Maryland.....	48,695,250	26,897,470	29,864,389	44,620,469
Massachusetts.....	69,477,000	16,957,859	28,638,119	59,026,750
Michigan.....	109,036,000	59,145,311	65,706,638	78,016,000
Minnesota.....	46,774,250	29,317,354	39,368,374	46,774,250
Mississippi.....	27,169,000	11,540,994	5,378,763	6,246,227
Missouri.....	57,063,250	15,068,712	17,578,938	19,650,137
Montana.....	8,632,000	3,730,632	4,044,767	4,125,000
Nebraska.....	18,308,750	9,956,859	11,863,756	14,068,000
Nevada.....	6,327,000	1,750,832	2,181,761	2,652,000
New Hampshire.....	9,256,500	4,048,085	4,553,209	6,473,000

New Jersey.....	88,446,250	39,416,723	45,105,335	51,177,000
New Mexico.....	12,786,000	6,718,164	8,385,104	12,784,000
New York.....	220,497,250	220,497,250	220,497,250	220,497,250
North Carolina.....	62,597,750	22,582,777	21,551,479	26,666,782
North Dakota.....	7,587,500	3,962,570	3,725,135	3,448,756
Ohio.....	129,457,750	41,607,656	46,753,164	50,000,000
Oklahoma.....	31,623,000	24,805,756	16,889,381	18,331,562
Oregon.....	26,196,500	26,822,190	26,196,500	26,196,500
Pennsylvania.....	143,180,250	87,930,760	102,123,027	118,077,000
Rhode Island.....	11,621,500	9,417,509	11,022,726	11,437,000
South Carolina.....	31,995,250	21,325,273	10,996,990	18,414,000
South Dakota.....	8,152,000	2,469,433	1,817,946	1,818,000
Tennessee.....	48,395,000	24,955,917	15,576,979	16,624,000
Texas.....	139,854,750	99,087,150	93,803,790	117,505,000
Utah.....	13,518,500	5,479,162	5,712,463	5,139,216
Vermont.....	5,546,750	3,171,845	3,030,343	3,615,408
Virginia.....	57,195,250	20,211,917	23,773,657	27,614,212
Washington.....	41,335,750	76,865,796	41,335,750	41,335,750
West Virginia.....	21,382,250	8,170,853	11,102,627	11,367,624
Wisconsin.....	54,265,750	58,540,192	34,815,275	54,265,750
Wyoming.....	4,142,000	714,331	1,034,981	1,827,614

Source: Department of Health, Education, and Welfare.

TABLE 2.—LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES
UNDER H.R. 17045 FOR NONRECIPIENTS OF WELFARE
AND AFDC PAYMENT STANDARDS

[For Four-Person Families]

State	Social Services May Be Provided to Families With Incomes up to: ¹		Families Eligible for AFDC If Income Is Below: ²
	Without fee ³	If fee is charged	
Alabama.....	\$9,530	\$13,699	\$1,488
Alaska.....	12,908	18,555	4,800
Arizona.....	10,904	15,675	3,384
Arkansas.....	8,830	12,694	3,300
California.....	12,004	17,256	4,164
Colorado.....	10,959	15,754	3,144
Connecticut.....	12,604	18,118	3,984
Delaware.....	11,402	16,391	3,444
District of Columbia.....	10,711	15,397	3,348
Florida.....	10,462	15,039	2,676
Georgia.....	10,190	14,648	2,724
Hawaii.....	12,398	17,823	4,788
Idaho.....	9,928	14,272	3,576
Illinois.....	11,999	17,249	3,456
Indiana.....	11,222	16,132	4,356
Iowa.....	10,608	15,249	4,512
Kansas.....	10,422	14,982	3,984
Kentucky.....	9,439	13,569	2,808
Louisiana.....	9,569	13,755	1,464
Maine.....	9,641	13,859	4,188
Maryland.....	12,060	17,336	2,712
Massachusetts.....	11,816	16,986	3,648
Michigan.....	12,034	17,298	4,560
Minnesota.....	11,293	16,233	4,440
Mississippi.....	8,730	12,549	3,324
Missouri.....	10,691	15,369	4,044
Montana.....	9,939	14,288	3,288
Nebraska.....	10,190	14,649	3,684
Nevada.....	11,722	16,850	2,412
New Hampshire.....	10,987	15,794	4,152
New Jersey.....	12,434	17,874	4,272
New Mexico.....	9,616	13,824	2,868
New York.....	11,792	16,952	4,704
North Carolina.....	9,752	14,019	2,208
North Dakota.....	9,458	13,596	3,780

See footnotes at end of table.

TABLE 2.—LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES
UNDER H.R. 17045 FOR NONRECIPIENTS OF WELFARE
AND AFDC PAYMENT STANDARDS—Continued

[For Four-Person Families]

State	Social Services May Be Provided to Families With Incomes up to: ¹		Families Eligible for AFDC if Income Is Below: ²
	Without fee ³	If fee Is charged	
Ohio.....	\$11,417	\$16,412	\$2,412
Oklahoma.....	9,844	14,151	2,832
Oregon.....	10,980	15,783	3,936
Pennsylvania.....	11,429	16,430	4,188
Rhode Island.....	11,046	15,879	3,732
South Carolina.....	9,620	13,829	2,604
South Dakota.....	9,335	13,419	3,936
Tennessee.....	9,494	13,646	2,604
Texas.....	10,468	15,047	1,680
Utah.....	10,397	14,946	3,288
Vermont.....	10,266	14,757	4,320
Virginia.....	10,674	15,344	3,732
Washington.....	11,583	16,650	4,032
West Virginia.....	9,280	13,341	2,604
Wisconsin.....	11,289	16,228	4,836
Wyoming.....	10,442	15,010	3,120

¹ Source: House Report on H.R. 17045. According to the House Report: "This is illustrative only, as there are a number of statistical mechanisms which should be explored." The limits specified in the bill (80 percent and 115 percent of State median income) are not available on a year-by-year basis. Accordingly, the amounts would have to be projected from 1970 census data. The bill does not specify the method of projection or the year to which they are to be projected. The figures in this table were developed by the Department of Health, Education, and Welfare by adding to the 1970 census data for each State the dollar amount of the increase in national median income between 1969 and 1973. Another illustrative table issued by the Department uses the procedure of increasing 1970 census data by the percentage increase in national median income between 1970 and 1973.

² Limited to 100 percent of national median income, which for 1973 was \$13,710.

³ Data as of July 1974. Source: Department of Health, Education, and Welfare.

