Calendar No. 352

96TH CONGRESS }
1st Session }
SENATE
{ REPORT
{ No. 96-336

# ADOPTION ASSISTANCE AND CHILD WELFARE ACT OF 1979

## REPORT

OF THE

## COMMITTEE ON FINANCE
## UNITED STATES SENATE

together with

## ADDITIONAL VIEWS

ON

H.R. 3434, A BILL TO AMEND THE SOCIAL SECURITY ACT TO MAKE NEEDED IMPROVEMENTS IN THE CHILD WELFARE AND SOCIAL SERVICES PROGRAMS, TO STRENGTHEN AND IMPROVE THE PROGRAM OF FEDERAL SUPPORT FOR FOSTER CARE OF NEEDY AND DEPENDENT CHILDREN, TO ESTABLISH A PROGRAM OF FEDERAL SUPPORT TO ENCOURAGE ADOPTIONS OF CHILDREN WITH SPECIAL NEEDS, AND FOR OTHER PURPOSES

OCTOBER 2 (legislative day, JUNE 21), 1979.—Ordered to be printed

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# ADOPTION ASSISTANCE AND CHILD WELFARE ACT OF 1979

OCTOBER 2 (legislative day JUNE 21), 1979.—Ordered to be printed

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

# REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 3434]

The Committee on Finance, to which was referred the bill (H.R. 3434) to amend the Social Security Act to make needed improvements in the child welfare and social services programs, to strengthen and improve the program of Federal support for foster care of needy and dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes, 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

### ADOPTION ASSISTANCE, FOSTER CARE AND CHILD WELFARE SERVICES

The committee amendment involves a major restructuring of Social Security Act programs for the care of children who must be removed from their own homes. In particular, the incentive structure of present law is modified to lessen the emphasis on foster care placement and to encourage greater efforts to find permanent homes for children either by making it possible for them to return to their own families or by placing them in adoptive homes.

*Subsidized adoptions.*—The Committee amendment provides for a new subsidized adoption program with Federal matching. Under the

adoption subsidy program, a State would be responsible for determining which children in the State in foster care would be eligible for adoption assistance because of special needs which have discouraged their adoption. The State would have to find that any such child would have been receiving AFDC but for the child's removal from the home of his relatives; that the child cannot be returned to that home; and that, after making a reasonable effort consistent with the child's needs, the child has not been adopted without the offering of financial assistance. The requirement of a search for a non-subsidized adoptive family would not apply when such a search would be against the best interests of the child, for example, where the child had already established significant emotional ties as a foster child of the potential adoptive parents. Even in such cases, however, the State would have to determine that it could not reasonably expect to place the child in the absence of adoption assistance because of some specific factor or condition which makes the child hard to place.

In the case of any child meeting these requirements, the State would be able to offer adoption assistance to parents who adopt the child so long as their income does not exceed 125 percent of the median income of a family of four in the State, adjusted to reflect family size. The agency administering the program could make exceptions to the income limit where special circumstances in the family warrant adoption assistance (such exceptions could not be made in more than 10 percent of the cases). The amount of the adoption assistance would be agreed upon between the parents and the agency, could not exceed the foster care maintenance payment that would be paid if the child were in a foster family home, and could be readjusted by agreement of the parents and the local agency to reflect any changed circumstances. Adoption assistance payments would not be paid (1) after the child has attained the age of 18, or (2) for any period when the family income rose above the specified limits. A child with a medical disability which existed at the time of the adoption would continue to be covered under the medicaid program for treatment related to that medical disability, or, at State option, for other conditions.

There would be no Federal matching for adoption subsidy agreements beginning in fiscal year 1985 (though Federal matching for subsidies under agreements entered into before then would continue to be available). This would permit a review of the program by the Congress before the end of the five-year trial period.

Where children are placed for adoption with assistance being provided under the new adoption assistance program, the nonrecurring costs involved in the adoption proceedings would be eligible for funding as child welfare services under title IV–B.

*Foster care grants.*—Under present law open-ended Federal matching is provided for foster care payments under aid to families with dependent children if a child (1) meets State AFDC eligibility requirements and (2) is removed from his home as a result of a judicial determination to the effect that continuation in the home would be contrary to the welfare of such child.

Under the committee amendment a ceiling would be put on Federal matching beginning in fiscal year 1980, set at 20 percent above the 1978 level, with a 10 percent annual increase thereafter through 1984. In addition, for any year an alternative foster care grant ceiling would

be provided equal to each State's share of $100 million based on population under age 18 in each of the States. This would provide some additional room for program growth in those States which now have disproportionately small foster care programs. (In States which have disputed claims for Federal reimbursement in fiscal year 1978, the ceiling and subsequent increases in the ceiling would be computed on the basis of the State's claim for Federal reimbursement until the disputed claim is resolved. From the date that the claim is resolved, the ceiling would be based on the actual, finally determined Federal reimbursement but there would be no retroactive application of this final ceiling.) Amounts within each State's ceiling not used for foster care payments could be used for child welfare services, under the title IV–B grant program. Under the committee amendment, Federal matching for AFDC foster-care would be available only for children placed in such care prior to October 1, 1984. This is consistent with a similar provision under the adoption assistance program in the expectation that legislation relating to both programs would be considered prior to the end of this five-year period.

At the present time Federal funding of foster care maintenance payments for children is available for children placed in foster care homes and also for children placed in a "nonprofit private child care institution." The committee amendment would broaden the provision to allow for Federal funding of foster care maintenance payments for children in public as well as private facilities, but only if the public institution serves no more than 25 resident children. (This provision would apply only to children placed in foster care for the first time after enactment of the bill.) Federal foster care matching would not be permitted under the committee amendment for care in a facility operated primarily for the detention of children who are determined to be delinquent.

The committee amendment incorporates, and requires renewed emphasis on, the provision of present law limiting Federal funding for foster care in institutions to those items which are comparable to what would be provided in a foster family home such as food, clothing, shelter, personal needs and the costs of providing those items and of supervising the children.

The committee amendment adds a requirement that States establish goals as to the maximum number of children who will remain in foster care after being in such care for more than 24 months and that, starting October 1, 1981, efforts are made in each case to prevent the removal of a child from his home or to make it possible for the child to be returned to his own home.

*Child welfare service grants.*—The child welfare services program under title IV–B of the Social Security Act provides a Federal contribution to the costs of State programs to protect and promote the welfare of children including the provision of services to enable children to remain in their own homes, action to remove children from unsuitable homes and place them in foster care homes or institutions, and measures to place children in adoptive homes. Within the overall Federal funding available, the Federal matching share ranges from 33⅓ to 66⅔ percent depending on State per capita income. (Because of the relatively small amount of overall Federal funding which has been available, however, the effective Federal matching has been much smaller, about 7 percent nationally.) Under the committee amendment,

the Federal matching rate would be set at a flat 75 percent. Federal grants for child welfare services above the present $56.5 million funding level could not be used for foster care maintenance payments.

The committee amendment also adds a new section to the child welfare services part of the law specifically permitting expenditures for State tracking and information systems, individual case review systems, services to reunite families or place children in adoption, and procedures to protect the rights of natural parents, children and foster parents. This would allow the Congress to designate that all or part of any new funding (over and above the current $56.5 million funding level, but within the overall $266 million now authorized) be specifically for this new section. (This earmarking would be accomplished through the appropriations process and not as a part of the authorizing statute.) State participation in this program would be optional.

In the first two years for which funds are allotted to a State specifically for the new section, those funds could be used:

1. For conducting and completing an inventory of all children who have been in foster care under the responsibility of the State for a period of six months preceding the inventory, including determining the appropriateness of and necessity for the current foster placement, whether the child can or should be returned to its parents or should be freed for adoption and the services necessary to facilitate either the return of the child or the placement of the child for adoption. (In that first year only, administrative expenses incurred for this purpose—and the purposes specified in sections 2a and b below—insofar as children receiving foster care under part E are involved could be funded under that part without regard to the ceiling on foster care funding which would otherwise apply.)

2. To design and develop:

a. A statewide information system concerning children in foster care.

b. A case review system for each child in foster care under the supervision of the State. (Such a system—if funded under this new section—would have to include procedures for assuring placement in the least-restrictive setting and provision for an annual or more frequent judicial or administrative review of: the appropriateness of the placement, compliance with the case plan, and prospects for returning the child home or placing him for adoption. Within 24 months after the initial placement, each child would have to receive a dispositional hearing by a court, tribal court, or court-appointed or approved administrative body to determine the future status of the child. The case review system would also have to provide for procedural safeguards concerning parental rights, the removal of a child from the home, changes in placement, and visitation rights.)

c. A service program designed to help children remain with their families and where appropriate help children return to families from which they have been removed or be placed for adoption or a legal guardianship.

When the inventory has been completed and the systems and programs have been designed and developed, funding appropriated for the new section could be used to operate the systems and programs

described in item 2. A State which already has an inventory of children in foster care and has developed the specified systems and programs could immediately use any funds which may be appropriated under the new section.

The committee amendments also modifies the child welfare services program so that it will operate on a "forward funding" basis. Under this provision, amounts appropriated for the program after the enactment of this legislation would become available for expenditure in the fiscal year following the fiscal year to which the appropriation act applies. This would give States advance knowledge of the amount of funding available.

An additional element of the committee bill would authorize the Secretary of Health, Education, and Welfare (to the extent he determines appropriate) to deal directly with recognized Indian Government entities in making child welfare services grants under title IV–B.

## PROVISIONS RELATING TO SOCIAL SERVICES

The committee amendment includes a number of amendments affecting the social services program under title XX of the Social Security Act.

*Ceiling on Federal funding.*—Under present law, there is a permanent ceiling on Federal matching for State social services programs of $2.5 billion annually. The committee amendment indexes this ceiling. Under the indexing provision, the ceiling will rise to $2.7 billion in fiscal year 1980 and $2.9 billion in fiscal 1981. Thereafter, the provision will result in annual increments of $100 million until reaching a level of $3.3 billion in fiscal year 1985. After reaching the $3.3 billion level, the indexing provision would cease to operate unless extended by subsequent legislation. The committee intends to review the question of the ceiling level for fiscal year 1980 after the Congress completes action on the Second Budget Resolution for that year.

*Special allocation for child care services.*—Under the committee amendments, $200 million of the funds provided to the States in fiscal years 1980 and 1981 would be available for child care services, with no State matching requirement. This is an extension of authority which has been in the law for the last 3 years.

*Ceiling on training funds.*—Under present law, funding for social services training is available to the States on an open-ended entitlement basis, with the Federal Government paying 75 percent of all State expenditures. The committee amendment would establish a limit, for one year (fiscal year 1980), on the amount of Federal matching funds available to the States for training. Notwithstanding any other provision of law, the limit for each State would be equal to four percent of that State's 1980 allotment under the title XX funding ceiling or the actual amount spent by the State in fiscal year 1979, whichever is higher.

*Use of private funds for training.*—Under present law, donated private funds used for title XX services must be donated to the State without restrictions (1) as to use, other than restrictions as to the type of donor who is not a sponsor or operator of a program to provide these services, and (2) as to the geographic area in which the services are to be provided. The committee amendment would permit the acceptance by the State of restricted private matching funds for

training purposes in fiscal year 1980. The Department of Health, Education, and Welfare would be required to monitor the States' use of these funds, and there would be a prohibition on their use for training in proprietary facilities.

*Multiyear planning.*—The committee bill includes a provision under which, beginning in fiscal year 1980, States would be permitted to use either a one, two, or three year title XX program period, instead of the annual plan required under present law. If the State elected a program period of longer than one year, the State agency would have to publish and make generally available such information concerning the program, at such times as the Secretary may by regulation require.

*Choice of fiscal year.*—Present law allows the State to use the beginning of the fiscal year of either the Federal Government or the State government as the beginning of the State's title XX planning year. The committee bill amends this provision to allow a State the alternative of choosing the fiscal year used by its local subdivisions.

*Emergency shelter for adults.*—Present law allows funds to be used to pay for up to 30 days of emergency shelter provided as a protective service to a child. Beginning in fiscal year 1980, the committee amendment provides that funds could be used for emergency shelter provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment or exploitation. As is now provided under regulation for services for children, the shelter could be provided for no more than 30 days in any 6-month period.

*Entitlement for Puerto Rico, Guam, and the Virgin Islands.*—Under present law these jurisdictions receive an allotment for social services from the amount that the States certify, at the beginning of the program year, they will not need from their title XX formula allotments for that year. There is a ceiling on the amount that can be made available in any year of $15 million for Puerto Rico, and $500,000 each for Guam and the Virgin Islands. The committee amendment provides that, beginning in fiscal year 1980, a separate title XX entitlement amount would be established, as follows: Puerto Rico, $15 million; Guam and the Virgin Islands, $500,000; and the Northern Marianas, $100,000.

*Child support enforcement services for non-welfare families.*—The child support enforcement program requires States to make available services to both welfare and non-welfare families to assist in establishing the paternity of children and in securing support from absent parents. The original legislation enacted in 1975 provided for 75 percent Federal matching of the costs incurred by the States in providing these services. In the case of welfare families, the Federal matching provision was enacted in 1975 on a permanent basis while the matching for services to non-welfare families was provided only through June 30, 1976. Because of the success of the child support program in keeping families off welfare, Congress subsequently extended the provision for Federal matching for services to nonwelfare families through fiscal year 1977 and fiscal year 1978. During the last Congress, legislation to make this matching permanent was passed by the Senate on several occasions and also agreed to by the House of Representatives as a part of legislation which, for other reasons, did not reach enactment.

The committee amendment establishes this authority on a permanent basis retroactively to last October 1, 1978. This provision has

already been agreed to by the Senate this year as an amendment to H.R. 3091, but has not yet been enacted.

*Provisions relating to authority to hire welfare recipients as child care workers.*—The Committee amendment includes a number of provisions which were approved earlier by the Senate as an amendment to H.R. 3091, but which have not yet been enacted. The amendment would restore the authority of the States to use social services funds under title XX to pay the costs of employing welfare recipients in child care jobs. This authority was available in fiscal years 1977 and 1978. The amendment would make this authority permanent, retroactive to October 1, 1978. It would also make certain changes to conform and better coordinate it with the provisions under which employers obtain a tax credit for hiring welfare recipients. Specifically, the amendment would:

1. extend the authority to use title XX funds to reimburse the costs of hiring welfare recipients in child care jobs;
2. incorporate this authority as a permanent part of the basic title XX statute;
3. increase the maximum per recipient annual combined tax credit and title XX reimbursement from $5,000 to $6,000—the same level of wages that is eligible for the new welfare recipient tax credit;
4. make the payment and credit available for part-time as well as full-time employment in child care jobs;
5. permit the credit to be computed on the basis of the full wages including the part reimbursed under title XX—subject to a maximum combined tax credit and title XX payment not to exceed 100 percent of the first $6,000 of wages; and
6. make the tax credit coverage applicable to the period between the date it previously expired (October 1, 1978) and the effective date of the new credit enacted last year (January 1, 1979).

*Services to alcoholics and drug addicts.*—The committee amendment reinstates and makes permanent, retroactive to October 1, 1978, temporary provisions of law relating to the use of title XX funds for certain services to alcoholics and drug addicts. These temporary provisions expired September 30, 1978. Title XX funds ordinarily may only be used to provide health services if the services are an integral, but subordinate, part of a social service. The law provides also that funds may not used for services to persons in medical institutions. The amendment would make permanent those expired provisions of law which permitted consideration of the entire rehabilitative process in determining whether medical services provided to addicts and alcoholics are an integral but subordinate part of a social service. Also made permanent would be provisions allowing funding for up to 7 days of detoxification services provided to alcoholics and drug addicts in medical institutions, and provisions applying the privacy protections of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. This provision has previously been approved by the Senate as an amendment to H.R. 3091.

## OTHER SOCIAL SECURITY ACT PROVISIONS

*AFDC earnings disregard.*—Under present law States are required, in determining need for aid to families with dependent children, to disregard the first $30 earned monthly by an adult, plus one-third of

additional earnings. Costs related to work—such as transportation, child care, uniforms, and other items—are also deducted from earnings in calculating the amount of the welfare benefit.

The committee amendment requires States to disregard the first $70 earned monthly by an individual plus 40 percent of additional earnings. Child care expenses, subject to limitations prescribed by the Secretary, would be deducted before computing an individual's earned income. Other work expenses could not be deducted.

*Incentive to report earnings.*—When a State learns that a recipient had unreported earned income in prior months, it must under present law give him the benefit of all the earned income disregards provided by law in calculating the amount of the overpayment. Thus if a recipient is negligent in reporting his earnings even over a long period of time, there is no penalty involved. The committee amendment would provide an incentive to report income by specifying that there would be no disregard of any earned income which the recipient has not reported to the State agency.

