

FOR THE RELIEF OF SMITH COLLEGE,
NORTHAMPTON, MASS.

JUNE 24 (legislative day, MAY 18), 1977.—Ordered to be printed

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

REPORT

[To accompany H.R. 1404]

The Committee on Finance, to which was referred the bill (H.R. 1404) for the relief of Smith College, Northampton, Mass., having considered the same, reports favorably thereon, with an amendment and an amendment to the title, and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

The bill, as passed by the House of Representatives, provides for the refund of duty paid by Smith College on the importation of bells needed to repair its carillon. The committee made no change in the House-passed provisions. The committee added to the bill, however, an amendment dealing with four matters requiring action before July 1, 1977, as follows:

Food stamp eligibility for SSI recipients.—The committee amendment will extend for 15 months (through September 30, 1978) temporary provisions of existing law which govern the eligibility for food stamps of persons who receive benefits under the supplemental security income (SSI) program. Under the existing temporary provisions which are continued by the committee amendment, SSI recipients in all States except California and Massachusetts are eligible for food stamps.

Funding of child support program for nonwelfare families.—State child support programs provide assistance to families in establishing the paternity of children and obtaining support for them from absent parents. These child support services are available to both welfare and

nonwelfare families and Federal matching funds are now provided for the costs of serving both types of families. Effective July 1, 1977, however, current law would cease to provide Federal matching in the case of child support services for nonwelfare families. The committee amendment would continue Federal matching for such services to nonwelfare families for an additional 15 months—through the end of fiscal year 1978.

Extension of deadline for child care study.—Title XX of the Social Security Act requires the Secretary of Health, Education, and Welfare to report to the Congress on the appropriateness of child care standards mandated by that title and on his recommendations for any changes in those standards. The deadline for this report is July 1, 1977, under present law. The committee amendment to the bill would extend that deadline to April 1, 1977.

Barring of certain medicaid decreases.—A provision of the medicaid statute calls for a reduction in State medicaid matching funds in cases where the State does not conduct regular independent professional evaluations of patients in skilled nursing homes, intermediate care facilities, and mental hospitals. This provision has not previously been applied but the Department of Health, Education, and Welfare has announced its intention of reducing payments to States starting with the July–September 1977 quarter. The committee amendment would bar any such reductions prior to October 1, 1977, by which time it is anticipated that pending legislation related to this problem will have been considered.

II. GENERAL EXPLANATION OF THE BILL

A. REFUND OF DUTY ON CARILLON BELLS FOR USE OF SMITH COLLEGE

Sections 1 and 2 of the bill

The purpose of the duty-free provision of H.R. 1404 is to enable Smith College to obtain a refund of the duties it has paid on the bells necessary to repair its carillon. The Paccard Bell Foundry in France supplied the original bells. Apparently, Paccard is the only source of the new bells since they must match those presently in place.

Under present law, the bells specified in the proposed bill would be classified under item 725.36 TSUS and dutiable at 7 percent ad valorem. The proposed legislation would permit the one-time entry of these items free of duty for use of Smith College, Northampton, Mass.

Section 1 directs the Secretary of the Treasury to admit free of duty 33 carillon bells (including accompanying parts and accessories) for the use of Smith College, Northampton, Mass.

Section 2 provides for a refund of duty if there has been a final liquidation of the entry of any article subject to the provisions of section 1.

The Treasury Department submitted a report with no objections.

The International Trade Commission submitted an information report.

No objections to sections 1 and 2 of this legislation have been received by the committee from any source.

B. FOOD STAMP ELIGIBILITY FOR RECIPIENTS OF SUPPLEMENTAL SECURITY INCOME (SSI)

Section 3 of the bill

Under existing law, supplemental security income (SSI) recipients are generally eligible for food stamp program benefits in all States except Massachusetts and California. In Massachusetts, the State receives a special Federal payment designed to compensate the State for paying an increased cash supplement to SSI recipients in lieu of food stamps. In California, although there is no longer a Federal payment, legislation was enacted in 1976 at the request of the State to continue the ineligibility of SSI recipients for food stamps because the State prefers to continue paying an increased cash supplement in lieu of food stamps.