TABLE 3.—FISCAL YEAR 1972 EXPENDITURES FOR SOCIAL SERVICES BY CATEGORY AND OBJECT OF EXPENDITURE (FEDERAL, STATE, AND LOCAL FUNDS)

[Dollar amounts in thousands]

Social service	Total		Expenditure amounts for—			Expenditure amounts for—		
	Amount	Percent of total	Services for families (title IV-A)	Child welfare services (title IV-B)	Aged, blind, and disabled	Personnel	Purchased services	Other
All services.....	\$2,771,019	100.0	\$1,761,868	\$532,324	\$476,827	\$860,332	\$1,730,931	\$179,756
General information and referral.....	70,957	2.6	47,828	2,424	20,705	56,603	2,363	11,991
Adoptions.....	65,753	2.4	55,469	10,284	.....	54,798	.....	10,955
Child foster care.....	712,415	25.7	240,739	471,676	.....	177,112	500,154	35,149
Services to unmarried mothers.....	30,288	1.1	27,276	3,012	.....	24,160	1,127	5,001
Child protection.....	107,764	3.9	99,390	8,374	.....	85,507	4,301	17,956
Child care.....	432,884	15.6	408,478	24,406	.....	64,009	1 355,339	13,536
Child rearing and delinquency prevention.	56,788	2.0	53,997	2,791	.....	29,800	20,716	6,272
Social work in public schools.....	17,633	.6	17,633	.....	.....	.....	17,633	.....
Special services for handicapped children..	150,347	5.4	150,347	.....	.....	.....	150,347	.....
Special services for culturally deprived children.....	54,300	2.0	54,300	.....	.....	.....	54,300	.....

Adult and family functioning.....	35,489	1.3	25,060	1,763	8,666	25,843	4,222	5,424
Family planning.....	12,425	.4	11,755		670	3,029	8,733	663
Consumer education and money management.....	16,693	.6	13,934		2,705	13,055	729	2,855
Housing improvement.....	34,775	1.3	27,193	73	7,509	28,198	444	6,133
Homemaker and chore services.....	119,137	4.3	55,201	1,748	62,188	61,904	44,021	13,212
WIN employment and training.....	97,164	3.5	97,164			56,461	28,225	12,478
Employment and training.....	145,753	5.2	116,923	147	28,683	44,498	91,630	9,652
Health access.....	46,089	1.7	28,138	294	17,657	34,756	3,887	7,446
Alcoholism and drug addiction.....	162,693	5.9	45,170		117,523	11,551	148,721	2,421
Community adjustment—Mental health retardation.....	175,517	6.3	64,223		111,294		175,517	
Community adjustment—Crime and delinquency.....	65,878	2.4	53,833		12,045		65,878	
Adult home and community living arrangements.....	15,110	.5			15,110	11,266	1,044	2,800
Adult protection.....	15,901	.6			15,901	13,577		2,324
Institutional adjustment.....	37,549	1.4	2,452		35,097	19,065	14,551	3,933
Other.....	91,771	3.3	65,365	5,332	21,074	45,140	37,076	9,555

¹ \$46,000,000 of this amount relates to child care provided persons participating in the work incentive program.

Source: "Cost Analysis of Social Services, Fiscal Year 1972," prepared for the Department of Health, Education, and Welfare by Touche Ross & Co.

TABLE 4.—ESTIMATED DISTRIBUTION OF FEDERAL SOCIAL SERVICES FUNDS UNDER CURRENT LAW

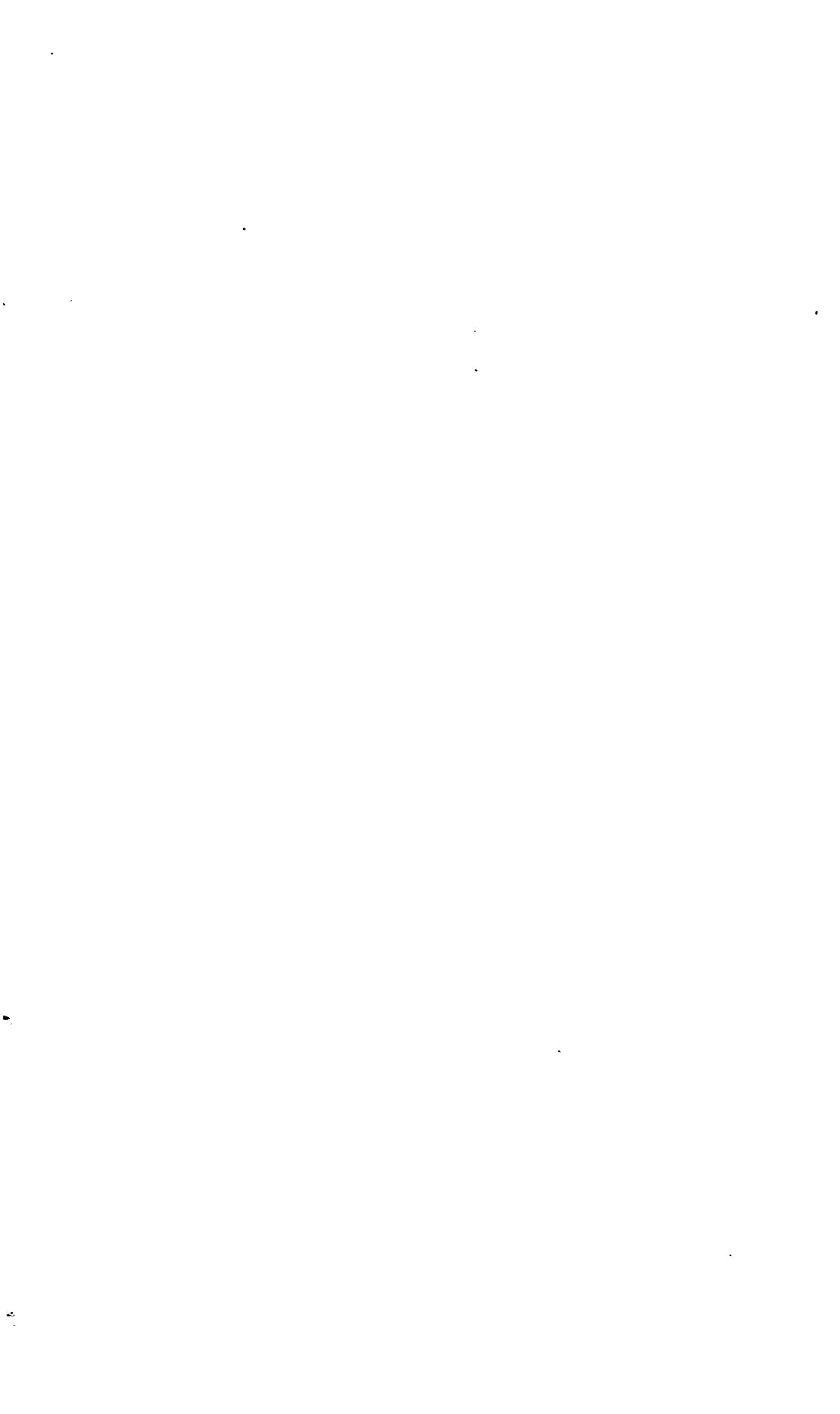
Type of service	Federal funding (millions of dollars)				Number of Persons Served ¹ (in thousands)	
	Fiscal 1974		Fiscal 1975		Fiscal 1974	Fiscal 1975
	Amount	Percent	Amount	Percent		
All Services	\$1,588.0	100	\$1,700.0	100	6,205	7,475
Services for families	1,189.0	74.9	1,225.0	72.1	4,470	5,147
Services for aged, blind, disabled	399.0	25.1	475.0	27.9	1,735	2,328
Specific services:						
Day care:						
Families	385.4	24.3	464.0	27.3	700	850
Aged, blind, disabled (ABD)	8.0	.5	18.0	1.0	16	36
Foster care:						
Families	261.6	16.5	267.0	15.7	816	800
ABD	7.5	.5	8.0	.5	17	18
Mentally retarded:						
Families	156.9	9.9	130.0	7.6	315	270
ABD	42.0	2.6	50.0	2.9	138	165
Protective:						
Families	102.3	6.4	100.0	5.9	490	476
ABD	73.0	4.6	85.0	5.0	342	400