*Income of stepparents.*—Under current law a stepparent's income may not be considered in calculating the benefit due a stepchild unless the stepparent is legally responsible for stepchildren under State law. Thus, in almost all States, families which include a stepparent may receive AFDC regardless of the amount of a stepparent's income. Under the committee amendment, States would be required to take into account that part of the unearned income plus 80 percent of the earned income of a stepparent which exceeds the sum of: (1) the State standard of need for a family of the same composition as the stepparent and his dependents who are not receiving welfare (that is, those members of the household whom he claims as Federal personal income tax dependents but who are not in the AFDC recipient group); (2) amounts paid by him to dependents living elsewhere which are taken into account for Federal personal income tax purposes; and (3) alimony or child support payments made by him to persons not living in the household.

*Prorated shelter allowance when AFDC household includes ineligible relatives.*—An AFDC household may include one or more members who are not actually considered a part of the AFDC eligibility group. For example, an uncle living with the family could be excluded from the AFDC computations since he is not legally responsible for the support of the other members of the household. In such a case, his needs would not be counted in determining the size of the grant and his income would not be used to reduce the amount payable. AFDC studies have shown that a substantial proportion of all AFDC households include such ineligible relatives. The committee amendment would permit States, in computing the shelter cost component of the AFDC grant, to assume in effect that such an ineligible relative in the AFDC household bears his proportionate share of the shelter expenses. This would be computed as follows: instead of applying the shelter allowance applicable to the actual AFDC eligibility group the State would use the larger shelter allowance that would apply to a group including the AFDC unit and the ineligible relatives. That larger allowance, however, would be reduced on a prorata basis in accordance with the ratio of the number of AFDC eligibles to the total number of AFDC eligibles plus ineligible relatives. For example, if the household included 4 AFDC eligibles plus two ineligible rela-

tives and the shelter allowance for a 6-person family was $60, the amount actually payable for shelter would be $40 (four-sixths of the full allowance). The provision would apply only if the overall household income exceeded the State's AFDC standard of need for a household of that size.

*Services for disabled children.*—The committee amendment provides for the extension for an additional 3 years of the special referral and services program for disabled children who are receiving SSI benefits. The program was enacted in 1976 and provided up to $30 million in Federal funds to be allocated annually to the States on the basis of the proportion of children under age 7 in the State. Without extending legislation, the program will have expired as of September 30, 1979.

This program requires the referral by the Social Security Administration of a disabled child under age 16 to a State agency which is responsible for counseling disabled children and their families, and for establishing an individual service plan for each child. Children are to be referred to appropriate services, and agencies are required to monitor the program to assure adherence to service plans.

*Public assistance expenditures in Puerto Rico, Guam, and the Virgin Islands.*—Under existing law there is a dollar ceiling on Federal matching for costs of cash assistance, administration and social services provided under the programs of aid to families with dependent children and aid to the aged, blind and disabled in the jurisdictions of Puerto Rico, Guam, and the Virgin Islands. The annual permanent ceiling is $24 million for Puerto Rico, $1.1 million for Guam, and $0.8 million for the Virgin Islands. These limits have been in effect since 1972. In addition, these jurisdictions are limited to 50 percent Federal matching, whereas the States may receive from 50 to 83 percent Federal matching, depending on State per capita income.

For one year (fiscal year 1979), the overall ceiling was tripled to $78 million and the matching rate was increased to 75 percent by an amendment to the Revenue Act of 1978 (Public Law 95–600). This provision expires September 30, 1979, and the ceiling reverts to $26 million and the matching rate to 50 percent.

The committee amendment provides for a permanent extension of the provisions which were included in Public Law 95–600 on a temporary 1-year basis.

*Limitation on Period for State Filing of Claims Under the Social Security Act.*—Current law does not set a time limit on State submission of claims under the welfare, Medicaid and social services programs in the Social Security Act. The committee amendment includes a provision under which the Social Security Act would be amended effective October 1, 1981 to limit the period of retroactivity for State claims to a full two years under the various titles of the Act (that is, it would apply to expenditures for periods starting with fiscal year 1980). However, the provision could not be interpreted so as to limit Federal financial participation in cases involving court-ordered retroactive payments or audit exceptions or adjustments to prior year costs. The Secretary of Health, Education, and Welfare would be able to waive the limitation in other circumstances where he determines there is good reason to do so. While this provision establishes a time limitation on claiming reimbursement for expenditures for fiscal 1980 and subsequent years, in the view of the Committee it does not authorize any change in the treatment of outstanding expenditures for

earlier years. The expenditures for such earlier years retain their status as entitlement items for which the Federal Government is obligated by statute to provide appropriate matching.

## II. General Discussion of the Bill

### A. Adoption Assistance, Foster Care, and Child Welfare

### (Title I of the Bill)

#### GENERAL APPROACH

*Present law.*—The title IV–A program, aid to families with dependent children (AFDC), is primarily designed to provide aid to needy children who are living in their own home—that is, a home maintained by a parent or close relative—but who have been deprived of ordinary parental support by reason of the death, incapacity, or absence from the home of at least one parent. (States at their option may also provide aid under this program to families in which the deprivation of support arises from the parent's unemployment.)

Since 1961, the AFDC program has also permitted Federal matching for aid provided to children who are not in their own home, but are in foster care. Such assistance is matched by the Federal Government only in the case of children who would be eligible for AFDC had they remained in their own home, but who have been removed from the home as a result of judicial determination and placed in foster care. Aid is available under this special AFDC foster care provision for such children in foster family homes and also in nonprofit private foster care institutions. As of January 1979, 104,108 children were being assisted through the AFDC foster care program. (See table 14 for State-by-State data.) The annual cost of this part of the AFDC program was $351 million in fiscal year 1977, of which $183 million represented the Federal share. (See table 1.)

According to HEW statistics, for the first 7 months of 1978, average monthly costs for AFDC foster care per child per month were $346. Broken out by type of placements, they averaged $259 in foster homes, and $708 in institutions. (Tables 2–7 show data for foster care programs by State.)

While the availability of Federal funding under the AFDC program for foster care has significantly enhanced the ability of the States to provide for the care of children who must be removed from their own homes, concern has been expressed over the need for increased efforts to move children out of foster care and into more permanent arrangements by reuniting them with their own families when this is feasible, or by placing them in adoptive homes.

There have also been criticisms of the quality of foster care which is being provided in many parts of the country under the AFDC foster care program. An HEW audit report based on field inspections between 1974 and 1976 found that in most of the 13 States covered by the report there were significant weaknesses in program management which had adverse effects on the types of care and services provided to foster children. According to the report, the auditors found (1) eleven instances involving problems with the licensing of foster care facilities, (2) two instances involving the mixing of foster children with

delinquent children, (3) eight instances involving problems with the preparation of plans of care, and (4) twelve instances involving the eligibility of children for the AFDC foster care program. They found at least 14 other types of conditions which were considered detrimental to the care of the children as well as the AFDC foster care program as a whole.

A 1977 study conducted for HEW, the National Study of Social Services to Children and Their Families, found that of all children in foster care, almost 400,000 were living in foster family homes, 12,000 were in public group homes, and 23,000 in private group homes. Almost 30,000 were in residential treatment centers and 43,000 were in public and private child care institutions. The National Study also found that two and one-half years was the median length of time all children in foster care had spent in care. It found that 38 percent of all children in foster care had been in placement for more than 2 years.

Most States (44 plus the District of Columbia) have adopted laws governing adoption programs, including the provision of subsidies to assist parents who adopt children with special needs. However, in some States, these laws have not yet been implemented. Several States, including California, Illinois, Maryland, Minnesota, and New York have been conducting programs for about the last 10 years. According to a study by the General Accounting Office, about 18,000 subsidized adoption placements have been made in the last 10 years. In fiscal year 1977, 41 States granted subsidies and nine of those States granted more than 100 new placement subsidies. Both maintenance and medical assistance for children with special needs are included in the laws of 43 of the 45 States that have them. One State provides only medical assistance, and one provides only maintenance assistance.

State activities in the areas of foster care and adoptions are not now closely monitored by the Federal Government. The child welfare services program under title IV–B of the Social Security Act provides a relatively small Federal contribution to the costs of State programs to protect and promote the welfare of children, including the provision of services to enable children to remain in their own homes, action to remove children from unsuitable homes and place them in foster care homes or institutions, and measures to place children in adoptive homes. Title IV–B authorizes annual appropriations of up to $266 million for child welfare services but the appropriation has never exceeded $56.5 million, or about 21 percent of the amount currently authorized. It is estimated by HEW that combined State and Federal expenditures reported under the title IV–B program will be about $800 million in fiscal year 1979, with State and local funds representing about 93 percent of that total amount. (See tables 9 and 10.) In addition, in fiscal year 1978, approximately $300 million in Federal title XX funds were spent for protective services provided to children and famllies.

Most of the expenditures reported by States under the title IV–B program are used to provide foster care, including income maintenance for children who are ineligible for foster care under the Aid to Families with Dependent Children (AFDC) program (title IV–A). According to HEW statistics, in 1979 about 3 percent of the total Federal, State, and local funding under IV–B was used for adoption services, 8 percent for day care, 73 percent for foster care, 8 percent for protective services, and the remainder for a variety of other child welfare services. (See table 10.)

*Committee bill.*—The committee believes that the authority in the law now to provide assistance to children in foster care has been of significant benefit to children over the years since it was originally enacted in 1961. However, the committee agrees that it would be appropriate and desirable at this time to modify the law in a way which will deemphasize the use of foster care and encourage greater efforts to place children in permanent homes. For this reason, the committee has made certain changes in the foster care provisions and has also adopted a new program of federally aided adoption assistance for children who would otherwise continue in foster care receiving benefits under the AFDC foster care provisions.

Under the committee bill, States would be required to establish goals as to the maximum number of children who will remain in foster care for in excess of 24 months. The bill would also make a distinction for funding purposes between adoption assistance and foster care payments to children eligible for AFDC. A ceiling would be placed on foster care payments beginning in fiscal year 1980 at 20 percent above the fiscal year 1978 expenditure level for foster care, with a 10-percent annual increase allowed through fiscal year 1984. (A higher ceiling would be provided for States with disproportionately small foster care programs in fiscal year 1978.) Federal matching would not be broadened to include cases without judicial determination, but would include care in public institutions caring for 25 or fewer children. The new adoption assistance program would be open ended. There would be no Federal matching for new adoption subsidy agreements for new foster care placements beginning in fiscal year 1985 so that the program could be reviewed by the Congress before the end of the trial period. Prior to that time, the Secretary of Health, Education and Welfare would be required to undertake and complete a study of foster care and adoption assistance under the new provisions.

A new section would be added to the child welfare services program specifically permitting expenditures for State tracking and information systems, individual case review systems, services to reunite families or place children in adoption, and procedures to protect the rights of natural parents, children and foster parents. The provision would allow the Congress to designate any new funding—over and above the current $56.5 million funding level, but within the overall $266 million now authorized—to be used specifically for this new section. This earmarking would be accomplished through the appropriations process and not as a part of the authorizing statute. State participation in this program would be optional. Funding for this program would be changed to a forward funding basis under which appropriations are made a year in advance of expenditures.

The Federal matching rate for the child welfare services program would be set at a flat 75 percent—unlike the range of from 33⅓ to 66⅔ percent under present law. In addition, any additional funds appropriated for child welfare services—above the present funding level of $56.5 million—could not be used for foster care maintenance payments.

ADOPTION ASSISTANCE

(Sections 101(a) and 102 of the Bill)

*Present law.*—Under present law there is no Federal matching for adoption subsidies under the program of aid to families with dependent

children. However, Federal funds for child welfare services may, among other things, be used for adoption subsidies. Forty-four States and jurisdictions now have adoption subsidy programs.

Although State adoption subsidy programs have in most cases been in existence for a relatively brief period, State officials involved in these programs are convinced of their value in finding permanent homes for hard-to-place children. The committee has received testimony on the importance of adoption subsidies in ending the current practice of leaving such children in foster care indefinitely.

*Committee bill.*—The committee bill would establish a new adoption assistance program (under a new part E of title IV of the Social Security Act) with Federal matching on the same basis as under the medicaid program. Under the adoption assistance program, a State would be responsible for determining which children in the State would be eligible for adoption assistance because of special needs which have discouraged their adoption. The State would have to find that any such child would have been receiving AFDC but for the child's removal from the home of his relatives; that the child cannot be returned to that home; and that, after making a reasonable effort consistent with the child's needs, the child has not been adopted without the offering of financial assistance. A search for a nonsubsidized adoptive family would not be required when such a search would be against the best interests of the child, for example, where the child had already established significant emotional ties as a foster child of the potential adoptive parents. Even in such cases, however, the State would have to determine that it could not reasonably expect to place the child in the absence of adoption assistance because of some specific factor or condition which makes the child hard to place. The determination could be based on such factors as a physical or emotional handicap, the need to place members of a sibling group with a single adoptive family, difficulty in placing children of certain ages or ethnic backgrounds, or similar factors or combinations of factors. Each State would be responsible for deciding which factors would ordinarily result in making it difficult to place certain children in adoptive homes. The committee expects, however, that the Department will sufficiently monitor this program to assure that *bona fide* determinations are being made on the basis of specific factors and that children are not being routinely classified as "hard-to-place."

If the State determines that adoption assistance is needed, it would be able to offer such assistance to parents who adopt the child, so long as their income does not exceed 125 percent of the median income of a family of four in the State, adjusted to reflect family size. The agency administering the program could make exceptions to the income limit where special circumstances in the family warrant adoption assistance (but not to exceed 10 percent of the State's adoption assistance cases). The amount of the adoption assistance would be agreed upon between the parents and the agency, could not exceed the foster care maintenance payment that would be paid if the child were in a foster family home, and could be readjusted by agreement of the parents and the local agency to reflect any changed circumstances. Adoption assistance payments would not be paid: (1) after the child has attained the age of 18; or (2) for any period when the family income rose above the specified limits. A child with a medical disability which existed at the time of the adoption would continue to be covered

under the medicaid program for treatment related to that medical disability. States would be permitted, if they wish, to make an adopted child with a preexisting medical condition eligible for treatment under medicaid for other medical conditions as well.

There would be no Federal matching for adoption subsidy agreements beginning in fiscal year 1985—though Federal matching for subsidies under agreements entered into before then would continue to be available. This would permit a review of the program by the Congress before the end of the 5-year trial period.

Where children are placed for adoption with assistance being provided under the new adoption assistance program, the nonrecurring costs involved in the adoption proceedings would be eligible for funding as child welfare services under title IV–B.

## FOSTER CARE GRANTS

(Sections 101(a) and 102 of the Bill)

*Present law.*—Under present law open-ended Federal matching is provided for foster care payments under aid to families with dependent children if a child (1) meets State AFDC eligibility requirements, and (2) is removed from his home "as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child". AFDC foster care payments totalled $351 million in fiscal year 1977 with a Federal share of $183 million (52 percent). Table 1 shows these amounts by State.

*Committee bill.*—The committee believes that it would be appropriate in light of its desire to emphasize more permanent placement to convert the foster care program into a closed end authority. States have had over 17 years in which to utilize this program and develop its potentials. The committee provision accordingly would use the State's fiscal year 1978 expenditures under the program as a base allowing for further expansion under an indexing provision which would result in an increase of 20 percent in fiscal 1980 and 10 percent per year in each of the next 4 years—through 1984. (Under the committee bill, the ceiling would not be indexed further as of fiscal year 1985. However, before that year, Congress would have had an opportunity to review the appropriate level of funding inasmuch as additional legislation will be required to continue the program for placements made after the end of fiscal 1984.) The committee believes that this allows ample room for reasonable growth in this program over the next few years while measures designed to move children out of foster care into more permanent situations, that is, back into their own families or into adoptive homes, are being developed and implemented with the additional funding expected to be made available under the title IV–B child welfare services program. As a further incentive for emphasizing permanent placements, the funds available to each State within its new foster care ceiling could under the committee provision be used alternatively for child welfare services under title IV–B to the extent that the State does not need its full ceiling for foster care purposes. In addition, for any year an alternative foster care grant ceiling would be provided equal to each State's share of $100 million based on population under age 18 in each of the States. This would provide some additional room for program growth in those States which now have

disproportionately small foster care programs. Table 8 shows the distribution of the $100 million alternative amount.

In establishing a ceiling on foster care funding, the committee recognizes that certain expenditures are currently in dispute. The bill provides, accordingly, that the fiscal year 1978 base and subsequent year increments to that base—through 1984—will count the amounts in dispute until such time as the Secretary of HEW has reached a final determination as to whether or not those amounts are property chargeable as AFDC foster care expenditures. When such a final determination has been made, the State's foster care funding ceiling will be readjusted to conform to that determination. However, amounts payable to the State prior to the date of that determination will not be considered to be in excess of the ceiling as a result of the readjustment of the base.