The existing situation, however, is based on temporary legislation which expires as of June 30, 1977. After that date, the eligibility of SSI recipients in all States would be governed by legislation which was enacted in the 93d Congress but which has never been permitted to go into effect. Under that legislation, each individual's eligibility for food stamps would be determined by a complex process involving the measurement of his present income with and without food stamps against the income he would have had under the State welfare programs which were repealed at the end of 1973. It is generally believed that the provisions of the permanent law would be administratively unworkable. For this reason, the temporary provisions now in effect have been extended several times. General food stamp legislation passed by the Senate earlier this year would permanently resolve this issue. It appears that this legislation will not be enacted, however, before the June 30, 1977, expiration of the present temporary provisions. For this reason, the committee amendment simply extends the existing provisions for an additional period of time. The extension under the committee amendment would cover the 15 months starting July 1, 1977, and carrying through the end of fiscal year 1978 (September 30, 1978).

C. CHILD SUPPORT: FEDERAL FUNDS FOR SERVICES PROVIDED TO PERSONS NOT RECEIVING AFDC

Section 4 of the bill

On June 30, 1977, the authorization will expire for Federal matching funds for the costs of child support collection and paternity establishment services provided by States to individuals not receiving aid to families with dependent children.

The committee amendment would extend the authorization for Federal matching to October 1, 1978. The 15-month extension of the present law provision will assure that there will be no disruption in the operation of existing State programs.

The committee has been advised that in the last year, State child support agencies collected over \$300 million for families with children who were not receiving aid to families with dependent children. Many of these families might have been forced to go on welfare if they had not had the benefit of these child support services. The amendment would promote the purpose of the child support legislation to assist families in receiving financial support from legally responsible parents and to reduce the need for welfare assistance.

D. EXTENSION OF REPORTING DATE FOR CHILD CARE APPROPRIATENESS STUDY

Section 5 of the bill

The Social Services Amendment of 1974 (Public Law 93-647) substantially revised the social services program under a new title (XX) of the Social Security Act. The 1974 legislation included a number of requirements for child care funded under the title XX program. It also directed the Secretary of Health, Education, and Welfare to submit an evaluation of the appropriateness of the child care requirements included in title XX including any recommended changes in those requirements. The statute specifies that this evaluation be sent to Congress during the first 6 months of 1977. The Secretary is authorized to modify the requirements by regulation no earlier than 90 days after the report has been submitted.

Although the law requires the report to be submitted by the end of June 1977, major ongoing studies of child care which the Department believes should be considered as a part of that report will not be completed by then. The question of what are the most appropriate Federal requirements for child care has been a source of continuing debate over the past several years. The Federal staffing standards which will be based on the Department's report may involve hundreds of millions of dollars in additional staffing costs. For this reason, the committee believes that the Department's evaluation report on this subject should be based on thorough study. The committee amendment would extend until April 1, 1978, the deadline for the submission of that report.

E. PROHIBITION AGAINST REDUCTION IN FEDERAL MEDICAID MATCHING PAYMENTS TO STATES, FOR QUARTER BEGINNING JULY, 1977, BECAUSE OF FAILURE TO COMPLY WITH STATUTORY REQUIREMENTS THAT NURSING HOME PATIENTS BE REGULARLY EVALUATED

Section 6 of the bill

Present law requires that States conduct regular independent professional evaluation of medicaid patients in skilled nursing and intermediate care facilities and in mental hospitals. Under the 1972 Social Security Amendments, Federal matching payments are to be automatically reduced by one-third for patients who are in skilled nursing homes or intermediate care facilities for more than 60 days. The reduced matching does not occur where a State demonstrates that it is satisfactorily undertaking the required regular independent review of all patients in all facilities.

The administration proposed and the House agreed in 1972 to an automatic reduction in matching regardless of whether proper patient review obtained. The Finance Committee modified the provision to continue full matching where the patient review was undertaken. The Senate and House conferees agreed with the Finance Committee position.

The independent review requirements were first enacted in 1967 because of numerous HEW Audit Agency and GAO reports indicating widespread inappropriate placement of medicaid patients in institutions. The 1972 amendments included the reduced matching provision because of the continued failure by many States to conduct the required patient review.

