

**SOCIAL SERVICES AMENDMENTS
OF 1974**

R E P O R T

OF THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

TO ACCOMPANY

H.R. 17045

TO AMEND THE SOCIAL SECURITY ACT TO ESTABLISH A
CONSOLIDATED PROGRAM OF FEDERAL FINANCIAL AS-
SISTANCE TO ENCOURAGE PROVISION OF SERVICES BY
THE STATES

(TOGETHER WITH SEPARATE VIEWS)

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

RUSSELL B. LONG, Chairman



DECEMBER 14, 1974.—Ordered to be printed

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SOCIAL SERVICES AMENDMENTS OF 1974

 DECEMBER 14, 1974.—Ordered to be printed

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

REPORT

[To accompany H.R. 17045]

The Committee on Finance, to which was referred the bill (H.R. 17045) to amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

The bill, as passed by the House, would repeal existing provisions of the Social Security Act relative to social services and would add to the Act a new separate title (title XX) for social services. The Committee amendment substitutes for the House bill the social services amendments approved by the Senate in November of 1973 in the bill H.R. 3153. The Committee amendment also incorporates two other provisions adopted by the Senate on H.R. 3153: the tax credit for low-income families (work bonus), and the child support program.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations realting to social services under the Social Security Act. These regulations were to have become effective on July 1. However, the Congress delayed the effective date of the new regulations until November 1 in order to allow time for more thorough legislative consideration of the issues involved. When agreement was not reached on the Senate passed provisions of H.R. 3153 dealing with social services at the end of 1973, a further postponement of the regulation until January 1, 1975 was enacted. The Committee bill incorporates a provision in effect converting the present law as it

affects social services to a \$2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing.

TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

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

CHILD SUPPORT

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

The Committee bill includes a number of features designed to assure an effective program of child support. The Committee bill leaves basic responsibility for child support and establishment of paternity to the State but it envisions a far more active role on the part of the Federal Government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.

States would be required to have effective programs for the collection of support and the establishment of paternity; Federal matching for these efforts would be increased from the present 50 percent to 75 percent but States not complying with the requirements would face a penalty in the form of reduced Federal matching funds for Aid to Families with Dependent Children.

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

II. SOCIAL SERVICES

(Secs. 2-12 of the bill)

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 $\frac{1}{3}$ 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 services) would no longer have been mandated. The regulations would have required more frequent review (every 6 months rather than each year) of the effectiveness of services being provided and would have required that agreements for purchase of services from sources other than the welfare agency be reduced to writing and be subject to HEW approval.

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

CONGRESSIONAL ACTION TO POSTPONE NEW REGULATIONS

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 issues 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.

H.R. 17045.—On December 9, 1974, the House of Representatives passed 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. The Committee amendment substitutes for the text of the House bill the social services provisions which were passed by the Senate in 1973.

COMMITTEE PROVISION

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

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

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

To illustrate the variety of services which States may provide with the available social services funds, the Committee bill includes a list of services which could be furnished. This list is not intended to limit the freedom of the States to provide other types of services.

The services listed are:

- (1) day care services for children,
- (2) day care services for children with special needs,
- (3) services for children in foster care,
- (4) protective services for children,
- (5) family planning services,
- (6) protective services for adults,
- (7) services for adults in foster care,
- (8) homemaker services,
- (9) chore services,
- (10) home delivered or congregate meals,

- (11) day care services for adults,
- (12) health-related services,
- (13) home management and other functional educational services,
- (14) housing improvement services,
- (15) a full-range of legal services,
- (16) transportation services,
- (17) educational and training services,
- (18) employment services,
- (19) information, referral and follow-up services,
- (20) special services for the mentally retarded,
- (21) special services for the blind,
- (22) services for alcoholism and drug addiction,
- (23) special services for the emotionally disturbed,
- (24) special services for the physically handicapped.

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

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

The Committee bill includes a repeal of the provisions enacted in P.L. 92-512 under which the proportion of the Federal social services funds which each State could use for non-welfare recipients was limited to 10 percent (except in the case of specified high priority services). The \$2.5 billion annual limit on Federal funding for services is retained. The Committee bill also includes a provision making ex-

PLICIT in the statute that donated private funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services where such funds are transferred to the State or local agency, are under its administrative control, and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

The Committee bill would require the States to provide at least three types of services for recipients of supplemental security income. In addition, the States would be required to compile and make public, at least 45 days before the beginning of a fiscal year, a list of the social services to be provided during the fiscal year, indicating the types of service, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type of service. The State may subsequently revise its plan.