In reviewing the need for legislation related to foster care, the committee has noted that the available statistical data on AFDC foster care indicates widely varying cost.

Data provided by the Department of Health, Education, and Welfare indicate that in the first 6 months of 1978 (January–June), the average cost of AFDC foster care per child varied from $764 a month in the highest paying State to $79 a month in the lowest. To a certain extent, the variations among the States reflect the varying degrees of use of institutional care, which is generally considerably more costly than care in a foster home. However, the committee also understands that there is at the present time general confusion about what can be called a foster care maintenance payment. The committee bill thus provides a specific definition to apply to foster care payments. The term is defined as payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance for the child, and reasonable travel to the child's home for visits. In the case of institutional care, the term includes the reasonable costs of administration and operation of the institution as are necessary to the provision of the items listed above.

The House bill would eliminate a requirement of present law under which Federal matching for AFDC foster care is available only in cases where the child's removal from his own home and placement in foster care has been accomplished through a judicial determination that such action is in the child's best interests. The committee amendment does not include this provision of the House bill but rather strengthens the existing law provision by requiring that the judicial finding also involve the question of whether efforts have been made to make it possible for the child to remain in (or return to) his own home. A major reason for the enactment of legislation dealing with these programs is the evidence that many foster care placements may be inappropriate and that this situation may exist at least in part because Federal law is now structured to provide stronger incentives for the use of foster care than for attempts to provide permanent placements. The committee feels that the elimination of the requirement for judicial determinations would be directly contrary to the purposes of the legislation in that it would move in the direction of providing additional incentives for States to choose foster care placements over the more difficult task of returning children to their own homes or placing them in adoptive homes. Moreover, such a change

would eliminate an important safeguard against inappropriate agency action. The committee is aware of allegations that the judicial determination requirement can become a mere *pro forma* exercise in paper shuffling to obtain Federal funding. While this could occur in some instances, the committee is unwilling to accept as a general proposition that the judiciaries of the States would so lightly treat a responsibility placed upon them by Federal statute for the protection of children. The committee notes that the existing law is written in such a way that emergency placements in foster care can be made and subsequently ratified by judicial determination without losing eligibility for AFDC matching after the determination has been made.

At the present time Federal funding of foster care maintenance payments for children is available for children placed in foster care homes and also for children placed in a nonprofit private child care institution. The committee bill would broaden the provision to allow for Federal funding of foster care maintenance payments for children in public as well as private facilities, but only if the public institution serves no more than 25 resident children. While the committee recognizes that this change in the law does somewhat expand the foster care authority of the law contrary to the committee's overall goal of deemphasizing foster care, the committee believes that such a change is important in order to encourage States to develop less intensive forms of institutional foster care. In other words, it is the intent of the committee that this authority be used by the States to make it possible to move children from large, highly institutionalized private institutions into smaller institutions which more nearly approximate the atmosphere of a home. Funding under this provision will not be available for children who are already in public institutions of this type, but only for those placed in such foster care after the enactment of the bill. Because the intent of this provision is to encourage the development and utilization of group home care, the committee expects that the administration will closely monitor claims for reimbursement under this authority to assure that payments are not made with respect to care in large institutions which have made superficial changes, such as the establishment of a "group home" wing within a larger institution. The committee intends that only institutions which are clearly and definitely separate entities serving 25 or fewer children will be covered by the provision. No Federal matching will be available under this provision for care provided in a detention facility, forestry camp, training school, or any other facility operated primarily for the detention of children who are determined to be delinquent.

The committee believes that the combination of an open-ended adoption assistance program and a closed-end foster care program represents an important restructuring of Federal incentives toward permanent placement of children. At the same time, the committee recognizes that substantial progress in this direction cannot be achieved by Federal fiat but can come about only through concerted effort and commitment on the part of State and local governments which have primary responsibility for carrying out these programs. Nevertheless, the committee believes that an important first step which can be required is the establishment of goals as to the maximum

number of children who will be in foster care for an extended period of time. Accordingly, the bill would require each State to establish by law goals for each fiscal year starting with fiscal year 1983 as to the maximum number of children who at any time during that year will have been in foster care for over 24 months. Each State plan will be required to describe the steps which will be taken by the State to achieve those goals. These requirements should help focus attention on the problem while at the same time providing a yardstick against which progress can be measured and a realistic assessment of what can be accomplished in these areas.

As indicated above, the committee bill provides for both the adoption assistance and foster care programs to terminate (insofar as new placements are concerned) on October 1, 1984. This provision assures that legislation in these areas will be considered before that date. The bill includes a requirement that the Secretary of Health, Education, and Welfare undertake a study of how these programs operate and report back to the Congress by October 1, 1983 with his findings and recommendations.

### CHILD WELFARE SERVICES (TITLE IV–B)

(Sections 101(b) and 103 of the Bill)

*Present law.*—The child welfare services program under title IV–B of the Social Security Act provides a relatively small Federal contribution to the costs of State programs to protect and promote the welfare of children including the provision of services to enable children to remain in their own homes, action to remove children from unsuitable homes and place them in foster care homes or institutions, and measures to place children in adoptive homes. Title IV–B authorizes annual appropriations of up to $266 million for child welfare services but the appropriation has never exceeded $56.5 million. Total costs of operating these programs actually amounted to approximately $800 million in fiscal year 1977. The various categories of expenditures are shown in table 10.

*Committee bill.*—The committee bill would retain the provision of present law which authorizes an appropriation of $266 million annually for child welfare services, but would increase the Federal matching rate for the program to a flat 75 percent—unlike the range of from 33⅓ to 66⅔ percent under present law. So that additional Federal funds which the committee recommends be appropriated in future years are not simply used to replace State funds for foster care to children not eligible for AFDC, the committee bill provides that any additional funds appropriated for child welfare services—above the present funding level of $56.5 million—may not be used for foster care maintenance payments. Foster care maintenance payments above that level could, however, be used toward meeting the 25-percent non-Federal share of the program.

The committee believes that, by limiting the use of child welfare funds for foster care to the existing level of funding, the concern that new Federal funds will not result in new services to children will be

substantially allayed. It expects that appropriations levels will be increased in future years up to the full existing authorization levels with full confidence that the States will use the money in ways which best serve the needs of children. At the same time, the committee recognizes that concerns have been expressed over the need for increased accountability in the care of children who suffer from various forms of neglect. For this reason, the committee would retain the basic nature of the child welfare services program as one which is subject to annual review through the appropriations process. In addition, the committee would enable the administration to request that any new funds for the program be earmarked for use in accord with the procedures which the administration has proposed as a way to increase accountability in the program.

To enable States to plan for this program in an atmosphere of certainty as to the funding that will be available, the committee bill would shift the program to a forward funding basis. Under this approach, all appropriations made after the date of enactment of this legislation would become first available for expenditure in the fiscal year following the fiscal year to which the appropriation act applies. Thus, the $56.5 million already included in the 1980 Labor-HEW Appropriations Act would be available for 1980 expenditures. That amount, plus any increase, would have to be included in a 1980 supplemental and would become available for expenditure in fiscal 1981.

The committee bill would add a new section to the child welfare services part of the law specifically permitting expenditures for State tracking and information systems, individual case review systems, services to reunite families or place children in adoption, and procedures to protect the rights of natural parents, children and foster parents. This would allow the Congress to designate that any new funding—over and above the current $56.5 million funding level, but within the overall $266 million now authorized—be specifically for this new section. (This earmarking would be accomplished through the appropriations process and not as a part of the authorizing statute.) State participation in this part of the program would be optional.

In the first year for which funds are allotted to a State specifically for the new section those funds could be used:

1. For conducting and completing an inventory of all children who have been in foster care under the responsibility of the State for a period of 6 months preceding the inventory, including determining the appropriateness of and necessity for the current foster placement, whether the child can or should be returned to its parents or should be freed for adoption or legal guardianship and the services necessary to facilitate either the return of the child or the placement of the child for adoption.

2. To design and develop:

(*a*) A statewide information system concerning children in foster care.

(*b*) A case review system for each child in foster care under the supervision of the State. (Such a system—if funded under this new section—would have to include procedures for assuring placement in the least-restrictive setting and provision for an

annual or more frequent judicial or administrative review of: the appropriateness of the placement, compliance with the case plan, and prospects for returning the child home or placing him for adoption. Within 24 months after the initial placement, each child would have to receive a dispositional hearing by a court, tribal court, or court-appointed or approved administrative body to determine the future status of the child. The case review system would also have to provide for procedural safeguards concerning parental rights, the removal of a child from the home, changes in placement, and visitation rights.)

(*c*) A service program designed to help children remain with their families and where appropriate help children return to families from which they have been removed or be placed for adoption or a legal guardianship.

(In that first year only, administrative expenses incurred for conducting the inventory and for designing the information and case review systems—insofar as children receiving foster care under part E are involved—could be funded under that part without regard to the ceiling on foster care funding which would otherwise apply. This authority applies only to administrative costs which otherwise qualify for part E matching.)

When the inventory has been completed and the systems and programs have been designed and developed, funding appropriated for the new section could be used to operate the systems and programs described in item 2. A State which already has an inventory of children in foster care and has developed the specified systems and programs could immediately use any funds which may be appropriated under the new section.

An additional element of the committee bill would authorize the Secretary of Health, Education, and Welfare—to the extent he determines appropriate—to deal directly with recognized Indian governmental entities in making child welfare services grants under title IV–B.

The committee bill also requires States to provide statistical information on foster care and adoptions which would be published by the Secretary of HEW. Grants for child welfare services could be used to comply with the statistical reporting required by the bill.

The committee bill differs in a number of respects from the House provisions related to foster care, adoption assistance and child welfare services. The following pages compare present law, the committee bill, and the House bill.

# I. FOSTER CARE AND ADOPTION ASSISTANCE

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
| --- | --- | --- |
| **1. General Description** | | |
| Title IV–A of the Social Security Act provides Federal matching for State payments for foster care. There is no provision for matching for adoption assistance payments. States are required to make foster care payments as part of their AFDC program, and the State plan requirements that apply to AFDC are generally also applicable to AFDC-foster care. These include requirements relating to administration, personnel standards, reporting, privacy, benefit standards, and others. | Removes the authorization for matching of AFDC-foster care payments under IV–A and creates a new part E of title IV, "Federal Payments for Adoption Assistance and Foster Care." The new part E specifies that in order for a State to be eligible for payments it must have a plan approved by the Secretary which provides that the agency responsible for administering the IV–B child welfare program shall administer the new program; that the State shall arrange a periodic independent audit of this program and the program under IV–B at least every 3 years; and that there be plan requirements relating to administration, personnel standards, reporting, privacy, benefit standards, and others.<br>Also adds the requirement that the State plan provide specific goals to be established by the State for each fiscal year, stating the maximum number of children who will remain in foster care during that year (after having been in such care more than 24 months), and a description of the steps to be taken to achieve the State goals; and that, effective October 1, 1981, in each case, reasonable efforts will be made prior to the placement of a child in foster care to prevent the removal of the child from his home, and to make it possible for the child to return to his home. | Retains present law provisions for Federal matching of foster care under title IV–A, with amendments. Adds a new section providing for Federal matching of adoption assistance, and requiring that States establish an adoption assistance program. |

## 2. Requirements for Children Eligible for Foster Care Payments

Authorizes Federal matching for foster care maintenance payments for a child (1) who has been removed from the home of a relative and placed in a foster family home or child care institution as a result of a judicial determination that continuation in the home would be contrary to the child's welfare, and (2) who received AFDC during the month in which court proceedings were initiated or was eligible to receive AFDC in that month or within 6 months prior to that time.

The State plan must provide for a case plan for each child (with periodic review of the necessity of the child's being in foster care) to assure that the child receives proper care and that services are provided to improve the home from which the child was removed or make possible his being placed in the home of relative.

Generally the same as present law.

Removes the limitation that only children who have been placed in foster care as the result of a judicial determination may receive foster care payments. Allows Federal matching for children who have been removed from the home pursuant to a voluntary placement agreement, but only after the Secretary of HEW has determined that a State has in place the protections and procedures required under section 424 of H.R. 3434. (See the description of such special protections under the description of child welfare services.)

Also provides that a child who was voluntarily removed from the home prior to enactment of the bill without a judicial determination would upon enactment, become eligible for federally matched foster care payments in the future, but only if (1) the State had implemented the protections and procedures referred to above, and (2) a written individualized case plan had been prepared and reviewed according to specified procedures.

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
|---|---|---|
| **3. Foster Care Maintenance Payments to Children in Homes and Institutions** | | |
| Authorizes matching for maintenance payments made to children who are living in foster family homes and in nonprofit *private* child care institutions. | Also allows matching for maintenance payments made to children in *public* institutions which accommodate no more than 25 children, (but not including detention facilities, forestry camps, training schools, or any other facilities operated primarily for the detention of children who are determined to be delinquent). The change applies only to children placed in qualified public institutions after the date of enactment. | Same as Finance Committee bill, except that it also applies to children already in such institutions on the date of enactment. |
| **4. Medicaid Coverage for Children in Foster Care** | | |
| Children receiving AFDC-foster care are eligible for medicaid. | Provides that children receiving payments under the new IV–E program shall be deemed to be receiving AFDC and therefore eligible for medicaid. | Current law. |

## 5. Eligibility for Adoption Assistance

| | | |
|---|---|---|
| No provision. | Authorizes matching for payments to parents who adopt a child with special needs who meets the same eligibility requirements as are required for foster care (including the requirement that the child must have been removed from the home as the result of judicial determination). | Same as Finance Committee bill but without requirement that the child must have been removed from the home as the result of judicial determination. Allows payments in the case of children who have been placed in foster care as the result of a voluntary agreement. In addition, allows adoption assistance payments for SSI-eligible children. |
| | Parents may be eligible for adoption assistance only if, at the time of adoption, their income does not exceed 125 percent of the median income of a family of four in the State (adjusted for family size after adoption). However, parents with income in excess of this amount may be eligible if the administering agency determines that there are special circumstances (as defined by the Secretary) in the family which warrant assistance payments. Such a determination can be made in no more than 10 percent of the State's adoption assistance cases. | No limit on income of the adopting family. |
| | Persons with whom a child is placed pursuant to an interlocutory decree are also eligible for adoption assistance payments. | Same as Finance Committee bill. |

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
|---|---|---|
| **6. Amount of Adoption Assistance Payable** | | |
| No provision. | The amount of the payments is to be determined through agreement between the parents and the agency, taking into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, depending on changes in circumstances. | Same as Finance Committte bill. |
| | The amount of the payment may not exceed the foster care maintenance payment which would have been paid during the period if the child had been in a foster family home. | Same as Finance Committte bill. |
| **7. Definition of Child with Special Needs** | | |
| | A child may not be considered a child with special needs unless the agency has determined that the child cannot or should not be returned to his home; the State determines that there exists with respect to the child a specific factor or condition because of which it is reasonable to conclude that the child cannot be placed without providing adoption assistance; and that a reasonable but unsuccessful effort has been made to place the child without providing assistance. | A child may not be considered a child with special needs unless the agency determines that the child cannot or should not be returned to his biological family; that the child is difficult to place because of his ethnic background, age, membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps; and that a reasonable but unsuccessful effort has been made to place the child without providing assistance. |

## 8. Special Limits on Adoption Assistance

| | | |
|---|---|---|
| No provision. | No payment may be made to parents for any month in a year following a year in which the income of the parents exceeds eligibility levels (125 percent of median family income in the State) unless the agency determines there are special circumstances in the family which warrant payments. | No provision. |
| | No payment may be made to parents for any child who has reached age 18. | Same as Finance Committee bill, except payments may continue to age 21 if the State determines that the child has a mental or physical handicap which warrents the continuation of assistance. |
| | No payment may be made to parents for any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from the parents. | No payment may be made to parents for any child if the State determines that the child is no longer receiving any support from the parents. |
| | Parents must keep the agency informed of circumstances which would make them ineligible for payments or eligible for payments in a different amount. | Same as Finance Committee bill. |

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
| --- | --- | --- |
| **9. Medicaid Coverage for Children Receiving Adoption Assistance** | | |
| No provision. | Until an adopted child is 18, he will retain eligibility for medical assistance with respect to any medical condition which was in existence at the time he was adopted. States have the option of providing full medicaid eligibility. | Makes children who are receiving adoption assistance fully eligible for medicaid on the same basis as children who are receiving AFDC. |
| **10. Federal Matching for Foster Care and Adoption Assistance** | | |
| (a) FOSTER CARE | | |
| States receive Federal matching for AFDC foster care payments on the same basis as matching for regular AFDC payments. They may use alternative formulas (1) the AFDC formula, which is used by only 4 States, or (2) the medicaid formula. | Provides that States providing foster care maintenance payments shall receive Federal matching under the medicaid matching formula. Limits matching to children who were placed in foster care prior to October 1, 1984. | Current law. |
| (b) ADOPTION ASSISTANCE | | |
| There is no matching for payments in behalf of children receiving adoption assistance. | Provides that States providing adoption assistance payments shall receive Federal matching under the medicaid formula, but only for adoption assistance agreements entered into before October 1, 1984. | Provides the same matching for adoption assistance payments as is available under current law for children receiving AFDC foster care. |

(c) CEILING ON FEDERAL MATCHING FOR FOSTER CARE; USE OF EXCESS FUNDS FOR CHILD WELFARE SERVICES

No provision. Matching is open-ended on an entitlement basis.