HEW will reduce Federal medicaid payments to 20 States for the July 1977 quarter by a total of \$142 million for failure to comply with the independent professional review requirements during the first calendar quarter of this year. The essential problem is the severity of the reductions in terms of State budgetary difficulties balanced against the need to assure that Federal funds are expended only for patients receiving proper care in a proper setting.

Present law does not distinguish between significant and nominal noncompliance—the reductions are across the board. For example, in Kansas, only 13 out of 385 facilities were not reviewed in timely fashion; in Nebraska, only 5 out of 249 were missed; in Indiana, only 1 out of a total of 511 facilities; and in New Jersey, only 2 facilities out of 425 were not completed on time.

However, there was substantial noncompliance in other States. Ohio missed 408 out of 728 facilities; New York failed in 199 facilities out of 825; and 212 facilities out of 1,543 were not reviewed on time in California.

The committee expects to have before it in the near future legislation affecting medicaid that will provide the Senate with an opportunity to consider and develop permanent changes in current law relative to review requirements and reductions for noncompliance. To assure the time necessary to undertake statutory changes, the amendment approved by the committee prevents any reduction in Federal matching payments to States in the quarter beginning July 1 because of any prior noncompliance with the patient review requirements.

The committee understands that the Department of Health, Education, and Welfare has begun to make the July 1 grant awards to States. The grant awards made to at least five States have been reduced in accordance with section 1903(g). However, since the amendment approved by the committee would postpone any reduction in payments to States until October 1, 1977, the committee expects that HEW will make a supplemental grant award to restore funds to these States and to any other States whose grant awards might be reduced for noncompliance with 1903(g) either before or subsequent to enactment of this amendment.

III. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act, and sections 302(a) and 403 of the Congressional Budget Act, the following statements are made relative to the cost and revenue impact of the bill.

A. REVENUE IMPACT

The committee estimates that the cost of carrying out sections 1 and 2 will be a one-time revenue loss in customs revenue \$2,250.

B. COST OF PROVISIONS RELATING TO SUPPLEMENTAL SECURITY INCOME, FOOD STAMP, SOCIAL SERVICES, CHILD SUPPORT, AND MEDICAL ASSISTANCE PROGRAMS

The following estimates are made by the committee after consultation with the Congressional Budget Office. No estimate pursuant to

section 403 of the Congressional Budget Act has been received as of the time the bill is being reported.

The committee understands that the provisions of the bill relating to the supplemental security income, food stamp, social services, child support, and medical assistance programs would not change the present law estimates used by the Budget Committees for purposes of the congressional budget process since those estimates are based on a continuation of current policy in each of these programs and since the provisions in the bill simply extend the application of current policy which would otherwise be altered by the expiration of temporary legislation (in the case of the supplemental security income, social services, and child support programs) or by changes in administrative policy (in the case of the medical assistance program). The costs of these provisions are similarly included within the present law totals shown in the most recent budget allocation reports of this committee under section 302 of the Congressional Budget Act.

The provisions of the bill relating to these programs, therefore, are considered to have no budgetary impact for purposes of the congressional budget process. By comparison with present law, however, the provisions would have an impact as follows in fiscal year 1977 and 1978. (None of the provisions affect fiscal years after 1978.)

Supplemental security income provision.—If present permanent law were allowed to become effective, the cost of the food stamp program would be changed since some individuals in California and Massachusetts might become eligible for the program while many individuals in other States would lose eligibility. Administrative costs would be increased since a complex eligibility determination would be required in every case. No estimate is available of the net amount of the change in program costs which would occur if the present temporary provisions were not extended as proposed in this bill.

Social services program.—The committee estimates that the provision relating to the submission of a report by the Department of Health, Education, and Welfare on child care requirements involves no cost.

Child support program.—The committee estimates that the provisions related to Federal matching for child support services will have gross costs of about \$7 million in fiscal year 1977 and \$27 million in fiscal year 1978. Legislation enacted earlier this year (Public Law 95-19) included amendments to the child support program estimated to reduce Federal expenditures under that program by about \$26 million in fiscal year 1978. Taken together and combined with the expected impact of the child support services in making it unnecessary in some cases for families to become dependent upon aid to families with dependent children, the committee believes that the provisions will result in no net increase in Federal spending.