The bill would also require that child care provided under the Social Security Act meet the following standards: (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations; and (2) out-of-home day care facilities shall meet State licensing requirements and (with modifications) the provisions of the Federal Interagency Day Care Requirements of 1968. Specifically, the bill sets a limit of not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 15 children age 6 to 9 per adult; and not more than 20 children age 10 to 14 per adult. Other requirements involve staff qualifications, health services and social services, and parent involvement. Present law authorizes 75 percent Federal matching under the Social Security Act for "the training of personnel employed or preparing for employment by the State or local welfare agency." Under this provision, States have made grants to educational institutions and have given financial assistance to students. The bill explicitly authorizes them to do so in the statute.

With respect to the program of services for the aged, blind, and disabled, the bill requires the States to provide an opportunity for a fair hearing to individuals denied services or otherwise aggrieved. The Committee bill provides that if in any year after fiscal year 1974 States do not use the full \$2.5 billion authorized for social services under the Social Security Act, that unused funds may be reallocated, on the basis of population, among the States which can use additional funds.

The new social services provisions of the Committee amendment would be effective January 1, 1975.

Some of the major differences between present law, the House bill, and the committee amendment 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 the committee amendment. The House bill 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 low-income neighborhood).

The Committee amendment would give the States complete discretion in providing eligibility for services to nonwelfare recipients.

The House bill 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 \$9,000 to \$13,000, depending upon the State) would have to be charged fees related to their income.

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.

The Committee amendment 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.

The House bill 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 pos-

sible 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.

The Committee amendment contains a lengthy list of services specifically permitted and specifies that States have complete discretion to provide any other services they consider appropriate.

The House bill 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 the 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.

The Committee amendment 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, it 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.

The House bill 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 Require-

ments 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.

The Committee amendment 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.

The House bill 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 other 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.

The committee amendment 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.

The House bill 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, COMMITTEE AMENDMENT, HOUSE BILL

Present law	Committee amendment	House bill
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>Same as present law.</p>	<p>Same as present law.</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>.....do.....</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.

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

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.

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.

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-

Leaves the States complete discretion to determine which types of expenditures constituted services eligible for matching.

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.

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.

9. Provisions Relating to Child Care

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.

Present law

Committee amendment

House bill

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

Committee amendment

House bill

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

Committee amendment

House bill

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.

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.)

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

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 HOUSE BILL 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 ²	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 HOUSE BILL 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: ³
	Without fee ²	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.—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."

Table 4.—Child Care Adult/Child Ratios Under Present Law, Committee Amendment, and House Bill

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

1968 interagency requirements	Committee amendment	House bill
<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	Committee amendment	House bill
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	Committee amendment	House bill
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.

III. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

(Sec. 101 of the bill)

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

The provision is identical to a provision passed by the Senate last year—and similar to a provision passed two years ago—as part of the Social Security Amendments of 1973 (H. R. 3153). This bill went to conference with the House but the Conference recessed without taking action on this provision.

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

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

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

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

Annual income of husband and wife (assuming it is all taxed under social security) :	<i>Tax credit</i>
\$2,000 -----	\$200
3,000 -----	300
4,000 -----	400
5,000 -----	150
5,600 -----	0

Individuals who are eligible to receive the tax credit may apply for advance refund payments of these amounts on a quarterly basis. Under

¹ Self-employed persons are not eligible for the credit for the social security taxes they pay on self-employment income. Low-income workers who pay railroad retirement taxes are treated as if they pay social security taxes for purposes of determining the credit.

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

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

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

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

Each document and application to be filed in connection with the tax credits is to contain a warning that statements made in such document or application are made under penalty of law. The provisions of the present tax law relating to crimes, other offenses, and forfeitures

(chap. 75) and the general Federal criminal provisions relating to false or fraudulent statements (18 U.S.C. Sec. 1001) are to apply to all of these documents.

This provision is to become applicable to taxable years beginning after December 31, 1974; however, the first advance refund is not to be made before July 1975.

Revenue effect.—It is estimated that the tax credit provision would total roughly \$700 million during the calendar year 1975. However, this cost will be partly offset by significant savings in the Federal cost of Aid to Families with Dependent Children.