Establishes a ceiling on Federal foster care funding. The State's fiscal year 1978 expenditures for foster care would be the base. The first year in which the ceiling would apply is fiscal year 1980.

Under an indexing provision, the 1980 ceiling would be 120 percent of the 1978 base; each of the next four fiscal years would be 110 percent of the preceding year. To provide room for growth in States with small programs an alternative ceiling would be provided equal to each State's share of $100 million based on State population under age 18. The amendment does not specify a ceiling for years after 1985 inasmuch as further legislation would be required to continue funding of foster care for children placed in such care after September 30, 1984.

In determining a State's 1978 base, any amounts claimed by the State that are in dispute would be included in the base until the beginning of the fiscal year immediately following the fiscal year in which the dispute is resolved.

States that did not use their full allotment for foster care could use excess funds for IV–B child welfare services.

Current law. Provides no ceiling on foster care matching funds.

# II. CHILD WELFARE SERVICES—TITLE IV-B

## 1. Authorization of Appropriations and Use of Funds

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
| --- | --- | --- |
| Authorizes up to $266,000,000 annually, subject to appropriation, to enable States to provide a wide range of child welfare services and foster care payments. Appropriation for fiscal year 1979 is $56.5 million. | Current law.<br>Provides also, that if in any year an appropriation act provides for funding in excess of the current $56.5 million amount, the appropriation act may set aside the amount of any excess to be used only (1) in the first year, for the purpose of conducting an *inventory* of children in foster care for 6 months; determining the appropriateness of the current foster placement, and the services necessary to facilitate the return of the child to his home or the placement of the child for adoption or legal guardianship; and *designing* and *developing* a state-wide information system, case review system, and service program for children in foster care, (2) in any following fiscal year, for the *implementation* and *operation* of the information and care review systems, and service programs, referred to above. If a State has completed all the activities referred to in (1) above, any amounts available to it in *any* fiscal year in excess of the $56.5 million appropriation may be used for the purposes described in (2).<br>States that did not use their full allotment for foster care could use excess funds for IV–B child welfare services. | Sec. 201 of bill authorizes $266,000,000 annually to be available to the States on an entitlement basis. However, sec. 402 of the bill provides that, notwithstanding any other provision of the Act, no payments shall be effective except to the extent provided in appropriation acts.<br>Provides that new funds, above the $56.5 million appropriated in fiscal year 1979, would be made available to the States in two allotments:<br>(1) First allotment: Beginning in fiscal year 1980, 40 percent of new IV–B funds ($84 million if that sum is appropriated, a lesser amount if so provided under the appropriation Act) would be available to States to enable them to improve their services and to complete case reviews of all children in foster care. In order to continue receiving its share of the first allotment for years after fiscal year 1981, a State would have to have in place all the foster care safeguards, procedures, and services (except the preplacement preventive services) required under section 424 of the Social Security Act as amended by H.R. 3434 (summarized below). |

Requires that a State case review system referred to above assure that each child has a case plan designed to achieve placement in the least restrictive setting available and in close proximity to his home, and that the status of each child is reviewed at least every 12 months by a court or by administrative review, and that there be procedural safeguards to assure that each child has a dispositional hearing by a family or juvenile or other court not later than 24 months after the original placement.

(2) Second allotment: For any year beginning with fiscal year 1981, a State would be eligible for its share of the remaining 60 percent of the new IV–B funds ($125.5 million if appropriated, a lesser amount if so provided in the appropriation act) only after the State had (1) completed case reviews of all children who have been in foster care for over 6 months and submitted a report to the Secretary of HEW based on this review; (2) demonstrated that at least 40 percent of the amount of Federal IV–B funds received in excess of such funds received for fiscal 1979 would be spent for services aimed at keeping children with or returning them to their families; and (3) implemented the foster care safeguards, procedures, and services including preplacement preventive services, required under section 424. However, a State would be deemed to have met the requirements for second allotment funding even if it had not implemented the required preplacement preventive services, if such services were in fact implemented by the end of the fiscal year following the fiscal year in which the State began receiving its second allotment funds.

No comparable provision.

No comparable provision.

Under a new section 424 on foster care protections and in accordance with the two-stage allotment procedure and other conditions stated above, additional Federal IV–B child welfare services funds would be made available for States for the purpose of assisting and encouraging them to implement the services, procedures and protections necessary to provide and insure: (1) that no child will be placed in foster care, except in emergency situations,

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
|---|---|---|
| | | |

## 1. Authorization of Appropriations and Use of Funds—Continued

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
|---|---|---|
| | | either voluntarily or involuntarily, unless services aimed at preventing the need for placement have been provided or refused by the family; (2) that no child will be involuntarily removed from his home, except on a short-term basis in emergency situations, unless there has been a judicial determination that the child should be removed; (3) that no child will be placed in foster care by the voluntary action of his parents unless a "voluntary placement agreement" has been signed by parents and agency; (4) that a child who has been removed from his home will be placed in the least restrictive family-like setting in which any special needs may be met, within reasonable proximity to his family and with relatives where appropriate; (5) that reunification services are made available to the child and his parents after removal from the home; (6) that there will be a written individualized case plan developed for each child placed in foster care, and administrative review of each case plan at least every 6 months, and a dispositional hearing by a court or court appointed administrative body within 18 months of the child's placement; and (7) that a fair hearing be provided for any parent, foster parent, guardian or child who believes he has been aggrieved by any governmental action taken under this section. |

## 2. Definition of Child Welfare Services

For purposes of title IV–B, the term "child welfare services" is defined as public social services which supplement or substitute for parental care and supervision for the purpose of preventing or remedying problems which may result in the neglect, abuse, exploitation, or delinquency of children; protecting and caring for homeless, dependent or neglected children; protecting the children of working mothers; and otherwise promoting the welfare of children, including the strengthening of their own homes, or, where needed, the provision of adequate care of children in foster family homes or day care or other child care facilities.

Current law.

Changes the definition of "child welfare services" to emphasize services directed toward preventing the removal of children from their homes, reuniting children with their families, placing children in suitable adoptive homes if restoration to the family is not possible, as well as generally protecting and promoting the welfare of all children.



## 3. Federal Matching

Title IV–B provides for a Federal share which is the difference between 100 percent and the State percentage, which is based on the per capita income of each State compared to the U.S. per capita income. However, provides that the Federal share may not be less than 33⅓ percent or more than 66⅔ percent and sets 66⅔ percent as the Federal share for Puerto Rico, Guam, and the Virgin Islands.

Provides 75 percent Federal matching.

Same as Finance Committee bill.

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
|---|---|---|
| **4. Allotments to States** | | |
| Provides $70,000 to each State with remainder of amount appropriated to be distributed according to a formula which varies directly with the number of children under age 21 and inversely with the average per capita income. | Current law. | Current law. |
| **5. Reallotment of Funds** | | |
| Permits reallotment of funds not needed by one State to other States which the Secretary determines have need for such funds to carry out their State plans and will be able to use such funds in the fiscal year. Reallotments are to take into consideration the population under age 21 of each State and the State per capita income. | Current law. | Repeals the present law provision for reallocation of unused funds. |

## 6. Forward Funding

| | | |
|---|---|---|
| No provision. | Converts child welfare services program to "forward funded" basis. Under this approach, appropriations would become available for expenditure in the fiscal year following the fiscal year to which the Appropriations Act generally applies in order to provide States with advance knowledge of the amount of funding available. | No provision. |

## 7. Limitations on Use of Funds

| | | |
|---|---|---|
| No comparable provision. | Prohibits a State from using any funds, in excess of its share of the $56.5 million currently appropriated, for foster care maintenance payments. | Prohibits a State from using any funds in excess of its share of the $56.5 million currenty appropriated, for foster care maintenance payments, adoption assistance payments, and employment-related child care. |
| | Also, prohibits payment to a State of any amount in excess of its share of the $56.5 million it received in 1979 unless its plan for services indicates how the State will achieve the purposes for which any funds are earmarked under an appropriation act. | Prohibits a State from spending less for child welfare services under IV–B and under title XX than the total amount of State expenditures for such services in fiscal year 1979. |

## II. CHILD WELFARE SERVICES—TITLE IV-B—Continued

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
| --- | --- | --- |
| **8. Availability of Excess AFDC-Foster Care Funds** | | |
| No provision. | Any funds made available to a State under the new IV-E foster care program authorized under this bill which are not used for foster care maintenance payments may be used to provide child welfare services under IV-B. | No provision. |
| **9. Payments to Indian Tribal Organizations** | | |
| No provision. | Provides authority for the Secretary to make child welfare payments directly to an Indian tribal organization in a State which has an approved plan. Payments would come from the State allotment payments. | No provision. |

## III. DEFINITIONS APPLYING TO FOSTER CARE, ADOPTION ASSISTANCE AND CHILD WELFARE SERVICES

| | | |
|---|---|---|
| **Provides that there must be a case plan for each child (with periodic review of the necessity of the child's being in foster care) to assure that the child receives proper care and that services are provided to improve the home from which the child was removed or make possible his being placed in the home of a relative.** | Defines "case plan" as a written document regarding a child which includes a description of the child's placement and its appropriateness; a plan, if necessary, for compliance with judicial determination requirements; and a plan of services which will be offered to improve family conditions to assist in returning the child to his home or which will facilitate other permanent placement of a child or which will serve the needs of a child while in foster placement. | Same as Finance Committee bill. |
| **No provision.** | **Defines "adoption assistance agreement" to mean a written statement, binding on all parties, between the State agency, other relevant agencies, and the prospective adopting parents, which specifies, at a minimum, the amount of payments and any additional services and assistance which are to be provided.** | Same as Finance Committee bill, but also **requires that the agreement shall remain in effect regardless of whether the adoptive parents are or remain residents of the State.** |

## III. DEFINITIONS APPLYING TO FOSTER CARE, ADOPTION ASSISTANCE AND CHILD WELFARE SERVICES—Continued

| Current Law | H.R. 3434 as reported by the Finance Committee | H.R. 3434, as passed by the House |
| --- | --- | --- |
| Payments on behalf of children in an institution are subject to limitations prescribed by the Secretary with a view to including only those items which are included in such term in the case of foster care in a foster family home. There is no general definition covering all "maintenance payments." | Defines "foster care maintenance payments" as payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance for the child, and reasonable travel to the child's home for visits. In the case of institutional care, the term includes the reasonable costs of administration and operation of the institution as are required to provide the items listed above. | Current law. |
| No provision. | No provision. | Defines "voluntary placement" to mean an out-of-home placement, by or with participation of a State agency, after the parents have requested the assistance of the agency and signed a voluntary placement agreement. |
| No provision. | No provision. | Defines "voluntary placement agreement" to mean a written agreement between the agency and the parents of a child which specifies the legal status of the child and the rights and obligations of the parents, the child, and the agency. |

# TABLES RELATED TO ADOPTION ASSISTANCE, FOSTER CARE, AND CHILD WELFARE SERVICES

## TABLE 1.—AID TO FAMILIES WITH DEPENDENT CHILDREN: FOSTER CARE, FISCAL YEAR 1977

[Amounts in dollars]

| | Total payments computable for Federal funding | Federal share | Non-Federal share |
|---|---|---|---|
| Alabama | $1,725,747 | $1,283,428 | $442,319 |
| Alaska | 1,039,927 | 519,975 | 519,952 |
| Arizona | 159,506 | 71,148 | 88,358 |
| Arkansas | 581,367 | 435,939 | 145,428 |
| California | 55,799,597 | 27,899,804 | 27,899,793 |
| Colorado | 2,034,538 | 1,112,688 | 921,850 |
| Connecticut | 3,378,990 | 1,689,497 | 1,689,493 |
| Delaware | 934,918 | 467,460 | 467,458 |
| District of Columbia | 1,182,363 | 601,184 | 581,179 |
| Florida | 835,998 | 497,361 | 338,637 |
| Georgia | 3,420,413 | 1,524,090 | 1,896,323 |
| Guam | | | |
| Hawaii | 59,477 | 29,739 | 29,738 |
| Idaho | 630,493 | 429,870 | 200,623 |
| Illinois [1] | | | |
| Indiana | 2,464,012 | 1,416,069 | 1,047,943 |
| Iowa | 1,962,357 | 1,121,094 | 841,263 |
| Kansas | 4,223,091 | 2,281,314 | 1,941,777 |
| Kentucky | 2,694,656 | 1,923,104 | 771,552 |
| Louisiana | 3,459,448 | 2,504,985 | 954,463 |
| Maine | 2,404,878 | 1,663,249 | 741,629 |
| Maryland | 6,314,353 | 3,157,178 | 3,157,175 |
| Massachusetts | 4,373,917 | 2,186,961 | 2,186,956 |
| Michigan | 16,816,421 | 8,408,211 | 8,408,210 |
| Minnesota | 6,226,472 | 3,539,127 | 2,687,345 |
| Mississippi | 1,461,905 | 976,827 | 485,078 |
| Missouri | 2,249,180 | 1,326,566 | 922,614 |
| Montana | 976,132 | 623,602 | 352,530 |
| Nebraska | 964,759 | 536,310 | 428,449 |
| Nevada | 443,042 | 221,521 | 221,521 |

TABLE 1.—AID TO FAMILIES WITH DEPENDENT CHILDREN: FOSTER CARE, FISCAL YEAR 1977—Continued

[Amounts in dollars]

| | Total payments computable for Federal funding | Federal share | Non-Federal share |
|---|---|---|---|
| New Hampshire | $687,451 | $375,232 | $312,219 |
| New Jersey | 164,269 | 82,135 | 82,134 |
| New Mexico | 114,946 | 79,684 | 35,262 |
| New York | 176,252,047 | 88,126,025 | 88,126,022 |
| North Carolina | 1,098,760 | 747,587 | 351,173 |
| North Dakota | 843,011 | 485,490 | 357,521 |
| Ohio | 3,921,294 | 2,134,969 | 1,790,325 |
| Oklahoma | 827,647 | 558,001 | 269,646 |
| Oregon | 6,055,247 | 3,575,015 | 2,480,232 |
| Pennsylvania | 8,564,316 | 4,743,774 | 3,820,542 |
| Puerto Rico | | | |
| Rhode Island | 235,859 | 133,377 | 102,482 |
| South Carolina | 803,888 | 550,263 | 253,625 |
| South Dakota | 610,405 | 410,376 | 200,029 |
| Tennessee | 2,920,505 | 1,565,554 | 1,354,951 |
| Texas | 2,777,180 | 1,067,555 | 1,709,625 |
| Utah | 527,742 | 369,632 | 158,110 |
| Vermont | 363,643 | 253,896 | 109,747 |
| Virgin Islands | | | |
| Virginia | 5,010,845 | 2,923,326 | 2,087,519 |
| Washington | 3,873,454 | 2,080,818 | 1,792,636 |
| West Virginia | 981,187 | 705,475 | 275,712 |
| Wisconsin | 5,597,940 | 3,353,726 | 2,244,214 |
| Wyoming | 118,284 | 72,082 | 46,202 |
| Total | 351,171,877 | 182,824,293 | 168,347,584 |

[1] Data not available.

Source: Department of Health, Education, and Welfare.