Homemaker/chore:						
Families.....	46.4	2.9	45.0	2.6	118	110
ABD.....	68.0	4.3	75.0	4.4	161	180
Health related:						
Families.....	25.0	1.6	25.0	1.5	460	450
ABD.....	85.0	5.4	95.0	5.6	773	865
Drug abuse:						
Families.....	19.0	1.2	12.0	.7	24	16
ABD.....	51.0	3.2	62.0	3.6	212	250
Alcoholism:						
Families.....	11.8	.7	7.0	.4	30	18
ABD.....	27.0	1.7	30.0	1.8	105	115
Family planning:						
Families.....	54.7	3.4	60.6	3.6	2,700	3,350
ABD.....	3.3	.2	3.9	.2	175	215
Housing:						
Families.....	26.1	1.6	25.0	1.5	167	160
ABD.....	(²)		(²)		(²)	(²)
All other:						
Families.....	99.8	6.3	89.4	5.2	963	894
ABD.....	34.2	2.2	48.1	2.8	326	480

¹ Numbers are not additive to totals since the same individuals may receive more than one type of service.

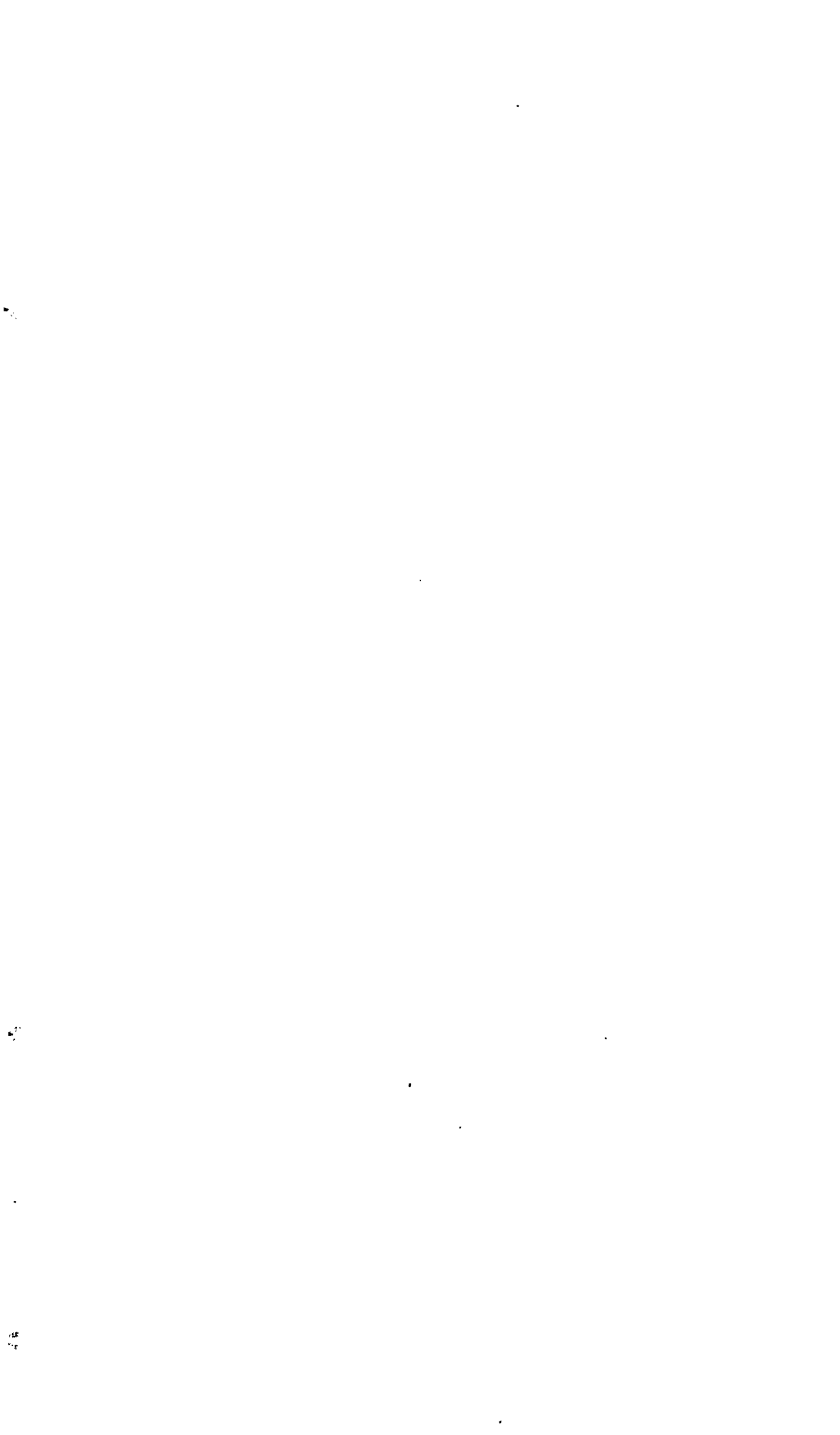
² Included in "all other" category.

Source: Based on estimates developed by the Department of Health, Education, and Welfare subject to the following caution: "Insufficient program data is developed either by the States or by the Department of HEW to confirm these estimates as actuals. The estimates are developed by the Department by extrapolating State reports with survey data and trend indications."