IV. CHILD SUPPORT

(Sec. 151 of the bill)

The problem of welfare in the United States is, to a considerable extent, a problem of the non-support of children by their absent parents. Of the 11 million recipients who are now receiving Aid to Families With Dependent Children (AFDC), 4 out of every 5 are on the rolls because they have been deprived of the support of a parent who has absented himself from the home.

The Committee believes that all children have the right to receive support from their fathers. The Committee bill, like the identical provision passed by the Senate (H.R. 3153) last year, is designed to help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will be a lower welfare cost to the taxpayer but, more importantly, as an effective support collection system is established fathers will be deterred from deserting their families to welfare and children will be spared the effects of family breakup.

Aid to Families with Dependent Children (AFDC) offers welfare payments to families in which the father is dead, absent, disabled or, at the State's option, unemployed. When the AFDC program was first enacted in the 1930's, death of the father was the major basis for eligibility. With the subsequent enactment of survivor benefits under the social security program, however, the portion of the caseload eligible because of the father's death has grown proportionately smaller, from 42 percent in 1940 to 7.7 percent in 1961 and 4 percent in 1973. The percentage of AFDC families in which the father is disabled has diminished from 18.1 percent in 1961 to 10.2 percent in 1973.

Absent fathers.—It is in those families in which the father is "absent from the home" that the most substantial growth has occurred. As a percentage of the total caseload, AFDC families in which the father was absent from the home increased from 66.7 percent in 1961 to 74.2 percent in 1967, 75.4 percent in 1969, 76.2 percent in 1971, and 80.2 percent in 1973.

In terms of numbers of recipients rather than percentages, 2.4 million persons were receiving AFDC in 1961 because the father was absent from the home. By 1967, that figure had grown to 3.9 million and by 1969 to 5.5 million. By the beginning of 1971, 7.5 million persons were receiving AFDC because of the father's absence from the home, and by the end of June 1974 that figure had grown to almost 8.7 million. Thus, in the past 6½ years, families with absent fathers

have contributed about 4.8 million additional recipients to the AFDC rolls.

What kinds of families are these in which the father is absent from the home? Basically, they represent situations in which the marriage has broken up or in which the father never married the mother in the first place. In 46.5 percent of the AFDC families on the rolls in the beginning of 1973, the father was either divorced or legally separated from the mother or separated without court decree. And in an additional 33.7 percent of the families receiving AFDC in 1973, the mother was not married to the father of the child. Applying that percentage to the June 1974 caseload, 3.7 million AFDC recipients today are found in families where the father is not married to the mother. It is disturbing to note that from 1971 to 1973, there has been a 21.7 percent increase in the number of AFDC families receiving AFDC in which the father was not married to the mother.

FAILURE TO ENFORCE CHILD SUPPORT

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

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

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

[The fathers] have not disappeared. Usually they were living in the same county as their children. They were not supporting many other children. Ninety-two percent of the nonsupporting fathers had a total of three or fewer children.

Only 13 percent were married to other women, with another 1 percent each divorced or separated from another or of unknown marital status. The nonwelfare fathers were more likely to have remarried; the welfare fathers were more likely to be still married to the "complaining witness."

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

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

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

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

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

PRESENT LAW

The Committee has long been aware of the impact of deserting fathers on the rapid and uncontrolled growth of families on AFDC. As early as 1950, the Congress provided for the prompt notice to law enforcement officials of the furnishing of AFDC with respect to a child that had been deserted or abandoned. In 1967, the Committee instituted what it believed would be an effective program of enforcement of child support and determination of paternity. The 1967 Social Security Amendments require that the State welfare agency establish a single, identified unit whose purpose is to undertake to establish the paternity of each child receiving welfare who was born out of wedlock and to secure support for him; if the child has been deserted or abandoned by his parent, the welfare agency is required to secure support for the child from the deserting parent, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The State welfare agency is further required to

enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The effectiveness of the provisions of present law has varied widely among the States.

In its March 13, 1972, study of current child support programs in four States, the General Accounting Office noted that the Department of Health, Education, and Welfare:

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

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

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

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

A Committee staff survey of about 20 States elicited the information shown in the following table. Those States which did assess administrative costs in terms of support collected indicated that in general about twenty cents in collection costs resulted in a dollar return of support payments.