TABLE 2.—AFDC FOSTER CARE: MONTHLY COST PER CHILD, BY STATE, ANNUAL AVERAGES

| State | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|
| U.S. average...... | $237.80 | $297.70 | $297.80 | $346.60 |
| Alabama................ | 82.20 | 91.30 | 97.60 | 98.00 |
| Alaska.................. | 310.30 | 409.60 | 516.60 | 583.90 |
| Arizona................. | 155.10 | 181.50 | 148.10 | 331.80 |
| Arkansas............... | 96.80 | 105.30 | 102.50 | 102.70 |
| California.............. | 279.10 | 312.60 | 340.70 | 358.90 |
| Colorado............... | 227.30 | 228.20 | 184.70 | 181.80 |
| Connecticut............ | 223.80 | 227.30 | 208.10 | 199.40 |
| Delaware............... | 137.60 | 154.70 | 158.80 | 161.90 |
| District of Columbia.... | 275.90 | 259.80 | 278.80 | 265.90 |
| Florida................. | 140.30 | 177.20 | 144.40 | 153.40 |
| Georgia................. | 117.20 | 124.00 | 125.70 | 126.50 |
| Guam.................. | 117.90 | 113.00 | 111.60 | 110.20 |
| Hawaii.................. | 144.00 | 159.50 | 147.00 | 138.70 |
| Idaho................... | 105.60 | 111.70 | 135.30 | 239.50 |
| Illinois................. | 204.00 | 208.80 | 197.70 | 217.50 |
| Indiana................. | 68.70 | 68.90 | 73.90 | 78.80 |
| Iowa.................... | 180.10 | 187.80 | 208.50 | 213.60 |
| Kansas.................. | 271.00 | 218.20 | 239.80 | 248.80 |
| Kentucky............... | 97.70 | 98.30 | 167.90 | 153.10 |
| Louisiana.............. | 141.10 | 153.70 | 165.90 | 183.40 |
| Maine.................. | 145.80 | 175.00 | 186.30 | 208.80 |
| Maryland............... | 145.40 | 148.10 | 160.80 | 177.30 |
| Massachusetts......... | 251.20 | 274.40 | 256.80 | 261.50 |
| Michigan............... | 262.70 | 296.40 | 336.60 | 356.00 |
| Minnesota.............. | 272.80 | 296.30 | 241.50 | 241.60 |

TABLE 2.—AFDC FOSTER CARE: MONTHLY COST PER CHILD, BY STATE, ANNUAL AVERAGES—Continued

| State | 1975 | 1976 | 1977 | 1978 |
|---|---|---|---|---|
| Mississippi | $109.60 | $120.50 | $121.30 | $120.60 |
| Missouri | 95.60 | 95.80 | 97.50 | 98.00 |
| Montana | 144.20 | 185.90 | 207.10 | 210.40 |
| Nebraska | 119.20 | 131.40 | 149.30 | 186.10 |
| Nevada | 168.60 | 178.70 | 198.30 | 203.30 |
| New Hampshire | 94.80 | 95.80 | 97.40 | 106.30 |
| New Jersey | 135.70 | 166.40 | 169.20 | 170.10 |
| New Mexico | 89.30 | 110.60 | 112.40 | 126.50 |
| New York | 468.60 | 669.00 | 609.20 | 765.50 |
| North Carolina | 102.00 | 104.20 | 109.60 | 117.70 |
| North Dakota | 147.00 | 162.90 | 166.90 | 179.00 |
| Ohio | 66.40 | 71.00 | 72.00 | 90.30 |
| Oklahoma | 96.80 | 97.90 | 96.50 | 98.60 |
| Oregon | 217.20 | 243.30 | 281.80 | 287.80 |
| Pennsylvania | 154.50 | 194.20 | 219.00 | 290.30 |
| Puerto Rico | 0 | 0 | 0 | 0 |
| Rhode Island | 141.40 | 177.40 | 172.70 | 180.00 |
| South Carolina | 84.50 | 91.50 | 97.10 | 100.20 |
| South Dakota | 157.10 | 158.80 | 119.90 | 124.20 |
| Tennessee | 131.40 | 132.80 | 131.30 | 135.30 |
| Texas | 104.40 | 121.80 | 168.20 | 200.30 |
| Utah | 143.40 | 135.50 | 149.50 | 155.30 |
| Vermont | 192.00 | 115.10 | 128.30 | 137.40 |
| Virgin Islands | 0 | 0 | 0 | 0 |
| Virginia | 142.50 | 149.50 | 134.40 | 137.70 |
| Washington | 162.40 | 178.30 | 196.30 | 209.50 |
| West Virginia | 106.80 | 112.60 | 127.00 | 140.10 |
| Wisconsin | 300.20 | 337.10 | 336.10 | 344.40 |
| Wyoming | 169.10 | 224.50 | 236.70 | 250.50 |

Source: Department of Health, Education, and Welfare.

TABLE 3.—NUMBER OF AFDC FOSTER CARE CHILDREN, BY STATE, ANNUAL AVERAGES

| State | 1975 | 1976 | 1977 | 1978 (1st 7 mo) |
|---|---|---|---|---|
| U.S. total | 114,681.5 | 114,071.2 | 110,116.5 | 107,433.3 |
| Alabama | 1,686.8 | 1,465.1 | 1,464.0 | 1,529.3 |
| Alaska | 260.9 | 195.4 | 159.0 | 132.4 |
| Arizona | 52.8 | 75.9 | 84.0 | 36.3 |
| Arkansas | 556.0 | 495.4 | 456.3 | 418.3 |
| California | 15,954.1 | 13,350.1 | 12,248.8 | 12,363.3 |
| Colorado | 706.8 | 846.7 | 1,019.9 | 1,004.6 |
| Connecticut | 2,012.3 | 1,945.1 | 1,770.0 | 1,612.0 |
| Delaware | 500.3 | 520.3 | 472.8 | 438.7 |
| District of Columbia | 332.4 | 359.8 | 348.8 | 286.0 |
| Florida | 129.1 | 128.8 | 609.2 | 964.0 |
| Georgia | 2,005.6 | 2,099.4 | 2,034.8 | 1,974.7 |
| Guam | 8.3 | 27.2 | 21.9 | 20.9 |
| Hawaii | 44.1 | 38.3 | 28.7 | 26.7 |
| Idaho | 512.4 | 457.3 | 301.4 | 257.0 |
| Illinois | 4,844.0 | 4,103.4 | 3,883.4 | 3,606.9 |
| Indiana | 3,430.0 | 3,469.5 | 2,612.5 | 2,162.7 |
| Iowa | 849.6 | 739.7 | 787.8 | 843.1 |
| Kansas | 1,789.5 | 1,696.0 | 1,610.4 | 1,617.3 |
| Kentucky | 2,074.2 | 1,829.6 | 1,784.7 | 1,378.3 |
| Louisiana | 1,783.1 | 1,796.8 | 1,937.0 | 1,987.0 |
| Maine | 1,139.9 | 1,165.1 | 1,136.9 | 1,133.6 |
| Maryland | 4,034.8 | 3,754.8 | 3,483.2 | 2,874.7 |
| Massachusetts | 2,333.5 | 2,474.3 | 2,602.4 | 2,643.4 |
| Michigan | 4,087.1 | 4,385.6 | 4,688.3 | 4,796.7 |
| Minnesota | 2,997.0 | 2,598.8 | 2,117.0 | 2,001.9 |

TABLE 3.—NUMBER OF AFDC FOSTER CARE CHILDREN, BY STATE, ANNUAL AVERAGES—Continued

| State | 1975 | 1976 | 1977 | 1978 (1st 7 mo) |
|---|---|---|---|---|
| Mississippi | 918.2 | 1,001.8 | 1,017.8 | 1,101.4 |
| Missouri | 1,393.3 | 1,732.0 | 2,005.4 | 2,114.0 |
| Montana | 441.0 | 410.5 | 410.2 | 377.6 |
| Nebraska | 605.5 | 617.4 | 578.8 | 557.4 |
| Nevada | 195.3 | 202.5 | 201.4 | 241.6 |
| New Hampshire | 630.3 | 596.3 | 585.5 | 559.7 |
| New Jersey | 1,417.3 | 2,456.6 | 1,404.8 | 515.7 |
| New Mexico | 157.4 | 143.4 | 124.1 | 122.6 |
| New York | 22,506.8 | 24,846.7 | 25,282.3 | 25,318.6 |
| North Carolina | 2,717.5 | 2,591.3 | 2,420.9 | 2,143.6 |
| North Dakota | 501.3 | 444.2 | 400.7 | 381.9 |
| Ohio | 5,122.6 | 4,783.6 | 4,468.0 | 4,339.4 |
| Oklahoma | 762.8 | 645.8 | 688.2 | 710.4 |
| Oregon | 2,063.1 | 2,022.2 | 1,902.9 | 2,016.4 |
| Pennsylvania | 4,868.3 | 5,336.4 | 5,194.4 | 5,771.1 |
| Puerto Rico | 0 | 0 | 0 | 0 |
| Rhode Island | 195.5 | 193.1 | 182.0 | 250.0 |
| South Carolina | 623.5 | 665.6 | 709.4 | 660.1 |
| South Dakota | 486.7 | 461.4 | 371.3 | 328.4 |
| Tennessee | 1,717.7 | 1,764.8 | 1,912.3 | 1,873.0 |
| Texas | 2,890.2 | 3,211.0 | 3,362.4 | 3,062.0 |
| Utah | 406.3 | 392.5 | 353.1 | 372.7 |
| Vermont | 425.3 | 455.3 | 416.5 | 367.1 |
| Virgin Islands | 0 | 0 | 0 | 0 |
| Virginia | 3,559.5 | 3,469.2 | 3,114.3 | 2,863.6 |
| Washington | 2,050.7 | 1,776.7 | 1,668.5 | 1,585.7 |
| West Virginia | 543.8 | 523.8 | 609.7 | 716.7 |
| Wisconsin | 3,271.3 | 3,240.4 | 3,008.2 | 2,911.0 |
| Wyoming | 86.2 | 68.8 | 60.3 | 61.7 |

Source: Department of Health, Education, and Welfare.

## TABLE 4.—AID TO FAMILIES WITH DEPENDENT CHILDREN, FOSTER CARE SEGMENT: RECIPIENTS OF CASH PAYMENTS AND AMOUNT OF PAYMENTS, BY STATE, JANUARY 1979

[Includes nonmedical vendor payments]

| State | Total foster care | | | | | Foster family homes | | | Child care institutions | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total cases | Total children | Total amount | Average per Case | Average per Child | Total cases | Total children | Total payments | Total cases | Total children | Total payments |
| Total | 81,550 | 104,108 | $34,687,233 | $425.35 | $333.19 | [1] 60,644 | [1] 80,700 | [1] $18,155,935 | [1] 11,906 | [1] 13,799 | [1] $14,451,681 |
| Alabama | 759 | 1,505 | 182,625 | 240.61 | 121.35 | 672 | 1,387 | 169,236 | 87 | 118 | 13,389 |
| Alaska [2] | 40 | 65 | 39,200 | (3) | 603.08 | (1) | (1) | (1) | (1) | (1) | (1) |
| Arizona | 35 | 53 | 14,956 | (3) | 282.19 | 28 | 45 | 8,413 | 7 | 8 | 6,543 |
| Arkansas | 198 | 354 | 35,710 | 180.35 | 100.88 | 185 | 326 | 32,748 | 13 | 28 | 2,964 |
| California | 9,065 | 12,393 | 4,685,824 | 561.91 | 378.10 | 6,916 | 10,046 | 2,229,218 | 2,149 | 2,347 | 2,456,606 |
| Colorado [2] | 1,021 | 1,021 | 178,660 | 174.99 | 174.99 | 777 | 777 | 84,817 | 244 | 244 | 93,843 |
| Connecticut | 986 | 1,413 | 322,756 | 327.34 | 228.42 | 698 | 1,096 | 168,253 | 288 | 317 | 154,503 |
| Delaware | 228 | 405 | 75,499 | 331.14 | 186.42 | 172 | 313 | 49,541 | 68 | 92 | 25,958 |
| District of Columbia | 147 | 195 | 51,659 | 351.42 | 264.92 | 103 | 132 | 37,600 | 44 | 63 | 14,059 |
| Florida [2] | 832 | 1,159 | 188,208 | 226.21 | 162.39 | 832 | 1,159 | 188,208 | 0 | 0 | |
| Georgia [2] | 1,600 | 1,973 | 249,627 | 156.02 | 126.52 | 1,409 | 1,738 | 212,437 | 191 | 235 | 37,190 |
| Guam | 17 | 24 | 2,735 | (3) | (3) | 17 | 24 | 2,735 | 0 | 0 | 0 |
| Hawaii | 30 | 30 | 3,929 | (3) | (3) | 30 | 30 | 3,929 | 0 | 0 | 0 |
| Idaho | 92 | 241 | 53,765 | 584.40 | 223.09 | (1) | 221 | 32,903 | (1) | 20 | 20,862 |
| Illinois [2] | 3,667 | 3,667 | 769,800 | 209.93 | 209.93 | 3,362 | 3,362 | 569,000 | 305 | 305 | 200,800 |
| Indiana | 1,583 | 2,026 | 160,122 | 101.15 | 79.03 | (1) | (1) | (1) | (1) | (1) | (1) |
| Iowa | 790 | 790 | 161,760 | 204.76 | 204.76 | 621 | 621 | 113,516 | 169 | 169 | 48,244 |
| Kansas | 1,460 | 1,460 | 445,329 | 305.02 | 305.02 | 1,148 | 1,148 | 290,852 | 312 | 312 | 154,477 |
| Kentucky [2] | 1,288 | 1,288 | 205,814 | 159.79 | 159.79 | 1,159 | 1,159 | (1) | 129 | 129 | (1) |
| Louisiana | 1,179 | 2,168 | 324,075 | 274.87 | 149.48 | 1,077 | 1,866 | 255,365 | 102 | 302 | 68,710 |
| Maine | 1,170 | 1,170 | 246,353 | 210.56 | 210.56 | (1) | (1) | (1) | (1) | (1) | (1) |
| Maryland | 2,672 | 2,672 | 511,154 | 191.30 | 191.30 | 2,322 | 2,322 | 348,264 | 350 | 350 | 162,890 |
| Massachusetts | 2,300 | 2,556 | 632,920 | 275.18 | 247.62 | 2,075 | 2,329 | 410,927 | 225 | 227 | 221,983 |
| Michigan | 4,874 | 4,874 | 1,582,673 | 324.72 | 324.72 | 4,277 | 4,277 | 799,905 | 597 | 597 | 782,768 |
| Minnesota | 1,385 | 1,782 | 457,931 | 330.64 | 256.98 | 1,274 | 1,659 | 394,746 | 111 | 123 | 63,185 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mississippi | 605 | 1,089 | 129,432 | 213.94 | 118.85 | 605 | 1,089 | 129,432 | 0 | 0 | 0 |
| Missouri [2] | 921 | 2,108 | 206,111 | 223.79 | 97.78 | 842 | 1,926 | 188,324 | 79 | 182 | 17,787 |
| Montana | 234 | 335 | 68,372 | 292.19 | 204.10 | 234 | 335 | 68,372 | 0 | 0 | 0 |
| Nebraska | 557 | 567 | 123,742 | 222.16 | 218.24 | 507 | 514 | 108,742 | 50 | 53 | 15,000 |
| Nevada | 198 | 260 | 49,520 | 250.10 | 190.46 | 191 | 248 | 36,060 | 7 | 12 | 13,460 |
| New Hampshire | 527 | 427 | 47,850 | 90.80 | 90.80 | 416 | 416 | 36,567 | 111 | 111 | 11,283 |
| New Jersey | 672 | 672 | 81,839 | 121.78 | 121.78 | 672 | 672 | 81,839 | 0 | 0 | 0 |
| New Mexico | 57 | 105 | 13,703 | 240.40 | 130.50 | 49 | 86 | 11,771 | 8 | 19 | 1,932 |
| New York | 16,589 | 23,441 | 16,256,179 | 979.94 | 693.49 | 12,164 | 18,174 | 7,785,194 | 4,425 | 5,267 | 8,470,985 |
| North Carolina | 1,207 | 2,016 | 254,238 | 210.64 | 126.11 | 1,018 | 1,644 | 208,000 | 231 | 372 | 46,238 |
| North Dakota | 233 | 361 | 69,531 | 298.42 | 192.61 | 192 | 317 | 50,871 | 41 | 44 | 18,660 |
| Ohio | 2,721 | 4,125 | 440,634 | 161.94 | 106.82 | 2,512 | 3,816 | 399,211 | 257 | 309 | 41,423 |
| Oklahoma | 373 | 688 | 87,918 | 235.71 | 127.79 | 373 | 688 | 87,918 | 0 | 0 | 0 |
| Oregon | 2,176 | 2,176 | 669,301 | 307.58 | 307.58 | 1,932 | 1,932 | 386,755 | 244 | 244 | 282,545 |
| Pennsylvania [2] | 5,765 | 5,765 | 1,325,018 | 229.84 | 229.84 | (1) | (1) | (1) | (1) | (1) | (1) |
| Puerto Rico | 0 | 0 | 0 | (3) | (3) | 0 | 0 | 0 | 0 | 0 | 0 |
| Rhode Island | 146 | 250 | 45,000 | 308.22 | 180.00 | (1) | (1) | (1) | (1) | (1) | (1) |
| South Carolina | 410 | 637 | 72,481 | 176.78 | 113.78 | 410 | 637 | 72,481 | 0 | 0 | 0 |
| South Dakota | 236 | 316 | 55,239 | 234.06 | 174.81 | 209 | 284 | 41.829 | 27 | 32 | 13,410 |
| Tennessee | 822 | 1,871 | 270,880 | 329.54 | 144.78 | 765 | 1,756 | 251,218 | 84 | 115 | 19,662 |
| Texas | 3,208 | 3,208 | 706,859 | 220.34 | 220.34 | 3,069 | 3,069 | 660,574 | 139 | 139 | 46,285 |
| Utah | 333 | 333 | 58,112 | 174.51 | 174.51 | (1) | (1) | (1) | (1) | (1) | (1) |
| Vermont [2] | 185 | 362 | 50,000 | 270.27 | 138.12 | 166 | 324 | 19,588 | 19 | 38 | 30,412 |
| Virgin Islands | 0 | 0 | 0 | (3) | (3) | 0 | 0 | 0 | 0 | 0 | 0 |
| Virginia | 1,566 | 2,607 | 377,112 | 240.81 | 144.65 | 1,436 | 2,455 | 339.664 | 130 | 152 | 37,448 |
| Washington | 900 | 1,218 | 284,207 | 315.79 | 233.34 | 745 | 1,034 | 179,556 | 155 | 184 | 104,651 |
| West Virginia | 275 | 550 | 89,712 | 326.23 | 163.11 | 245 | 490 | 54,053 | 30 | 60 | 35,659 |
| Wisconsin | 3,180 | 3,180 | 1,249,926 | 393.06 | 393.06 | 2,722 | 2,722 | 548,086 | 458 | 458 | 701,840 |
| Wyoming | 36 | 57 | 21,235 | (3) | 372.54 | 16 | 35 | 7,208 | 20 | 22 | 14,027 |

[1] Foster family homes and child care institutions columns will not add due to nonreporting of these items by several States.
[2] Estimated data.
[3] Average payment not computed on base of fewer than 50 cases or children.