APPENDIXES

- A. Fees for Services Under H.R. 17045**
- B. Federal Interagency Day Care Requirements of 1968**
- C. Changes in Existing Provisions of the Social Security Act Under
H.R. 17045**



APPENDIX A

Fees For Services under H.R. 17045

H.R. 17045 introduces into the social services program a basically new concept of charging non-welfare-recipients fees for services of all types (except referral and protective services). While present law does authorize the charging of fees for day care and there is some evidence that a number of States have made some use of this authority, no HEW direction has been given to the States in this area and the information on the extent to which such fees are actually used is very sketchy.

Under H.R. 17045, services provided to recipients of AFDC and SSI and to persons eligible for medicaid would have to be made available without charge. In addition, States could provide free services to persons or families with incomes up to 80 percent of the State median family income. For persons with higher incomes, free services would be prohibited except for information and referral services and services directed at the goal of protecting children and adults.

Thus, the bill requires that States charge fees for services it makes available to those whose income is between 80 percent and 115 percent of the State median income. Families and individuals with income above 115 percent of the State median would be ineligible for federally matched services.

H.R. 17045 does not specify the nature of the fee schedules which must be used by the States beyond a general admonition that fees be related to income. In theory, States could charge fees even to those with incomes below the 80 percent of median income level, provided that no such fees were assessed against welfare recipients. If, however, a State constructed its fee schedules so as to provide free services to all those up to the 80 percent of median income level (above which fees must be charged) and if it constructed the schedules to rise evenly with income so that no fee is assessed at the 80 percent of median income level and a fee equal to the cost of the service is assessed at about the 115 percent of median income level, the resultant fee schedules would be approximately as shown in the following table.

POSSIBLE FEES FOR DAY CARE COSTING \$1,800 ANNUALLY

Gross income (family of 4)	Low-Income State	Medium-Income State	High-Income State
\$7,000.....	0	0	0
\$8,000.....	0	0	0
\$9,000.....	\$127	0	0
\$10,000.....	598	\$153	0
\$11,000.....	1,069	580	0
\$12,000.....	1,540	1,007	0
\$13,000.....	(¹)	1,434	\$129
\$14,000.....	(¹)	(¹)	456
\$15,000.....	(¹)	(¹)	793
\$16,000.....	(¹)	(¹)	1,120
\$17,000.....	(¹)	(¹)	1,447
\$18,000.....	(¹)	(¹)	1,774
\$19,000 and over.....	(¹)	(¹)	(¹)

¹ Ineligible for subsidy.

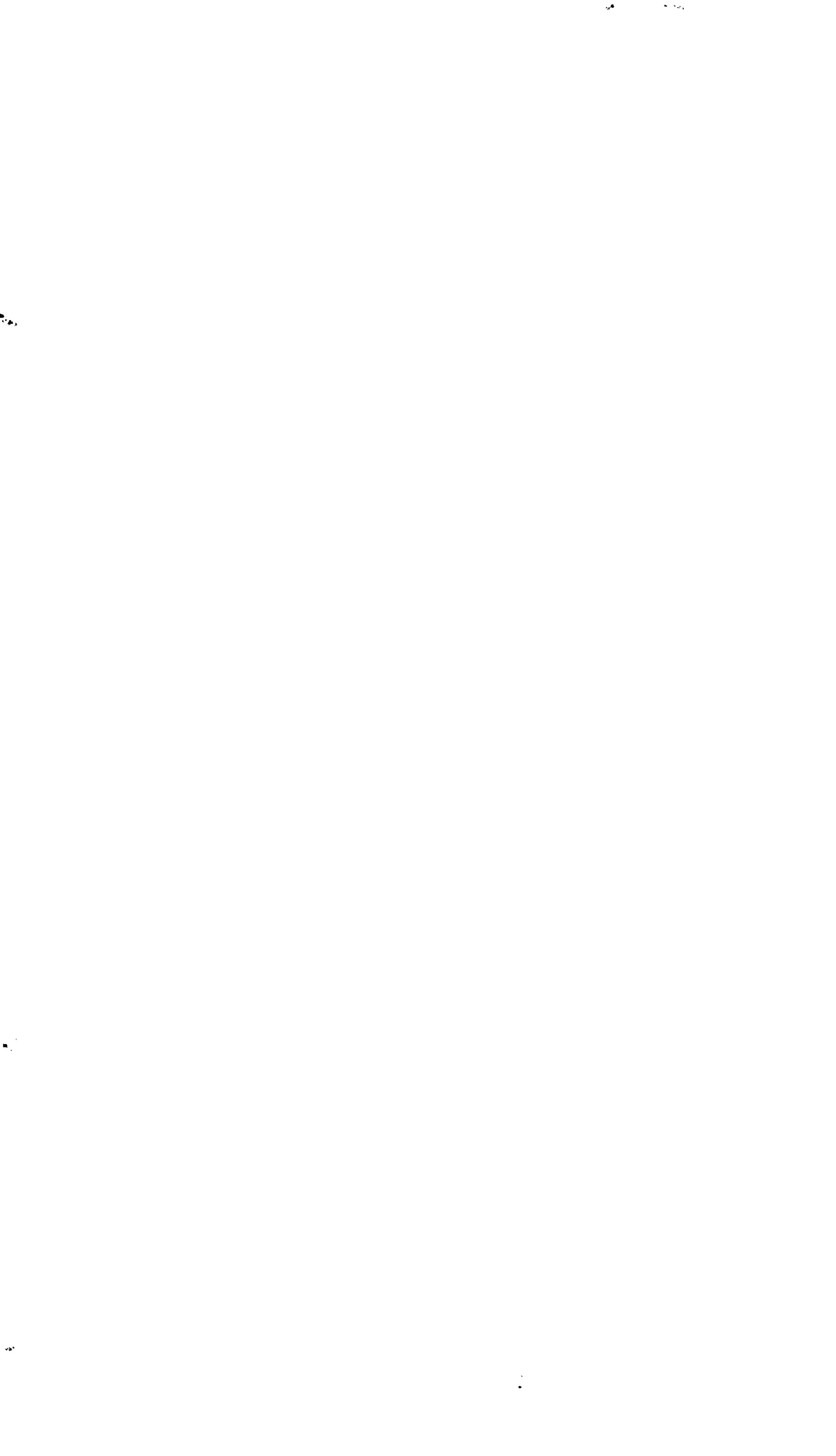
Families with equal income can thus be treated very differently under the bill, depending on where they live. As the table shows, a family with \$11,000 in gross annual income could be charged \$1,069 in the low-income State for day care that costs \$1,800, \$580 a year in the medium-income State, and zero in the high-income State. This reflects the fact that the bill allows the high-income State to give free day care (75 percent funded by the Federal Treasury) to a family of four with \$12,000 in annual income, but it prohibits the low-income State from using Federal funds to give reduced price day care to a family of four with only \$13,000 income.