TABLE 5.—*Child support collections, on behalf of AFDC recipients, fiscal year 1973*

	(In thousands)		
	Amount Collected	Amount Collected	
California -----	\$53, 000	Ohio ----- ¹ \$8, 503	
Florida -----	5, 000	Pennsylvania -----	15, 000
Georgia -----	8, 000	Texas -----	3, 908
Illinois -----	12, 651	Vermont -----	407
Louisiana -----	5, 471	Washington -----	7, 706
Maryland -----	3, 000	West Virginia -----	179
Massachusetts -----	17, 016	Wisconsin -----	¹ 5, 625
Michigan -----	28, 100		
Nevada -----	219		
New York -----	11, 978	Total -----	185, 763

¹ Fiscal year 1972 collections:

Source: State estimates.

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

COMMITTEE BILL

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

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

FEDERAL DUTIES AND RESPONSIBILITIES

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

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

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

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

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

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

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

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

cently approved by The National Conference of Commissioners on Uniform State Laws.

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

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

If as a result of an annual or special audit of a State's child support program, the Department finds that the program is not being operated in accordance with its approved plan or otherwise does not meet the minimum standards imposed by Federal law and regulation, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable leadtime to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1977. However, the Committee expects the Department of Health, Education, and Welfare and the States to move as expeditiously as possible to establish improved child support programs.

LOCATING A DESERTING PARENT; ACCESS TO INFORMATION

An essential prerequisite to the establishment of paternity and/or the collection of child support is the matter of finding out where the absent parent is. Evidence seems to indicate that most absent parents continue to live in the locality or State in which their deserted families reside. States would be expected to first make use of local and State mechanisms for tracing absent parents. The bill would assist States in these efforts and also make it possible to find parents wherever they are living through the establishment of a parent locator service within the Department of HEW's separate child support unit. This unit upon request of (1) a local or State official with support collection responsibility under this program, (2) a court with support order authority, or (3) the agent of a deserted child not on welfare will make available the most recent address and place of employment which it can obtain from HEW files or the files of any other Federal agency, or of any State. Information of a national security nature or information in such highly confidential files as those of the Bureau of the Census would not be divulged.

As a further aid in location efforts, welfare information now withheld from public officials under regulations concerning confidentiality would be made available by the Committee bill; this information would also be available for other official purposes. The current regulations are based on a provision in the Social Security Act which since 1939 has

required State programs of Aid to Families with Dependent Children to "provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of Aid to Families with Dependent Children." This provision was designed to prevent harassment of welfare recipients. The Committee bill would make it clear that this requirement may not be used to prevent a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official from obtaining information required in connection with his official duties such as obtaining support payments or prosecuting fraud or other criminal or civil violations.

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

COLLECTION OF SUPPORT PAYMENTS BY STATE AND LOCAL AGENCIES

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

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

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

Federal matching of the State administrative costs will be increased from 50 percent to 75 percent under the Committee bill. Such matching will apply to expenditures under the State or local support pro-

grams which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent.

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

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

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

INCENTIVES FOR LOCALITIES TO COLLECT SUPPORT PAYMENTS

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

In most States, however, local units of government, which would often be in the best position to enforce child support obligations, do not make any contribution to the cost of AFDC payments and conse-

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

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

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

ESTABLISHING PATERNITY

The Committee is concerned at the extent to which the dependency on AFDC is a result of the increasing number of children on the rolls who were born out of wedlock and for whom parental support is not being provided because the identity of the father has not been determined. The Committee believes that an AFDC child has a right to have its paternity ascertained in a fair and efficient manner unless identification of the father is clearly against the best interests of the child. Although this may in some cases conflict with what a social worker considers the mothers' short-term interests, the Committee feels that the child's right to support, inheritance, and to know who his father is deserves the higher social priority. In 1967, Congress enacted legislation requiring the States to establish programs to determine the paternity of AFDC children born out of wedlock so that support could be sought. The effectiveness of this provision was greatly curtailed both by the failure of the Department of Health, Education, and Welfare to exercise any leadership role and also by early court interpretations of Federal law which prevented State welfare agencies from requiring that a mother cooperate in identifying the father of a child born out of wedlock. Later court decisions, however, have made it clear that such aid could be denied to a non-cooperative mother.

Current status of children born out of wedlock.—Children whose parents have never married present a serious problem of support and care. At common law such a child was a "son of nobody" and neither parent could be held responsible for it. The original laws imposing

support of the child on a parent were enacted solely to prevent the community from having the child as a public charge. In many States, it is possible for the State's attorney, or the public welfare authorities, to bring an action against the man who is alleged to be the father of the child.