Source: Department of Health, Education, and Welfare.

## TABLE 5.—RELATIVE SIZE OF AFDC FOSTER CARE PROGRAM

(January to June 1978)

| State | Percent of all AFDC children in foster care | Foster care costs as percent of AFDC costs | Ratio of costs per child: foster care to all AFDC |
|---|---|---|---|
| U.S. total | 1.46 | 4.17 | 4.08 |
| Alabama | 1.21 | 2.22 | 2.51 |
| Alaska | 1.51 | 5.57 | 5.16 |
| Arizona | .10 | .48 | 6.68 |
| Arkansas | .63 | 1.01 | 2.18 |
| California | 1.28 | 2.88 | 3.33 |
| Colorado | 1.68 | 2.93 | 2.48 |
| Connecticut | 1.69 | 2.34 | 1.96 |
| Delaware | 1.98 | 3.06 | 2.18 |
| District of Columbia | .44 | 1.03 | 3.30 |
| Florida | .54 | 1.21 | 3.05 |
| Georgia | 1.22 | 2.93 | 3.25 |
| Guam | .58 | .87 | 2.02 |
| Hawaii | .07 | .05 | 1.20 |
| Idaho | 1.91 | 3.46 | 2.62 |
| Illinois | .71 | 1.35 | 2.67 |
| Indiana | 1.95 | 1.72 | 1.22 |
| Iowa | 1.33 | 2.01 | 2.26 |
| Kansas | 3.24 | 6.77 | 2.87 |
| Kentucky | 1.15 | 2.07 | 2.53 |
| Louisiana | 1.28 | 4.52 | 4.73 |
| Maine | 2.78 | 5.57 | 2.95 |
| Maryland | 2.00 | 3.67 | 2.64 |
| Massachusetts | 1.06 | 1.70 | 2.38 |
| Michigan | 1.11 | 2.64 | 3.43 |
| Minnesota | 2.22 | 3.53 | 2.32 |

## TABLE 5.—RELATIVE SIZE OF AFDC FOSTER CARE PROGRAM—Continued

(January to June 1978)

| State | Percent of all AFDC children in foster care | Foster care costs as percent of AFDC costs | Ratio of costs per child: foster care to all AFDC |
|---|---|---|---|
| Mississippi | .86 | 5.41 | 8.26 |
| Missouri | 1.43 | 1.68 | 1.66 |
| Montana | 2.99 | 6.67 | 3.16 |
| Nebraska | 2.19 | 3.15 | 2.03 |
| Nevada | 3.19 | 6.92 | 3.04 |
| New Hampshire | 3.75 | 3.45 | 1.35 |
| New Jersey | .16 | .21 | 1.88 |
| New Mexico | .33 | .58 | 2.44 |
| New York | 3.09 | 13.46 | 6.28 |
| North Carolina | 1.48 | 2.18 | 2.02 |
| North Dakota | 3.97 | 5.47 | 2.01 |
| Ohio | 1.21 | 1.04 | 1.25 |
| Oklahoma | 1.10 | 1.14 | 1.39 |
| Oregon | 2.47 | 4.61 | 2.82 |
| Pennsylvania | 1.31 | 1.96 | 2.22 |
| Rhode Island | .69 | .88 | 1.84 |
| South Carolina | .64 | 1.53 | 3.29 |
| South Dakota | 2.10 | 2.69 | 1.76 |
| Tennessee | 1.56 | 3.96 | 3.48 |
| Texas | 1.40 | 6.02 | 5.78 |
| Utah | 1.32 | 1.69 | 1.76 |
| Vermont | 2.84 | 2.93 | 1.56 |
| Virginia | 2.44 | 3.54 | 2.03 |
| Washington | 1.74 | 2.25 | 2.00 |
| West Virginia | 1.36 | 2.15 | 2.18 |
| Wisconsin | 2.12 | 4.59 | 3.11 |
| Wyoming | 1.40 | 3.02 | 2.97 |

Source: Data provided by the Department of Health, Education, and Welfare.

## TABLE 6.—RELATIVE SIZE OF INSTITUTIONAL AFDC FOSTER CARE

(January to June 1978)

| State | Institutional care as percent of all AFDC foster care— | |
|---|---|---|
| | Number of children | Amount of funds |
| U.S. total[1] | 24.67 | 46.81 |
| Alabama | 6.96 | 6.35 |
| Alaska | 31.66 | 67.35 |
| Arizona | 26.94 | 68.12 |
| Arkansas | 6.85 | 7.91 |
| California | 17.79 | 50.43 |
| Colorado | 23.86 | 52.53 |
| Connecticut | 20.33 | 42.07 |
| Delaware | 21.89 | 33.47 |
| District of Columbia | 39.46 | 55.12 |
| Florida | NA | NA |
| Georgia | 11.97 | 14.92 |
| Guam | NA | NA |
| Hawaii | NA | NA |
| Idaho | 10.95 | 42.76 |
| Illinois | 10.20 | 42.21 |
| Indiana | NA | NA |
| Iowa | 22.92 | 32.99 |
| Kansas | 29.57 | 48.99 |
| Kentucky | 9.99 | NA |
| Louisiana | 5.96 | 17.13 |
| Maine | NA | NA |
| Maryland | 13.76 | 32.67 |
| Massachusetts | 10.42 | 41.23 |
| Michigan | 13.28 | 49.74 |
| Minnesota | 6.99 | 14.69 |
| Mississippi | NA | NA |
| Missouri | 8.63 | 8.63 |
| Montana | NA | NA |
| Nebraska | 9.31 | 10.88 |
| Nevada | 8.83 | 32.41 |

TABLE 6.—RELATIVE SIZE OF INSTITUTIONAL AFDC FOSTER CARE—Continued

(January to June 1978)

| State | Institutional care as percent of all AFDC foster care— | |
|---|---|---|
| | Number of children | Amount of funds |
| New Hampshire | 22.03 | 25.78 |
| New Jersey | NA | NA |
| New Mexico | 12.21 | 15.67 |
| New York[1] | 56.03 | 53.07 |
| North Carolina | 19.60 | 19.06 |
| North Dakota | 11.77 | 25.45 |
| Ohio | 8.14 | 10.22 |
| Oklahoma | NA | NA |
| Oregon | 11.00 | 38.05 |
| Pennsylvania | NA | NA |
| Rhode Island | NA | NA |
| South Carolina | NA | NA |
| South Dakota | 8.74 | 11.32 |
| Tennessee | 8.19 | 9.23 |
| Texas | 5.29 | 6.91 |
| Utah | NA | NA |
| Vermont | 12.21 | 37.91 |
| Virginia | 5.53 | 12.93 |
| Washington | 14.40 | 32.57 |
| West Virginia | 10.46 | 33.95 |
| Wisconsin | 14.04 | 58.82 |
| Wyoming | 32.35 | 61.99 |

[1] Beginning with January 1979, statistics reported to HEW by the State of New York reflect that State's new method of estimating the breakdown of the number of children who are either in foster family homes or in institutional care. Earlier reporting, reflected in this table, shows about 56 percent of New York's foster care children in institutional care. Current reporting indicates that perhaps about 23 percent of the children are in institutional care. The figures in this table showing the percentage of children in institutional care are therefore presumably exaggerated. This exaggeration would also be reflected in the national total.

Source: Data provided by the Department of Health, Education, and Welfare.

# TABLE 7.—AVERAGE MONTHLY COST OF AFDC FOSTER CARE PER CHILD

(January to June 1978)

| State | All AFDC foster care | Foster home care | Institutional care |
|---|---|---|---|
| U. S. total [1] | $345.62 | $258.58 | $707.59 |
| Alabama | 93.94 | 94.56 | 85.63 |
| Alaska | 580.12 | 277.16 | 1,234.13 |
| Arizona | 322.26 | 140.63 | 814.85 |
| Arkansas | 103.15 | 101.97 | 119.08 |
| California | 357.49 | 215.54 | 1,013.69 |
| Colorado | 182.00 | 113.48 | 400.63 |
| Connecticut | 199.03 | 144.73 | 411.77 |
| Delaware | 162.08 | 138.05 | 247.82 |
| District of Columbia | 266.92 | 197.84 | 372.92 |
| Florida | 153.17 | 153.17 | NA |
| Georgia | 126.51 | 122.27 | 157.67 |
| Guam | 108.87 | 108.87 | NA |
| Hawaii | 141.19 | 141.19 | NA |
| Idaho | 232.15 | 149.22 | 906.88 |
| Illinois | 212.98 | 137.05 | 881.58 |
| Indiana | 78.82 | NA | NA |
| Iowa | 213.99 | 186.01 | 308.08 |
| Kansas | 253.90 | 183.88 | 420.67 |
| Kentucky | 152.33 | NA | NA |
| Louisiana | 185.29 | 163.28 | 532.33 |
| Maine | 209.52 | NA | NA |
| Maryland | 175.34 | 136.88 | 416.48 |
| Massachusetts | 262.05 | 171.92 | 1,036.45 |
| Michigan | 365.85 | 212.04 | 1,370.27 |
| Minnesota | 241.42 | 221.45 | 507.03 |
| Mississippi | 120.86 | 120.86 | NA |
| Missouri | 98.01 | 98.02 | 97.96 |
| Montana | 211.01 | 211.01 | NA |
| Nebraska | 183.38 | 180.22 | 214.13 |
| Nevada | 204.96 | 151.93 | 752.58 |

TABLE 7.—AVERAGE MONTHLY COST OF AFDC FOSTER CARE PER CHILD—Continued

(January to June 1978)

| State | All AFDC foster care | Foster home care | Institutional care |
|---|---|---|---|
| New Hampshire | $110.67 | $105.34 | $129.51 |
| New Jersey | 166.17 | 166.17 | NA |
| New Mexico | 122.31 | 117.50 | 156.94 |
| New York[1] | 763.53 | 814.93 | 723.20 |
| North Carolina | 117.97 | 118.76 | 114.75 |
| North Dakota | 176.14 | 148.81 | 380.99 |
| Ohio | 88.24 | 86.24 | 110.80 |
| Oklahoma | 99.04 | 99.04 | NA |
| Oregon | 286.47 | 199.39 | 990.90 |
| Pennsylvania | 209.88 | NA | NA |
| Rhode Island | 180.00 | NA | NA |
| South Carolina | 98.00 | 98.00 | NA |
| South Dakota | 121.87 | 118.43 | 157.73 |
| Tennessee | 134.31 | 132.79 | 151.33 |
| Texas | 197.78 | 194.40 | 258.30 |
| Utah | 155.72 | NA | NA |
| Vermont | 136.05 | 96.22 | 422.46 |
| Virginia | 137.40 | 126.64 | 321.28 |
| Washington | 208.53 | 164.26 | 471.59 |
| West Virginia | 142.99 | 105.49 | 463.91 |
| Wisconsin | 346.20 | 165.84 | 1,450.05 |
| Wyoming | 242.68 | 136.38 | 464.95 |

[1] Beginning with January 1979, statistics reported to HEW by the State of New York reflect that State's new method of estimating the breakdown of the number of children who are either in foster family homes or in institutional care. Earlier reporting, reflected in this table, indicated that about 56 percent of New York's foster care children were in institutional care. Current reporting indicates that about 23 percent of the children are in institutional care. The figures in this table therefore presumably exaggerate the cost of foster home care per child and understate the cost of institutional care per child. These exaggerations and understatements would also be reflected in the national totals.

Source: Data provided by the Department of Health, Education, and Welfare.

TABLE 8.—ESTIMATED FEDERAL FOSTER CARE FUNDING UNDER COMMITTEE BILL

[In millions of dollars]

| State | Estimated Federal AFDC foster care funding for fiscal 1978 | 120 percent of 1978 estimate | Distribution of $100 million by population under age 18 |
|---|---|---|---|
| Alabama | 1.3 | 1.6 | 1.8 |
| Alaska | .7 | .8 | .2 |
| Arizona | * | * | 1.1 |
| Arkansas | .4 | .4 | 1.0 |
| California | 29.3 | 35.2 | 9.8 |
| Colorado | 1.2 | 1.5 | 1.2 |
| Connecticut | 1.6 | 1.9 | 1.4 |
| Delaware | .4 | .5 | .3 |
| District of Columbia | .4 | .5 | .3 |
| Florida | 1.1 | 1.3 | 3.5 |
| Georgia | 2.2 | 2.6 | 2.5 |
| Hawaii | * | * | .4 |
| Idaho | .3 | .4 | .4 |
| Illinois | 3.2 [1] | 3.8 [1] | 5.3 |
| Indiana | 1.2 | 1.4 | 2.6 |
| Iowa | 1.1 | 1.4 | 1.3 |
| Kansas | 2.4 | 2.9 | 1.0 |
| Kentucky | 1.9 | 2.2 | 1.7 |
| Louisiana | 2.6 | 3.1 | 2.0 |
| Maine | 1.7 | 2.0 | .5 |
| Maryland | 3.0 | 3.5 | 1.9 |
| Massachusetts | .6 | .7 | 2.5 |
| Michigan | 10.2 | 12.3 | 4.4 |
| Minnesota | 3.2 | 3.8 | 1.9 |
| Mississippi | .8 | 1.0 | 1.3 |

TABLE 8.—ESTIMATED FEDERAL FOSTER CARE FUNDING UNDER COMMITTEE BILL—Continued

[In millions of dollars]

| State | Estimated Federal AFDC foster care funding for fiscal 1978 | 120 percent of 1978 estimate | Distribution of $100 million by population under age 18 |
|---|---|---|---|
| Missouri | 1.5 | 1.8 | 2.2 |
| Montana | .5 | .7 | .4 |
| Nebraska | .6 | .8 | .7 |
| Nevada | .3 | .3 | .3 |
| New Hampshire | .5 | .5 | .4 |
| New Jersey | .3 | .4 | 3.3 |
| New Mexico | .08 | 1.0 | .6 |
| New York | 109.2 | 131.1 | 7.9 |
| North Carolina | .7 | .8 | 2.6 |
| North Dakota | .4 | .5 | .3 |
| Ohio | 2.5 | 3.1 | 5.0 |
| Oklahoma | .6 | .7 | 1.3 |
| Oregon | 3.7 | 4.4 | 1.1 |
| Pennsylvania | 6.8 | 8.1 | 5.1 |
| Rhode Island | .2 [1] | .2 [1] | .4 |
| South Carolina | .5 | .6 | 1.4 |
| South Dakota | .3 | .4 | .3 |
| Tennessee | 2.1 | 2.5 | 2.0 |
| Texas | 1.0 | 1.2 | 6.3 |
| Utah | .4 | .5 | .7 |
| Vermont | .5 | .6 | .2 |
| Virginia | 2.6 | 3.2 | 2.3 |
| Washington | 2.1 | 2.5 | 1.7 |
| West Virginia | .8 | 1.0 | .9 |
| Wisconsin | 2.9 | 3.5 | 2.2 |
| Wyoming | .07 | .08 | .2 |

*Less than $0.05 million.