Medicaid program.—Under existing law, the administration plans to institute a reduction in funding for certain States which would reduce Federal Medicaid expenditures by an estimated \$142 million. The committee bill will prevent any reduction from being applied during the July-September 1977 quarter. The provision has no cost impact in fiscal 1978.

IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill, as amended, was ordered favorably reported by voice vote.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the sections 1 and 2 of the bill will not regulate any individuals or businesses.

Sections 3 through 6 of the bill are extensions of existing law and thus involve no new regulatory impact.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with subsection (4) of rule XXIX of the standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

PUBLIC LAW 93-233, AS AMENDED

* * * * *

ELIGIBILITY OF SUPPLEMENTAL SECURITY INCOME RECIPIENTS FOR FOOD STAMPS

SEC. 8. (a) (1) Section 3(e) of the Food Stamp Act of 1964 is amended effective only for the period ending [June 30, 1977] *September 30, 1978* to read as it did before amendment by Public Law 92-603 and Public Law 93-86, but with the addition of the following new sentence at the end thereof: "For the period ending [June 30, 1977] *September 30, 1978* no individual, who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household or an elderly person for purposes of this Act for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps."

(2) Section 3(b) of Public Law 93-86 shall not be effective for the period ending [June 30, 1977] *September 30, 1978*.

(b) (1) Section 4(c) of Public Law 93-86 shall not be effective for the period ending [June 30, 1977] *September 30, 1978*.

(2) The last sentence of section 416 of the Act of October 21, 1949 (as added by section 411(g) of Public Law 92-603) shall not be effective for the period ending [June 30, 1977] *September 30, 1978*.

(3) For the period ending [June 30, 1977] *September 30, 1978*, no individual who receives supplemental security income benefits under title XVI of the Social Security Act, State supplementary payments described in section 1616 of such Act, or payments of the type referred to in section 212(a) of Public Law 93-66, shall be considered to be a member of a household for any purpose of the food distribution program for families under section 32 of Public Law 74-320, section 416 of the Agricultural Act of 1949, or any other law, for any month during such period, if, for such month, such individual resides in a State which provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare to have been specifically increased so as to include the bonus value of food stamps.

(c) For purposes of the last sentence of section 3(e) of the Food Stamp Act of 1964 (as amended by subsection (a) of this section) and subsections (b)(3) and (f) of this section, the level of State supplementary payment under section 1616(a) shall be found by the Secretary to have been specifically increased so as to include the bonus value of food stamps (1) only if, prior to October 1, 1973, the State has entered into an agreement with the Secretary or taken other positive steps which demonstrate its intention to provide supplementary payments under section 1616(a) at a level which is at least equal to the maximum level which can be determined under section 401(b)(1) of the Social Security Amendments of 1972 and which is such that the limitation on State fiscal liability under section 401 does result in a reduction in the amount which would otherwise be payable to the Secretary by the State, and (2) only with respect to such months as the State may, at its option, elect.

(d) Upon the request of the State of California the Secretary shall find, for purposes of the provisions specified in subsection (c) of this section, that the level of such State's supplementary payments of the type described in section 1616(a) of the Social Security Act has been specifically increased for any month after June 1976 so as to include the bonus value of food stamps if—

(1) the State law as in effect for such month specifically provides for increases in such payments on account of increases in the level of benefits payable under title XVI of the Social Security Act in a manner designed to assure that, whenever a cost-of-living increase in the level of benefits payable under such title XVI becomes effective for any month after June 1976, the amount of the State supplementary payment payable, for each month with respect to which such cost-of-living increase is effective, to any individual or to any individual with an eligible spouse, will be increased by such amount as is necessary to assure that—

(A) the aggregate of (i) the amount payable for such month to such individual, or to such individual with an eligible spouse, under such title XVI, and (ii) the amount payable for such month to such individual, or to such individual with an eligible spouse, under the State's supplementary payments program, will exceed, by an amount which is not less than the monthly amount of such cost-of-living increase (plus the monthly amount

of any previous cost-of-living increases in the level of benefits payable under title XVI of the Social Security Act which became effective for months after June 1976)—

(B) the aggregate of the amounts which would otherwise have been payable, to such individual (or to such individual with an eligible spouse), under such title XVI and under the State's supplementary payments program for such month under the law as in effect on June 1, 1976; and

(2) such month is (A) the month of July 1976, or (B) a month thereafter which is in a period of consecutive months the first of which is July 1976 and each of which is a month with respect to which the conditions of paragraph (1) are met.