NOTE.—The above table was based on the illustrative table of State by State eligibility levels developed by the Department of Health, Education, and Welfare for the House Report (see Table 2, page 34). Another illustrative table developed by the Department using a different methodology would yield the following schedule of fees under the same assumptions as stated above.

POSSIBLE FEES FOR DAY CARE COSTING \$1,800 ANNUALLY

Gross Income (family of 4)	Low-income State	Medium-income State	High-income State
\$7,000.....	0	0	0
\$8,000.....	\$185	0	0
\$9,000.....	715	0	0
\$10,000.....	1,245	\$130	0
\$11,000.....	(¹)	550	0
\$12,000.....	(¹)	970	0
\$13,000.....	(¹)	1,390	\$278
\$14,000.....	(¹)	(¹)	616
\$15,000.....	(¹)	(¹)	954
\$16,000.....	(¹)	(¹)	1,292
\$17,000.....	(¹)	(¹)	1,630
\$18,000 and over.....	(¹)	(¹)	(¹)

¹ Ineligible for subsidy.



APPENDIX B

Federal Interagency Day Care Requirements of 1968

The basis for the child care standards in current law, H.R. 3153, and H.R. 17045 is the Federal Interagency Day Care Requirements of 1968. Current law imposes these requirements although there is little or no monitoring of compliance with the requirements. H.R. 3153 would modify the staffing ratios required by the 1968 Requirements. H.R. 17045 would impose the requirements without change except to add a requirement of one caretaker for every two children under age three (when care is provided outside the child's own home). The table below shows the staffing ratios required under the three alternatives.

Family Day Care Home.—“Serves only as many children as it can integrate into its own physical setting.”

1968 interagency requirements	H.R. 3153 (as passed by the Senate)	H.R. 17045
<p>If any children under age 7 are cared for, this type of care is limited to 5 children including no more than 2 children under age 2. (The family day care mother's own children are counted.)</p>	<p>Same as 1968 Interagency Requirements.</p>	<p>Same as 1968 Interagency Requirements except that for children under age 3, 1 caretaker required for every 2 children. If the family day care mother is the only caretaker, this apparently means that she could care for only one such child in addition to her own and then only if she has only one child of her own.</p>
<p>If all children are over age 6, this type of care is limited to 6 children (including the family day care mother's own children).</p>	<p>Same as 1968 Interagency Requirements.</p>	<p>Same as 1968 Interagency Requirements.</p>

Group Day Care Home.—“The group day care home offers family-like care, usually to school-age children, in an extended or modified family residence. It utilizes one or several employees and provides care for up to 12 children.”

1968 interagency requirements	H.R. 3153 (as passed by the Senate)	H.R. 17045
This type of care not permitted for children under age three.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
If children under age 6 are included in this type of care, one adult is required for every 5 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
If all children in this type of care are over age 5, one adult is required for every 6 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.

Day Care Centers.—“The day care center serves groups of 12 or more children. . . . Day care centers should not accept children under 3 years of age unless the care available approximates the mothering in a family home.”

1968 interagency requirements	H.R. 3153 (as passed by the Senate)	H.R. 17045
Children under 3: Staff ratio to be set by State standards.	Same as 1968 Interagency Requirements.	For every 2 children, there is required one adult who is responsible solely for the care of those 2 children.
Children age 3 to 4: 1 adult to 5 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
Children age 4 to 6: 1 adult to 7 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
Children age 6 to 9: 1 adult to 10 children.	1 adult to 15 children.	Same as 1968 Interagency Requirements.
Children age 10 to 14: 1 adult to 10 children.	1 adult to 20 children.	Same as 1968 Interagency Requirements.

The 1968 Federal Interagency Day Care Requirements also spell out numerous specific requirements which must be met in the areas of: environmental standards; educational services; social services; health and nutrition services; training of staff; parent involvement; administration and coordination; and evaluation. These elements would be incorporated in the requirements of both H.R. 3153 and H.R. 17045 except that the educational services requirements would, under H.R. 3153, be recommended rather than mandatory. The requirements with respect to educational services are reprinted below:

§ 71.14 *Educational services*

(a) Educational opportunities must be provided every child. Such opportunities should be appropriate to the child's age regardless of the type of facility in which he is enrolled; i.e., family day care home, group day care home, or day care center.

(b) Educational activities must be under the supervision and direction of a staff member trained or experienced in child growth and development. Such supervision may be provided from a central point for day care homes.

(c) The persons providing direct care for children in the facility must have had training or demonstrated ability in working with children.