[1] HEW projection based on partial and unreviewed claim submission by State.

Source: Based on preliminary estimates by Department of Health, Education, and Welfare.

TABLE 9.—TITLE IV–B—CHILD WELFARE SERVICES: FEDERAL EXPENDITURES—FISCAL YEARS 1978–79

[Amount in dollars]

| States | 1978 actual | 1979 estimate |
|---|---|---|
| United States | 56,500,000 | 56,500,000 |
| Alabama | 1,173,678 | 1,170,805 |
| Alaska | 139,880 | 144,756 |
| Arizona | 691,069 | 691,342 |
| Arkansas | 682,379 | 689,193 |
| California | 4,449,326 | 4,542,862 |
| Colorado | 696,206 | 699,538 |
| Connecticut | 647,170 | 633,961 |
| Delaware | 191,378 | 188,989 |
| District of Columbia | 179,598 | 176,825 |
| Florida | 1,908,322 | 1,882,409 |
| Georgia | 1,485,621 | 1,493,098 |
| Guam | 119,436 | 118,558 |
| Hawaii | 265,423 | 265,295 |
| Idaho | 309,119 | 317,976 |
| Illinois | 2,361,696 | 2,348,214 |
| Indiana | 1,418,583 | 1,409,997 |
| Iowa | 728,371 | 722,963 |
| Kansas | 587,653 | 586,198 |
| Kentucky | 1,053,113 | 1,054,418 |
| Louisiana | 1,280,801 | 1,300,614 |
| Maine | 374,102 | 376,946 |
| Maryland | 968,673 | 952,099 |
| Massachusetts | 1,347,349 | 1,321,468 |
| Michigan | 2,197,048 | 2,175,753 |
| Minnesota | 1,048,311 | 1,037,826 |
| Mississippi | 888,553 | 898,981 |
| Missouri | 1,250,020 | 1,242,933 |
| Montana | 279,823 | 271,095 |
| Nebraska | 435,010 | 434,161 |
| Nevada | 199,924 | 204,636 |

TABLE 9.—TITLE IV-B—CHILD WELFARE SERVICES: FEDERAL EXPENDITURES—FISCAL YEARS 1978-79—Continued

[Amount in dollars]

| States | 1978 actual | 1979 estimate |
|---|---|---|
| New Hampshire | 247,109 | 290,404 |
| New Jersey | 1,505,830 | 1,487,404 |
| New Mexico | 454,464 | 458,867 |
| New York | 3,648,138 | 3,585,058 |
| North Carolina | 1,586,868 | 1,588,154 |
| North Dakota | 222,355 | 223,009 |
| Ohio | 2,644,111 | 2,633,677 |
| Oklahoma | 792,553 | 800,933 |
| Oregon | 621,629 | 628,364 |
| Pennsylvania | 2,722,168 | 2,670,341 |
| Puerto Rico | 1,533,603 | 1,466,777 |
| Rhode Island | 282,870 | 282,623 |
| South Carolina | 947,885 | 950,474 |
| Tennessee | 1,232,882 | 1,245,086 |
| Texas | 3,419,393 | 3,496,219 |
| Utah | 493,513 | 512,749 |
| Vermont | 206,558 | 207,716 |
| Virgin Islands | 114,187 | 110,630 |
| Virginia | 1,286,071 | 1,294,705 |
| Washington | 884,480 | 888,809 |
| West Virginia | 569,556 | 578,984 |
| Wisconsin | 1,240,934 | 1,238,350 |
| Wyoming | 166,364 | 170,551 |
| Northern Marianas | | 78,800 |

[1] Each State receives a uniform grant of $70,000 and an additional grant which varies directly with child population under 21 and inversely with average per capita income.

Source: Department of Health, Education, and Welfare.

TABLE 10.—CHILD WELFARE SERVICES: STATE ESTIMATES OF TOTAL EXPENDITURES REPORTED UNDER THE TITLE IV–B PROGRAM FROM ALL SOURCES, FISCAL YEAR 1979

| | Adoption | Day care | Foster care | Protective services | Other CWS services | Total |
|---|---|---|---|---|---|---|
| Total | $25,775,138 | $63,456,520 | $581,021,701 | $63,613,810 | $51,985,877 | $792,853,046 |
| Alabama | 700,909 | 0 | 3,157,414 | 243,703 | 1,548,915 | 5,650,941 |
| Alaska | 0 | 0 | 2,328,800 | 0 | 4,711,700 | 7,040,500 |
| Arizona | 230,900 | 0 | 20,372,000 | 0 | 3,579,900 | 24,182,800 |
| Arkansas | 0 | 0 | 542,142 | 0 | 595,140 | 1,137,282 |
| California | 15,392,594 | 13,672,000 | 92,218,300 | 10,163,002 | 7,965,980 | 139,411,876 |
| Colorado | 81,151 | 81,154 | 21,205,063 | 131,921 | 1,738,059 | 23,237,348 |
| Connecticut | 191,188 | 44,448 | 12,626,114 | 71,128 | 268,236 | 13,201,114 |
| Delaware | 0 | 0 | 443,949 | 0 | 0 | 443,949 |
| District of Columbia | 363,500 | 9,672,100 | 15,453,900 | 464,900 | 2,307,400 | 28,261,800 |
| Florida | 51,725 | 5,354 | 13,138,866 | 127,488 | 2,547 | 13,325,980 |
| Georgia | 0 | 0 | 2,646,398 | 0 | 0 | 2,646,398 |
| Guam | 0 | 0 | 18,720 | 132,433 | 59,079 | 210,232 |
| Hawaii | 39,870 | 0 | 1,265,939 | 105,633 | 195,257 | 1,606,699 |
| Idaho | 0 | 0 | 809,503 | 0 | 24,000 | 833,503 |
| Illinois | 0 | 0 | 0 | 0 | 5,500,000 | 5,500,000 |
| Indiana | 32,696 | 0 | 21,558,327 | 10,000 | 111,414 | 21,712,437 |
| Iowa | 448,000 | 25,000 | 10,108,000 | 700,000 | 0 | 11,281,000 |
| Kansas | 0 | 0 | 1,207,411 | 0 | 0 | 1,207,411 |
| Kentucky | 0 | 0 | 2,019,663 | 0 | 0 | 2,019,663 |
| Louisiana | 0 | 175,000 | 7,518,696 | 0 | 400 | 7,694,096 |
| Maine | 85,000 | 42,287 | 2,048,950 | 120,000 | 207,749 | 2,503,986 |
| Maryland | 525,647 | 0 | 26,257,246 | 3,991,274 | 677,424 | 31,451,591 |
| Massachusetts | 800,000 | 0 | 36,050,000 | 2,500,000 | 300,000 | 39,650,000 |
| Michigan | 0 | 0 | 28,219,600 | 0 | 0 | 28,219,600 |
| Minnesota | 20,695 | 269,028 | 1,138,194 | 82,777 | 558,750 | 2,069,444 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Mississippi | 0 | 0 | 2,065,000 | 30,000 | 120,000 | 2,215,000 |
| Missouri | 0 | 0 | 4,531,084 | 0 | 0 | 4,531,084 |
| Montana | 30,087 | 149,517 | 918,080 | 464,000 | 107,651 | 1,669,335 |
| Nebraska | 200,000 | 0 | 2,263,000 | 0 | 0 | 2,463,000 |
| Nevada | 10,000 | 0 | 975,000 | 0 | 0 | 985,000 |
| New Hampshire | 0 | 37,252 | 95,790 | 138,364 | 260,762 | 532,168 |
| New Jersey | 877,409 | 83,160 | 14,016,830 | 16,093,860 | 4,588,208 | 35,659,467 |
| New Mexico | 0 | 0 | 759,085 | 0 | 0 | 759,085 |
| New York | 0 | 0 | 61,735,058 | 0 | 0 | 61,735,058 |
| North Carolina | 67,104 | 130,000 | 4,726,842 | 0 | 425,947 | 5,349,893 |
| North Dakota | 63,250 | 0 | 206,818 | 10,000 | 187,750 | 467,818 |
| Ohio | 2,946,145 | 23,121,632 | 42,817,322 | 8,576,559 | 9,296,727 | 86,758,385 |
| Oklahoma | 88,192 | 56,202 | 2,226,470 | 57,968 | 59,433 | 2,488,265 |
| Oregon | 0 | 0 | 4,002,063 | 0 | 0 | 4,002,063 |
| Pennsylvania | 1,231,511 | 4,706,439 | 77,392,329 | 15,798,278 | 4,827,798 | 103,956,355 |
| Puerto Rico | 46,648 | 630,471 | 620,730 | 782,353 | 220,202 | 2,300,404 |
| Rhode Island | 195,187 | 0 | 7,845,324 | 1,379,285 | 470,745 | 9,891,541 |
| South Carolina | 708,570 | 44,500 | 1,569,672 | 141,714 | 94,476 | 2,558,932 |
| South Dakota | 52,860 | 40,178 | 1,253,051 | 0 | 164,620 | 1,510,709 |
| Tennessee | 172,700 | 0 | 3,161,500 | 0 | 60,600 | 3,394,800 |
| Texas | 0 | 9,440,041 | 7,205,584 | 0 | 0 | 16,645,625 |
| Utah | 0 | 0 | 1,617,000 | 0 | 0 | 1,617,000 |
| Vermont | 0 | 0 | 930,000 | 0 | 0 | 930,000 |
| Virgin Islands | 0 | 893,057 | 723,067 | 496,653 | 64,142 | 2,181,919 |
| Virginia | 121,600 | 132,700 | 10,097,100 | 663,600 | 44,300 | 11,059,300 |
| Washington | 0 | 0 | 1,845,750 | 0 | 0 | 1,845,750 |
| West Virginia | 0 | 0 | 399,211 | 136,917 | 440,566 | 976,694 |
| Wisconsin | 0 | 0 | 2,814,479 | 0 | 200,000 | 2,384,479 |
| Wyoming | 0 | 0 | 485,267 | 0 | 0 | 485,267 |

Source: Department of Health, Education, and Welfare.

## B. Social Services Provisions

### (Title II of the Bill)

#### DESCRIPTION OF PRESENT LAW PROGRAM

In addition to providing Federal funding for cash public assistance to certain categories of needy individuals, the welfare titles of the Social Security Act have provided funding for a variety of social services programs. Originally, the costs of social services were considered a part of the administrative costs of operating cash public assistance programs, but subsequent amendments provided separate recognition of social services programs, expanded their availability to persons not receiving cash assistance, permitted funding of services provided by other than the welfare agency itself (including services by non-public agencies), and increased the Federal rate of matching to 75 percent (90 percent in the case of family planning services).

Prior to fiscal year 1973, Federal matching for social services, like Federal matching for welfare payments, 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 these provisions to increase at a rapid rate the amount of Federal money going into social services programs.

In 1972, the Congress established a $2.5 billion annual ceiling on the amount of Federal funding for social services programs effective for fiscal year 1973 and subsequent fiscal years. The permanent ceiling level remains at $2.5 billion although a temporary ceiling of $2.9 billion is in effect for fiscal 1979. Under this overall national ceiling, each State has a ceiling established which is based on its population relative to the population of the entire Nation.

In 1974, Congress substantially revised the statutes governing the social services programs. The 1974 legislation transferred the provisions governing social services programs from the cash public assistance titles of the Social Security Act to a new separate services title (title XX). The Federal matching percentage for services remained at 75 percent under the new title XX program and the overall ceiling of $2.5 billion allocated among the States on a population basis was not changed.

HEW estimates that nearly all States are expected to use all or close to all of their title XX funds in 1979. A substantial number of States are spending more than their allotments on services which would qualify for title XX funding, and are paying for them out of State and local funds.

Individuals and families may qualify for federally matched social services if they are welfare recipients or meet certain income requirements. (See table 16 for use of funds by category of recipients.) States

may not provide services, other than protective services, family planning services, and information and referral services to families with incomes above 115 percent of the State median income. For 1980, this ranges from a low of $16,830 for a family of four in Mississippi, to a high of $36,937 in Alaska. (See table 13.)

States use their title XX money in very different ways, depending on their own State-determined needs. On a national basis, the service for which the largest amount of money is being spent is child day care. HEW estimates for 1979 indicate that about 21 percent of all Federal social services funds will be spent for child day care. Homemaker/chore services are expected to account for slightly more than 12 percent of all funds in 1979, and education, training and employment services are estimated to account for an additional 10 percent. Protective services and child foster care services together will account for another 16 percent of total spending. (See tables 14 and 15.)

## DETERMINATION OF AMOUNT ALLOCATED TO STATES

(Section 201 of the Bill)

*Present law.*—As indicated above the present permanent ceiling on title XX Federal funding of social services was established in 1972 at a level of $2.5 billion. Legislation enacted in 1976 provided for a temporary increase in the limit on Federal funding under the title XX program. The amount made available was $40 million for the calendar quarter July–September 1976, and $200 million for fiscal year 1977. The additional funding was allocated among the States in the same way as the permanent $2.5 billion limit, i.e., on a population basis. The new funds were made available to the States on a 100 percent Federal funding basis and could not exceed the amount of State expenditures for child care. Subsequent legislation extended these temporary funding provisions for fiscal years 1978 and 1979, thus providing the States with an additional $200 million in title XX funds for those years. In addition, the 95th Congress temporarily raised the basic $2.5 billion ceiling on social services spending to $2.7 billion for social services, resulting in an overall ceiling of $2.9 billion including the special funding for child care. Under present law, the annual amount of Federal funding for title XX services reverted to $2.5 billion (the amount provided under the permanent ceiling) as of October 1, 1979. (See table 11 for State-by-State allocations for fiscal year 1979.)

*Committee bill.*—When the $2.5 billion ceiling was originally established in 1972, it was adequate to allow room for significant program growth in most States. Even then, however, there were some States already at their limits under the ceiling, and since then all States have reached their maximum funding level. As a result, there is no additional room for meeting additional services needs within the present

ceiling. While States may be able to reevaluate their title XX programs to effect economies and to eliminate some items of low priority, such savings would tend to be offset by the impact of inflation on other, high priority services.

It was the judgment of the committee in making its budgetary recommendations earlier in the year, that this program should at least be maintained at its fiscal 1979 level of $2.9 billion. It is the understanding of the committee that the budgetary goals for fiscal year 1980 incorporated in the First Concurrent Budget Resolution were consistent with a continuation of the $2.9 billion title XX level. (In social services as in several other areas of the budget, the House interpretation of the First Budget Resolution differed substantially from the Senate interpretation. The House interpretation held that the budgetary goals in the social services function would accommodate a title XX funding level of $3.1 billion and that is the level incorporated in the House version of H.R. 3434. In the Senate, however, the First Budget Resolution was interpreted by the Senate Budget Conferees as allowing room in that budget function for no more than a $2.9 billion title XX program funding level.)

The Senate has now passed a Second Budget Resolution for fiscal year 1980 with budgetary totals which are inconsistent with a ceiling for this program in excess of $2.7 billion. This, of course, represents the Committee's understanding as to the assumption for this program underlying the Budget Resolution totals. The Committee recognizes that the Budget Resolution is binding only as to its totals and not as to specific legislative assumptions which may have been understood to underlie those totals. Nevertheless, the overall budgetary totals in the second resolution, as passed by the Senate, would require even more substantial reductions in other programs under Finance Committee jurisdiction. Consequently, the committee believes that it cannot, in the light of the Senate Budget Resolution, recommend a fiscal 1980 title XX level in excess of $2.7 billion at this time. The Committee stands ready, however, to reassess this level after Congress completes action on the Second Budget Resolution.

While the Committee, for the reasons stated above, cannot recommend title XX levels in excess of $2.7 billion for fiscal year 1980, the Committee is concerned about the impact of inflation on the programs operated under that title and particularly so in view of the fact that the permanent ceiling has been reached by all States. For this reason, the committee believes that is it appropriate at this time to consider a moderate amount of indexing for this program over the next several years, in order both to provide some assistance to States in meeting the impact of inflation on high priority service programs and to provide States with advance knowledge of the amount of funding they can expect for those programs. Under the committee bill, therefore, the title XX ceiling will be indexed to inflation in the following manner: for fiscal year 1980 and each subsequent year, the ceiling will be modified by the percentage change (increase or decrease) in the consumer

price index during the preceding year. This percentage change will be applied to the permanent $2.5 billion base and will be added to the prior year ceiling (or subtracted from it in the event of a decrease). (For fiscal year 1980 the "prior year ceiling" will be the permanent ceiling of $2.5 billion rather than the temporary $2.9 billion.) In calculating these cost of living modifications, any increase (or decrease) which is not an exact multiple of $100 million will be rounded downward to the next lower multiple of $100 million.