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

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

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

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

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

That "significance," of course, falls short of the absolute certainty involved in an exclusion but, in a given case, may equal that of other types of circumstantial evidence.

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

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

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

ATTACHMENT OF FEDERAL WAGES

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

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

While the Congress has seen fit to waive the immunity of the United States from suit in the case of certain money claims against it and also in case of many of the corporations created by it, it has so far never waived that immunity and permitted attachment or garnishee proceedings against the United States Treasury or its Disbursing Officers. This can-

not be done either directly, or indirectly through the appointment of a sequestrator or receiver or by contempt order against the debtor defendant. *McGrew vs. McGrew*, 59, App. D.C. 230, 38 F.2d 541.

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

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

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

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

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

DISTRIBUTION OF PROCEEDS

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

States would be required to make the AFDC payment without a reduction for child support collections until the proceeds exceed the assistance payment. All collections of child support would be made

by the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance. In any month in which the amount of support collected is sufficient to completely repay the amount of the assistance payment for that month, the family would not be considered to be eligible for AFDC for that month.

SUPPORT COLLECTION FOR NON-WELFARE FAMILIES

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

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

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

EFFECTIVE DATE

The garnishment of Federal wages would be effective January 1, 1975; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1977; and the other child support provisions of the Committee bill would be effective July 1, 1975.

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

In compliance with section 252 (a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out the bill and the effect on the revenues of the bill.

The first full year costs and savings associated with the Committee bill as provided to the Committee at the time it was considering H.R. 3153 follow:

	Million
Tax credit for low-income workers with families (\$700 million in credits minus \$100 million savings in public assistance)-----	\$600
Child support (in subsequent years, there will be a net savings)-----	40

No cost has been attributed to the social services provision since the Committee bill would not increase the present \$2.5 billion limit on Federal funds for social services.

VI. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, the bill was reported by voice vote.

VII. CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXXIX of the Standing Rules of the Senate (relating to the showing of changes, in existing law made by the bill, as reported).

VIII. SEPARATE VIEWS OF SENATORS MONDALE, BENTSEN & RIBICOFF

We would like to comment briefly on the social services action by the committee today.

For some months, we have been working with the representatives of the National Governors Conference, the American Public Welfare Association, the AFL-CIO and UAW, representatives of the Administration and the Secretary of HEW, and many other groups interested in the administration of the program known as the Social Services Program.

The result of our joint efforts was a consensus measure which we introduced in the Senate as S.4082, the Social Services Amendments of 1974 and a companion measure introduced in the House and adopted by the House (H. R. 17045) which we believe to be a very strong and well-advised resolution of the many disputes and differences bearing on that program.

We would hope that in conference we might strengthen the Senate-passed version, to reflect the consensus reflected in S. 4082. We would hope this would include:

(1) Adding limits on eligibility so that States may offer free services to persons making up to 80% of State median income (or the national median, if lower), and may offer subsidized services to persons making up to 115 percent of State median income.

(2) Strengthening the process of State planning, with open hearings, which was first proposed by Sen. Dole in a floor amendment, and providing for pre-approval of key elements of the plan by HEW (so states are not denied reimbursement for expenditures they've already made).

(3) Repealing the 90-10 requirement (requiring 90% of funds to be spent on current recipients except for exempt services: child care, child protective services, family planning, aid to the retarded, alcohol and drug rehabilitation, and child foster care), and replacing it with the requirement that 50% of funds go to persons currently eligible for SSI, AFDC, or their immediate families.

(4) Adding provision for prohibited activities which would prevent the worst forms of abuse found in the past, and standards for child day care including the Federal Interagency Day Care Requirements of 1968.

We are mindful of the fact that we have only a few days remaining in this session of this Congress and that unless we act expeditiously there is a chance that the social services regulations now in effect will expire and that it could be several months into the next session before Congress could act.

In light of that reality and the limitation of time, we cannot further oppose the Committee's decision that it makes sense to readopt the measure which the Senate had earlier adopted and then take that matter to conference with the House for resolution.

The Committee's action in asking simply for the re adoption of a measure the Senate has already adopted this Congress, dramatically, if not entirely, eliminates objections on the Senate floor, prompts its adoption, and hopefully will permit the invocation of cloture.

We would hope the Senate can move expeditiously to the adoption of the Senate Finance Committee recommended measure and go to conference for a resolution, which we would hope will be along the lines we have mentioned.

WALTER F. MONDALE.
LLOYD BENTSEN.
ABRAHAM RIBICOFF.