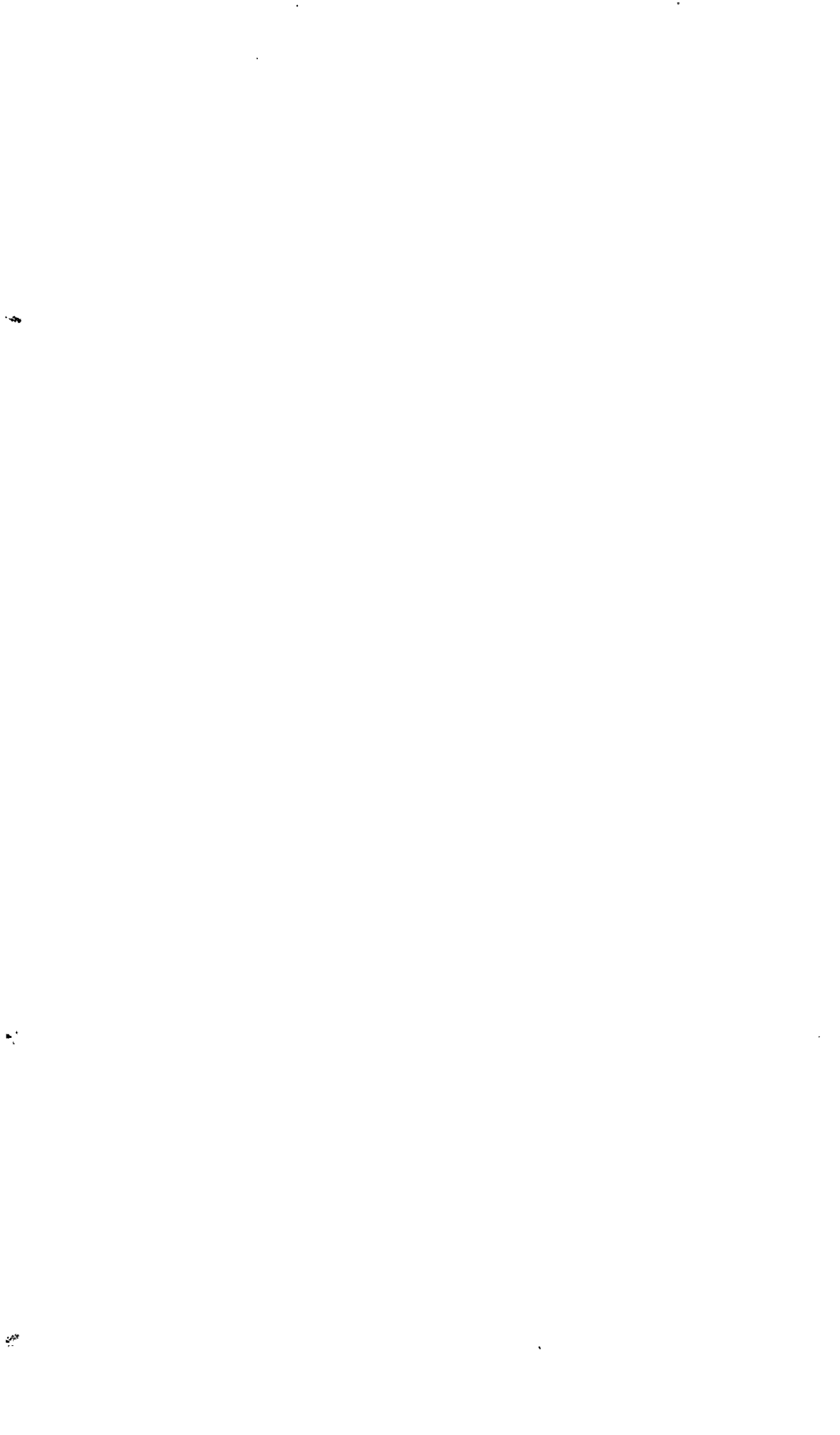
(d) Each facility must have toys, games, equipment and material, books, etc., for educational development and creative expression appropriate to the particular type of facility and age level of the children.

(e) The daily activities for each child in the facility must be designed to influence a positive concept of self and motivation and to enhance his social, cognitive, and communication skills.

APPENDIX C

Changes in Existing Provisions of the Social Security Act Under H.R. 17045

(Existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman.)



**TITLE IV—GRANTS TO STATES FOR AID AND SERVICES
TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-
WELFARE SERVICES**

Part A—Aid to Families With Dependent Children

Appropriation

Section 401. For the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each State to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such State, to needy dependent children and the parents or relatives with whom they are living to help maintain and strengthen family life and to help such parents or relatives to attain or retain capability for the maximum self-support and personal independence consistent with the maintenance of continuing parental care and protection, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for aid and services to needy families with children.

State Plans for Aid and Services to Needy Families With Children

Sec. 402. (a) A State plan for aid and services to needy families with children must—

* * * * *

(5) provide [(A)] such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan[, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in pro-

viding services to applicants and recipients and in assisting any advisory committees established by the State agency]; and

* * * * *

[(13) provide a description of the services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

[(14) provide for the development and application of a program for such family services as defined in section 406(d) and child welfare services, as defined in section 425, for each child and relative who receives aid to families with dependent children and each appropriate individual (living in the same home as a relative and child receiving such aid whose needs are taken into account in making the determination under clause (7)), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individuals, in order to assist such child, relative, and individuals to attain or retain capability for self-support and care and in order to maintain and strengthen family life and to foster child development;

[(15) provide (A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases (including minors who can be considered to be sexually active) family planning services are offered to them and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services, but acceptance of family planning services provided under the plan shall be voluntary on the part of such members and individuals and shall not be a prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (14) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;]

(16) provide that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or law enforcement agencies in the State, providing such data with respect to the situation it may have;

(17) provide—

(A) for the development and implementation of a program under which the State agency will undertake—

(i) in the case of a child born out of wedlock who is receiving aid to families with dependent children to establish the paternity of such child and secure support for him, and

(ii) in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State agency in administering the program referred to in clause (17)(A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan;

(19) provide—

(A) that every individual, as a condition of eligibility for and under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

(i) a child who is under age 16 or attending school full time;

(ii) a person who is ill, incapacitated, or of advanced age;

(iii) a person so remote from a work incentive project that his effective participation is precluded;

(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(v) a mother or other relative of a child under the age of six who is caring for the child; or

(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragraph, and shall be informed of the child care services (if any) which will be available to her in the event she should decide so to register;

(B) that aid under the plan will not be denied by reason of such registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph, or by reason of an individual's participation on a project under the program established by section 432(b) (2) or (3);

(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 10 per centum of the cost of such programs, as specified in section 435(b);

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a) (7), and (ii) in determining such individual's needs the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account:

(E) [Repealed].

(F) that if and for so long as any child, relative, or individual (certified to the Secretary of Labor pursuant to subparagraph (G)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be

taken into account in making the determination under clause (7)) if that child makes such refusal; and

(iv) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7);

except that the State agency shall for a period of sixty days, make payments of the type described in section 406(b)(2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified in clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

(G) that the State agency will have in effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individuals who have been registered pursuant to subparagraph (A), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433 (b); and (iv) provides for purposes of clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;

(20) effective July 1, 1969; provide for aid to families with dependent children in the form of foster care in accordance with section 408;

* * * * *

Payment to States

Sec. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to section 1130) pay to each State which has an approved plan for aid and services to needy families with children,

for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$18 multiplied by the total number of recipients of aid to families with dependent children for such month (which total number, for purposes of this subsection, means (i) the number of individuals with respect to whom such aid in the form of money payments is paid for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to families with dependent children in the form of medical or any other type of remedial care, plus (iii) the number of individuals, not counted under clause (i) or (ii), with respect to whom payments described in section 406(b)(2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2)); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (i) the product of \$32 multiplied by the total number of recipients of aid to families with dependent children (other than such aid in the form of foster care) for such month, plus (ii) the product of \$100 multiplied by the total number of recipients of aid to families with dependent children in the form of foster care for such month; and

(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of Title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof) not counting so much of any expenditure with respect to any month as exceeds \$18 multiplied by the total number of recipients of such aid for such month; and

(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

[(i) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

[(ii) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid,]

[(iii)] the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

(B) one-half of the remainder of such expenditures[.],
except that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 2002(a)(1) of this Act other than services the provision of which is required by section 402(a)(19) to be included in the plan of the State; and

[The services referred to in subparagraph (A) shall include only—

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

[(D) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise rea-

sonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or non-profit private agencies);

except that services described in clause (ii) of subparagraph (C) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved; and except that, to the extent specified by the Secretary, child-welfare services, family planning services, and family services may be provided from sources other than those referred to in subparagraphs (C) and (D). The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraph (B) applies shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.]