As used in this subsection, the term "cost-of-living increase in the level of benefits payable under title XVI of the Social Security Act" means an increase in benefits payable under such title XVI by reason of the operation of section 1617 of such Act; except that the cost-of-living increase in the level of benefits payable under such title XVI which became effective for the month of July 1976 shall be deemed (for purposes of determining the amount of the required excess referred to in the matter following subparagraph (A) and preceding subparagraph (B) in paragraph (1)) to have provided an increase of \$3.00 per month in the case of an individual without an eligible spouse and \$4.50 per month in the case of an individual with an eligible spouse.

(e) Section 401(b)(1) of the Social Security Amendments of 1972 is amended by striking out everything after the word "exceed" and inserting in lieu thereof: "a payment level modification (as defined in paragraph (2) of this subsection) with respect to such plans."

(f) The amendment made by subsection (e) shall be effective only for the period ending [June 30, 1977] *September 30, 1978*, except that such amendment shall not during such period, be effective in any State which provides supplementary payments of the type described in section 1616(a) of the Social Security Act the level of which has been found by the Secretary to have been specifically increased so as to include the bonus value of food stamps.

* * * * *

SOCIAL SECURITY ACT

* * * * *

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

* * * * *

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

* * * * *

PAYMENTS TO STATES

Sec. 455. (a) From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1975, an amount—

(1) equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454, and

(2) equal to 50 percent of the total amounts expended by such State during such quarter for the operation of a plan which meets the conditions of section 454 except as is provided by a waiver by the Secretary which is granted pursuant to specific authority set forth in the law;

except that no amount shall be paid to any State on account of furnishing child support collection or paternity determination services (other than the parent locator services) to individuals under section 454(6) during any period beginning after [June 30, 1977] *September 30, 1978.*

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

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

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

* * * * *

TITLE XX—GRANTS TO STATES FOR SERVICES

* * * * *

PAYMENTS TO STATES

SEC. 2002. (a) (1) * * *

(9) (A) No payment may be made under this section with respect to any expenditure in connection with the provision of any child day care service, unless—

(i) in the case of care provided in the child's home, the care meets 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

(ii) in the case of care provided outside the child's home, the care meets the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare

and the Office of Economic Opportunity on September 23, 1968; except that (I) subdivision III of such requirements with respect to educational services shall be recommended to the States and not required, and staffing standards for school-age children in day care centers may be revised by the Secretary, (II) the staffing standards imposed with respect to such care in the case of children under age 3 shall conform to regulations prescribed by the Secretary, (III) the staffing standards imposed with respect to such care in the case of children aged 10 to 14 shall require at least one adult for each 20 children, and in the case of school-aged children under age 10 shall require at least one adult for each 15 children, (IV) the State agency may waive the staffing standards otherwise applicable in the case of a day care center or group day care home in which not more than 20 per centum of the children in the facility (or, in the case of a day care center, not more than 5 children in the center) are children whose care is being paid for (wholly or in part) from funds made available to the State under this title, if such agency finds that it is not feasible to furnish day care for the children, whose care is so paid for, in a day care facility which complies with such staffing standards, and if the day care facility providing care for such children complies with applicable State standards, and (V) in determining whether applicable staffing standards are met in the case of day care provided in a family day care home, the number of children being cared for in such home shall include a child of the mother who is operating the home only if such child is under age 6, except as provided in subparagraph (B).

(B) The Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives, after December 31, 1976, and prior to **[July 1, 1977]** *April 1, 1978*, an evaluation of the appropriateness of the requirements imposed by subparagraph (A), together with any recommendations he may have for modification of those requirements. No earlier than ninety days after the submission of that report, the Secretary may, by regulation, make such modifications in the requirements imposed by subparagraph (A) as he determines are appropriate.

* * * * *

○