(4) [Repealed]

(5) in the case of any State, an amount equal to 50 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children.

* * * * *

(d)(1) Notwithstanding subparagraph (A) of subsection (a)(3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a)(19)(G).

(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than \$750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.

(e) Notwithstanding any other provision of subsection (a), with respect to expenditures during any calendar quarter beginning after December 31, 1972 (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies, the amount payable to any State under this part shall be 90 per centum of such expenditures.

(f) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1973, be reduced

by 1 per centum (calculated without regard to any reduction under section 403(g)) of such amount if such State—

[(1) in the immediately preceding fiscal year failed to carry out the provisions of section 402(a)(15)(B) as pertain to requiring the offering and arrangement for provision of family planning services; or

[(2) in the immediately preceding fiscal year (but, in the case of the fiscal year beginning July 1, 1972, only considering the third and fourth quarters thereof), failed to carry out the provisions of section 402(a)(15)(B) of the Social Security Act with respect to any individual who, within such period or periods as the Secretary may prescribe, has been an applicant for or recipient of aid to families with dependent children under the plan of the State approved under this part.]

(g) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1974, be reduced by 1 per centum (calculated without regard to any reduction under section 403(f)) of such amount if such State fails to—

(1) inform all families in the State receiving aid to families with dependent children under the plan of the State approved under this part of the availability of child health screening services under the plan of such State approved under title XIX,

(2) provide or arrange for the provision of such screening services in all cases where they are requested, or

(3) arrange for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment the need for which is disclosed by such child health screening services.

* * * * *

Definitions

Sec. 406. When used in this part—

* * * * *

[(d) The term “family services” means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.]

(e)(1) The term “emergency assistance to needy families with children” means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in subsection (a)(1) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the

payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment—

(A) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law on behalf of, such child or any other member of the household in which he is living, and

(B) such services as may be specified by the Secretary; but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

(2) Emergency assistance as authorized under paragraph (1) may be provided under the conditions specified in such paragraph to migrant workers with families in the State or in such part or parts thereof as the State shall designate.

* * * * *

Federal Payments for Foster Home Care of Dependent Children

Sec. 408. Effective for the period beginning May 1, 1961—

(a) The term "dependent child" shall, notwithstanding section 406(a), also include a child (1) who would meet the requirements of such section 406(a) or of section 407, except for his removal after April 30, 1961, from the home of a relative (specified in such section 406(a)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child, (2) whose placement and care are the responsibility of (A) the State or local agency administering the State plan approved under section 402, or (B) any other public agency with whom the State agency administering or supervising the administration of such State plan has made an agreement which is still in effect and which includes provision for assuring development of a plan, satisfactory to such State agency, for such child as provided in paragraph (f)(1) and such other provisions as may be necessary to assure accomplishment of the objectives of the State plan approved under section 402, (3) who has been placed in a foster family home or child-care institution as a result of such determination, and (4) who (A) received aid under such State plan in or for the month in which court proceedings leading to such determination were initiated, or (B)(i) would have received such aid in or for such month if application had been made therefor, or (ii) in the case of a child who had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, would have received such aid in or for such month if in such month he had been living with (and removed from the home of) such a relative and application had been made therefor;

(b) the term "aid to families with dependent children" shall, notwithstanding section 406(b), include also foster care in behalf of a child described in paragraph (a) of this section—

(1) in the foster family home of any individual, whether the payment therefor is made to such individual or to a public or nonprofit private child-placement or child-care agency, or

(2) in a child-care institution, whether the payment therefor is made to such institution or to a public or nonprofit private child-placement or child-care agency, but subject to limitations prescribed by the Secretary with a view to including as "aid to families with dependent children" in the case of such foster care in such institutions only those items which are included in such term in the case of foster care in the foster family home of an individual;

(c) the number of individuals counted under clause (A) of section 403(a) (1) for any month shall include individuals (not otherwise included under such clause) with respect to whom expenditures were made in such month as aid to families with dependent children in the form of foster care; and

(d) services described in paragraph (f)(2) of this section shall be considered as part of the administration of the State plan for purposes of section 403(a)(3);

but only with respect to a State whose State plan approved under section 402--

(e) includes aid for any child described in paragraph (a) of this section, and

(f) includes provision for (1) development of a plan for each such child (including periodic review of the necessity for the child's being in a foster family home or child-care institution) to assure that he receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a relative specified in section 406(a), and (2) use by the State or local agency administering the State plan, to the maximum extent practicable, in placing such a child in a foster family home or child-care institution, of the services of employees, of the State public-welfare agency referred to in section 522(a) (relating to allotments to States for child welfare services under part 3 of title V) or of any local agency participating in the administration of the plan referred to in such section, who perform functions in the administration of such plan.

For the purposes of this section, the term "foster family home" means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing homes of this type, as meeting the standards established for such licensing; and the term "child-care institution" means a nonprofit private child-care institution which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for

licensing or approval of institutions of this type, as meeting the standards established for such licensing.

Part B—Child-Welfare Services

Appropriation

Sec. 420. For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child-welfare services, the following sums are hereby authorized to be appropriated: \$196,000,000 for the fiscal year ending June 30, 1973, \$211,000,000 for the fiscal year ending June 30, 1974, \$226,000,000 for the fiscal year ending June 30, 1975, \$246,000,000 for the fiscal year ending June 30, 1976, and \$266,000,000 for each fiscal year thereafter.

* * * * *

Payment to States

Sec. 422. (a) From the sums appropriated therefor and the allotment available under this part, the Secretary shall from time to time pay to each State—

(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

(A) provides that (i) the [State] *individual or agency* designated pursuant to section [402(a)(3)] to administer or supervise the administration of the plan of the State approved under part A of this title] 2008(g)(1)(C) to supervise and coordinate the administration of the State's services program will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, [the organizational unit in such State or local agency established pursuant to section 402(a)(15)] *a single organizational unit in such State or local agency, as the case may be,* will be responsible for furnishing such child-welfare services,

* * * * *

[TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED

[Appropriation

[Section 601. For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help needy individuals who are 65 years of age or

over, are blind, or are disabled to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year, subject to section 1130, a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for services to the aged, blind, or disabled.

State Plans for Services to the Aged, Blind, or Disabled

Sec. 602. (a) A State plan for services to the aged, blind, or disabled, must—

[(1) except to the extent permitted by the Secretary, provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;

[(2) provide for financial participation by the State;

[(3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

[(4) provide (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid sub-professional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services under the plan and in assisting any advisory committees established by the State agency;

[(5) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

[(6) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;

[(7) provide, if the plan includes services to individuals in private or public institutions, for the establishment or designation of a State

authority or authorities which shall be responsible for establishing and maintaining standards for such institutions;

[(8) provide a description of the services which the State agency makes available under the plan including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

[(9) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

[(10) include reasonable standards, consistent with the objectives of this title, for determining eligibility for and the extent of services under the plan;

[(11) if the State plan includes services to individuals 65 years of age or older who are patients in institutions for mental disease—

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

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

[(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for persons receiving services under the State plan who are 65 years of age or older and who would otherwise need care in such institutions; for services referred to in section 603(a)(1)(A) (i) and (ii) which are appropriate for such persons receiving services and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such persons receiving services and such patients will be effectively carried out;

[(12) if the State plan includes services to individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing

and implementing a comprehensive mental health program, including provisions for utilization of community mental health centers, nursing homes and other alternatives to care in public institutions for mental diseases.

Notwithstanding paragraph (3), if on October 1, 1972 the State agency which administered or supervised the administration of the plan of such State approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV (or so much of the plan of such State approved under title XVI as applies to the aged and disabled), the State agency which administered or supervised the administration of such plan approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind) may be designated to administer or supervise the administration of the portion of the State plan for services to the aged, blind, or disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

[(b) The Secretary shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for services under the plan—

[(1) an age requirement of more than sixty-five years; or

[(2) any residence requirement which excludes any individual who resides in the State; or

[(3) any citizenship requirement which excludes any citizen of the United States.

[Payments to States

[Sec. 603. (a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each State which has a plan approved under this title, for each quarter—

[(1) in the case of any State whose State plan approved under section 602 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

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

[(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sen-

tence) to applicants for or recipients of supplementary security income benefits under title XVI to help them attain or retain capability for self-support or self-care, or

【(ii) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to such applicants or recipients, or

【(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of supplementary security income benefits under title XVI, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

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

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

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

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

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

【(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably

available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies); except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

[(2) in the case of any State whose State plan approved under section 602 does not meet the requirements of subsection (c) (1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (1) and provided in accordance with the provisions of such paragraph.

[(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

[(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

[(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

[(c)(1) In order for a State to qualify for payments under paragraph (1) of subsection (a), its State plan approved under section 602 must provide that the State agency shall make available to applicants for and recipients of supplementary security income benefits under title XVI at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

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

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

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

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (1) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (1) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (2) of such subsection.

[(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection.

[Operation of State Plans

[Sec. 604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

[(1) that the plan no longer complies with the provisions of section 602; or

[(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).

[Definition

[Sec. 605. For purposes of this title, the term “services to the aged, blind, or disabled” means services (including but not limited to the services referred to in section 603(a)(1) (A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older or are blind, or are disabled.]

* * * * *

TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

* * * * *

Demonstration Projects

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

(a) the Secretary may waive compliance with any of the requirements of section 2, 402, 1002, 1402, 1602, **[or]** 1902, 2002, 2003, *or* 2004 as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

(b) costs of such project which would not otherwise be included as expenditures under section 3, 403, 1003, 1403, 1603, **[or]** 1903 *or* 2002, as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the

period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, *or expenditures with respect to which payment shall be made under section 2002*, as may be appropriate.

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

Administrative and Judicial Review of Certain Administrative Determinations

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

(2) Any State dissatisfied with a determination of the Secretary under paragraph (1) with respect to any plan may, within 60 days after it has been notified of such determination, file a petition with the Secretary for reconsideration of the issue of whether such plan conforms to the requirements for approval under such title. Within 30 days after receipt of such a petition, the Secretary shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issue. Such hearing shall be held not less than 20 days nor more than 60 days after the date notice of such hearing is furnished to such State, unless the Secretary and such State agree in writing to holding the hearing at another time. The Secretary shall affirm, modify, or reverse his original determination within 60 days of the conclusion of the hearing.

(3) Any State which is dissatisfied with a final determination made by the Secretary on such a reconsideration or a final determination of the Secretary under section 4, 404, 1004, 1404, 1604, **[or]** 1904 *or* 2003 may, within 60 days after it has been notified of such determination, file with the United States court of appeals for the circuit in which such State is located a petition for review of such determination. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his determination as provided in section 2112 of title 28, United States Code.

(4) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive: but the court, for good causes shown, may

remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(5) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

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

(c) Action pursuant to an initial determination of the Secretary described in subsection (a) shall not be stayed pending reconsideration, but in the event that the Secretary subsequently determines that his initial determination was incorrect he shall certify restitution forthwith in a lump sum of any funds incorrectly withheld or otherwise denied.

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

* * * * *

[Limitation on Funds for Certain Social Services

[Sec. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or 1603(a) (4) and (5), amounts payable for any fiscal year (commencing with the fiscal year beginning July 1, 1972) under such section (as determined without regard to this section) to any State with respect to expenditures made after June 30, 1972, for services referred to in such section (other than the services provided pursuant to section 402(a)(19)(G), shall be reduced by such amounts as may be necessary to assure that—

[(1) the total amount paid to such State (under all of such sections for such fiscal year for such services does not exceed the allotment of such State (as determined under subsection (b))); and

[(2) of the amounts paid under such section 403(a)(3) to such State for such fiscal year with respect to such expenditures, other than expenditures for—

[(A) services provided to meet the needs of a child for personal care, protection, and supervision, but only in the case of a child where the provision of such services is needed (i) in order to enable a member of such child's family to accept or continue in employ-

ment or to participate in training to prepare such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

[(B) family planning services;

[(C) services provided to a mentally retarded individual (whether a child or an adult), but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual by reason of his condition of being mentally retarded;

[(D) services provided to an individual who is a drug addict or an alcoholic, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

[(E) services provided to a child who is under foster care in a foster family home (as defined in section 408) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such child because he is under foster care, not more than 10 per centum thereof are paid with respect to expenditures incurred in providing services to individuals who are not recipients of aid or assistance (under the State plan approved under part A of title IV), or applicants (as defined under regulations of the Secretary) for such aid or assistance.

[(b)(1) For each fiscal year (commencing with the fiscal year beginning July 1, 1972) the Secretary shall allot to each State an amount which bears the same ratio to \$2,500,000,000 as the population of such State bears to the population of all the States.

[(2) The allotment for each State shall be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time; except that the allotment for each State for the fiscal year beginning July 1, 1972, and the following fiscal year shall be promulgated at the earliest practicable date after the enactment of this section but not later than January 1, 1973.

[(c) For purposes of this section, the term "State" means any one of the fifty States or the District of Columbia.]

* * * * *