The period over which the change in the cost of living will be measured under the bill is the one-year period ending 6 months before the start of the fiscal year in question. This is the same indexing period used for purposes of determining cost of living increases under the social security program. In order to assure that this indexing formula will not create an unanticipated drain on the Federal Treasury, the bill specifies that the percentage increase in any year cannot exceed the inflation rate assumed by the Senate Budget Committee in developing the second concurrent budget resolution for fiscal year 1980, as shown on page 25 of Senate Report 96–311. (In the case of fiscal years after 1984, the percentage would be limited to the Budget Committee's forecasted inflation rate of 7.4 percent for 1984.)

Under current economic forecasts of the Administration and the Congressional Budget Office, the indexing formula in the committee bill will result in a title XX ceiling level of $2.7 billion in fiscal year 1980, $2.9 billion in fiscal year 1981, $3.10 billion in fiscal year 1982, $3.2 billion in fiscal year 1983, and $3.2 billion in fiscal year 1984 and $3.3 billion in fiscal year 1985. In order to assure a reevaluation of the appropriateness and the effectiveness of the indexing provisions, the bill provides that further increases under the indexing provisions will not take place after the ceiling reaches a level of $3.3 billion in the absence of subsequent legislation to extend those provisions.

## SPECIAL ALLOCATION FOR CHILD CARE SERVICES

(Section 202 of the Bill)

*Present law.*—Among other provisions in the 1974 social services amendments was a formal incorporation into the title XX program of certain standards for child care services funded under the title XX program. The child care standards were a modified version of the Federal Interagency Day Care Requirements which were published in 1968. The Federal Interagency Requirements had previously been applicable to child care under the social service program but compliance with them had not been monitored.

The standards for child care were to have become effective beginning October 1, 1975. However, because the imposition of the standards relating to staffing would have increased the cost of operation of the program and because of disagreement as to the appropriateness of the

standards, Congress enacted legislation postponing their implementation on a mandatory basis, pending a study of their appropriateness which the law required be conducted by the Department of Health, Education, and Welfare. The findings of that study were published in July 1978 and the Department is currently holding hearings on proposed regulations which it expects to issue in final form before the end of calendar year 1979.

Pending resolution of the standards issued the 1976 legislation provided for an increased level of title XX funding to enable States to improve their child care programs in such ways as they found most appropriate. On a full-year basis the additional funding provided for in that legislation totaled $200 million which was available to the States without the usual 25 percent non-Federal matching requirement. This funding could be used only for services related to the provision of child care. (However, States were free to use this amount to continue existing child care programs as well as to improve those programs or provide new child care services.) This special $200 million allocation for child care has subsequently been continued through fiscal year 1979 (as a part of the overall $2.9 billion ceiling).

*Committee bill.*—The Committee believes it is appropriate, at least for the time being, to continue this special child care allocation that has been in existence for the past few years. Accordingly the Committee bill provides that, in fiscal 1980 and 1981, that $200 million of the overall title XX ceiling (as determined under the preceding section) will be considered as a child care allocation available without non-Federal matching requirement.

TEMPORARY LIMITATION ON FUNDS FOR TRAINING

(Section 203 of the Bill)

*Present law.*—In addition to providing for the funding of social services, title XX also provides for funding "personnel training and retraining directly related to the provision of those services (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)." Federal funding for training costs, like other Federal funding under title XX, is on a 75 percent Federal, 25 percent non-Federal basis. Training funding, however, is not governed by the overall title XX funding ceiling but is completely open-ended. The President's budget for fiscal year 1980, citing recent rapid growth in expenditures for training, proposed legislation to place a limit on Federal funding for training for each State equal to 3 percent of its title XX allocation. This limit would have been phased in over a 3-year period. Table 17 shows the most recent estimates of expected Federal costs of title XX in fiscal 1979.

*Committee bill.*—The committee amendment would establish a limit, for one year (fiscal year 1980), on the amount of Federal matching funds available to the States for training. Notwithstanding any other provision of law, the limit for each State would be equal to 4 percent

of that State's 1980 allotment under the title XX funding ceiling or the actual amount spent by the State in fiscal year 1979, whichever is higher.

In establishing this fiscal year 1980 limit, the committee notes that it is changing the open-ended nature of the funding for this program but is not changing the entitlement nature of the program. As with other Social Security Act matching grant programs, States have a right to expect that the Federal Government will live up to its statutory commitment to match qualified expenditures.

The Committee expects that the Department of Health, Education, and Welfare will undertake a thorough review of how title XX training funds are being used by the States, and the effectiveness of current State training programs in improving the delivery of title XX services. The Committee intends to develop a more permanent resolution of this matter and will need this information in its consideration of legislation relating to the use of training funds in years after 1980. Because the committee intends to review this issue in the near future, it did not include the provision of the House bill requiring an HEW-approved State plan starting in 1981.

### USE OF RESTRICTED PRIVATE FUNDS FOR TRAINING PROGRAMS

(Section 204 of the Bill)

*Present law.*—Under present law, donated private funds used for title XX services must be donated to the State without restrictions (1) as to use, other than restrictions as to the type of donor who is not a sponsor or operator of a program to provide these services, and (2) as to the geographic area in which the services are to be provided.

*Committee bill.*—The committee bill would permit the acceptance by the State of restricted private matching funds for social services training for fiscal year 1980. Funds used as the non-Federal match under authority of this provision could not be used to pay for training provided by for-profit facilities. The committee believes that allowing for the use of restricted private matching funds will encourage private organizations and foundations to contribute to the strengthening of State training programs, thereby improving the State's capacity to deliver services to those who need them. Since this is an expansion of existing authority in this area, the Department of Health, Education, and Welfare should monitor the use made of this authority. However, the committee intends that such monitoring be carried out in a careful and reasonable manner that will not result in discouraging those who would wish to make use of the provision. The committee believes that the provisions of section 204 placing a ceiling on the previously open-ended nature of the title XX training provisions largely remove whatever objections might otherwise be raised against permitting the use of donated funds on a restricted basis. However, since that section is effective only for one year pending further study of the issue by the committee, a similar one-year limitation has been placed on this provision. The committee expects, however, that it would act to extend this provision at the time that it recommends a further resolution of the ceiling issue.

TABLE 11.—TITLE XX SERVICES: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979

[Dollar amounts in thousands]

| State | Allocations under the $2.7 billion ceiling | Allocations of $200 million earmarked for day care | Allocations under total $2.9 billion ceiling |
|---|---|---|---|
| Alabama | $46,099 | $3,415 | $49,514 |
| Alaska | 4,805 | 356 | 5,161 |
| Arizona | 28,552 | 2,115 | 30,637 |
| Arkansas | 26,527 | 1,965 | 28,492 |
| California | 270,682 | 20,051 | 290,733 |
| Colorado | 32,489 | 2,407 | 34,896 |
| Connecticut | 39,206 | 2,904 | 42,110 |
| Delaware | 7,321 | 542 | 7,863 |
| District of Columbia | 8,830 | 654 | 9,484 |
| Florida | 105,921 | 7,846 | 113,767 |
| Georgia | 62,513 | 4,631 | 67,144 |
| Hawaii | 11,157 | 827 | 11,984 |
| Idaho | 10,452 | 774 | 11,226 |
| Illinois | 141,240 | 10,462 | 151,702 |
| Indiana | 66,689 | 4,940 | 71,629 |
| Iowa | 36,099 | 2,674 | 38,773 |
| Kansas | 29,056 | 2,152 | 31,208 |
| Kentucky | 43,118 | 3,194 | 46,312 |
| Louisiana | 48,313 | 3,579 | 51,892 |
| Maine | 13,459 | 997 | 14,456 |
| Maryland | 52,124 | 3,861 | 55,985 |
| Massachusetts | 73,067 | 5,412 | 78,479 |
| Michigan | 114,511 | 8,482 | 122,993 |
| Minnesota | 49,872 | 3,694 | 53,566 |
| Mississippi | 29,609 | 2,193 | 31,802 |

TABLE 11.—TITLE XX SERVICES: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979—Continued

[Dollar amounts in thousands]

| State | Allocations under the $2.7 billion ceiling | Allocations of $200 million earmarked for day care | Allocations under total $2.9 billion ceiling |
|---|---|---|---|
| Missouri | 60,098 | 4,452 | 64,550 |
| Montana | 9,471 | 702 | 10,173 |
| Nebraska | 19,534 | 1,447 | 20,981 |
| Nevada | 7,673 | 568 | 8,241 |
| New Hampshire | 10,339 | 766 | 11,105 |
| New Jersey | 92,273 | 6,835 | 99,108 |
| New Mexico | 14,691 | 1,088 | 15,779 |
| New York | 227,463 | 16,849 | 244,312 |
| North Carolina | 68,790 | 5,096 | 73,886 |
| North Dakota | 8,088 | 599 | 8,687 |
| Ohio | 134,460 | 9,960 | 144,420 |
| Oklahoma | 34,791 | 2,577 | 37,368 |
| Oregon | 29,295 | 2,170 | 31,465 |
| Pennsylvania | 149,202 | 11,052 | 160,254 |
| Rhode Island | 11,660 | 864 | 12,524 |
| South Carolina | 35,823 | 2,654 | 38,477 |
| South Dakota | 8,629 | 639 | 9,268 |
| Tennessee | 53,004 | 3,926 | 56,930 |
| Texas | 157,063 | 11,634 | 168,697 |
| Utah | 15,446 | 1,144 | 16,590 |
| Vermont | 5,987 | 444 | 6,431 |
| Virginia | 63,293 | 4,688 | 67,981 |
| Washington | 45,432 | 3,365 | 48,797 |
| West Virginia | 22,905 | 1,697 | 24,602 |
| Wisconsin | 57,973 | 4,294 | 62,267 |
| Wyoming | 4,906 | 363 | 5,269 |
| Total | 2,700,000 | 200,000 | 2,900,000 |

Source: Department of Health, Education, and Welfare.

TABLE 12.—TITLE XX ALLOCATIONS AT VARIOUS CEILING LEVELS [1]

[In thousands of dollars]

| State | $2.5 billion | $2.7 billion | $2.9 billion | $3.3 billion |
|---|---|---|---|---|
| Alabama | 42,640 | 46,051 | 49,462 | 56,285 |
| Alaska | 4,703 | 5,079 | 5,455 | 6,207 |
| Arizona | 26,533 | 28,655 | 30,778 | 35,023 |
| Arkansas | 24,775 | 26,757 | 28,739 | 32,703 |
| California | 253,035 | 273,278 | 293,521 | 334,006 |
| Colorado | 30,265 | 32,686 | 35,107 | 39,950 |
| Connecticut | 35,915 | 38,788 | 41,661 | 47,408 |
| Delaware | 6,725 | 7,263 | 7,801 | 8,877 |
| District of Columbia | 7,973 | 8,610 | 9,248 | 10,524 |
| Florida | 97,673 | 105,486 | 113,300 | 128,928 |
| Georgia | 58,335 | 63,002 | 67,669 | 77,002 |
| Hawaii | 10,343 | 11,170 | 11,997 | 13,652 |
| Idaho | 9,903 | 10,695 | 11,487 | 13,071 |
| Illinois | 129,950 | 140,346 | 150,742 | 171,534 |
| Indiana | 61,595 | 66,523 | 71,450 | 81,305 |
| Iowa | 33,270 | 35,932 | 38,593 | 43,916 |
| Kansas | 26,880 | 29,030 | 31,181 | 35,482 |
| Kentucky | 39,960 | 43,157 | 46,354 | 52,747 |
| Louisiana | 45,310 | 48,935 | 52,560 | 59,809 |
| Maine | 12,538 | 13,541 | 14,544 | 16,550 |
| Maryland | 47,830 | 51,656 | 55,483 | 63,136 |
| Massachusetts | 66,818 | 72,163 | 77,508 | 88,199 |
| Michigan | 105,495 | 113,935 | 122,374 | 139,253 |
| Minnesota | 45,935 | 49,610 | 53,285 | 60,634 |
| Mississippi | 27,608 | 29,816 | 32,025 | 36,442 |

TABLE 12.—TITLE XX ALLOCATIONS AT VARIOUS CEILING LEVELS [1]—Continued

[In thousands of dollars]

| State | $2.5 billion | $2.7 billion | $2.9 billion | $3.3 billion |
|---|---|---|---|---|
| Missouri | 55,480 | 59,918 | 64,357 | 73,234 |
| Montana | 8,793 | 9,496 | 10,199 | 11,606 |
| Nebraska | 18,038 | 19,481 | 20,924 | 23,810 |
| Nevada | 7,315 | 7,900 | 8,485 | 9,656 |
| New Hampshire | 9,810 | 10,595 | 11,380 | 12,949 |
| New Jersey | 84,695 | 91,471 | 98,246 | 111,797 |
| New Mexico | 13,750 | 14,850 | 15,950 | 18,150 |
| New York | 207,135 | 223,706 | 240,277 | 273,418 |
| North Carolina | 63,848 | 68,955 | 74,063 | 84,279 |
| North Dakota | 7,545 | 8,149 | 8,752 | 9,959 |
| Ohio | 123,663 | 133,556 | 143,449 | 163,235 |
| Oklahoma | 32,485 | 35,084 | 37,683 | 42,880 |
| Oregon | 27,458 | 29,654 | 31,851 | 36,244 |
| Pennsylvania | 136,190 | 147,085 | 157,980 | 179,771 |
| Rhode Island | 10,805 | 11,669 | 12,534 | 14,263 |
| South Carolina | 33,235 | 35,894 | 38,553 | 43,870 |
| South Dakota | 7,960 | 8,597 | 9,234 | 10,507 |
| Tennessee | 49,680 | 53,654 | 57,629 | 65,578 |
| Texas | 148,265 | 160,126 | 171,987 | 195,710 |
| Utah | 14,653 | 15,825 | 16,997 | 19,341 |
| Vermont | 5,580 | 6,026 | 6,473 | 7,366 |
| Virginia | 59,340 | 64,087 | 68,834 | 78,329 |
| Washington | 42,273 | 45,654 | 49,036 | 55,800 |
| West Virginia | 21,483 | 23,201 | 24,920 | 28,357 |
| Wisconsin | 53,783 | 58,085 | 62,388 | 70,993 |
| Wyoming | 4,690 | 5,065 | 5,440 | 6,191 |

[1] Based on fiscal 1980 population distribution.

TABLE 13.—FEDERAL INCOME LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES (FISCAL 1980—FAMILY OF 4) [1]

| | Maximum income level for services | |
|---|---|---|
| | If no fee is charged [2] (80 percent of median income) | If a fee is charged (115 percent of median income) |
| Alabama | $13,303 | $19,123 |
| Alaska | [3] 18,723 | 36,937 |
| Arizona | 15,281 | 21,966 |
| Arkansas | 12,054 | 17,328 |
| California | 16,686 | 23,987 |
| Colorado | 16,145 | 23,208 |
| Connecticut | 16,375 | 23,539 |
| Delaware | 14,596 | 20,982 |
| District of Columbia | 15,238 | 21,904 |
| Florida | 14,299 | 20,555 |
| Georgia | 13,468 | 19,360 |
| Hawaii | 17,374 | 24,976 |
| Idaho | 13,281 | 19,091 |
| Illinois | 16,194 | 23,279 |
| Indiana | 15,305 | 22,001 |
| Iowa | 14,753 | 21,207 |
| Kansas | 14,703 | 21,136 |
| Kentucky | 13,011 | 18,704 |
| Louisiana | 13,209 | 18,988 |
| Maine | 12,020 | 17,279 |
| Maryland | 16,954 | 24,372 |
| Massachusetts | 15,606 | 22,434 |
| Michigan | 16,726 | 24,044 |
| Minnesota | 16,572 | 23,822 |
| Mississippi | 11,708 | 16,830 |
| Missouri | 14,290 | 20,541 |
| Montana | 13,111 | 18,847 |
| Nebraska | 13,218 | 19,001 |
| Nevada | 16,246 | 23,354 |
| New Hampshire | 14,552 | 20,919 |

TABLE 13.—FEDERAL INCOME LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES (FISCAL 1980—FAMILY OF 4) [1]—Continued

| | Maximum income level for services | |
|---|---|---|
| | If no fee is charged[2] (80 percent of median income) | If a fee is charged (115 percent of median income) |
| New Jersey | 17,127 | 24,620 |
| New Mexico | 13,441 | 19,321 |
| New York | 14,573 | 20,948 |
| North Carolina | 13,002 | 18,690 |
| North Dakota | 12,806 | 18,409 |
| Ohio | 15,356 | 22,074 |
| Oklahoma | 13,715 | 19,716 |
| Oregon | 15,817 | 22,737 |
| Pennsylvania | 14,678 | 21,100 |
| Rhode Island | 14,328 | 20,597 |
| South Carolina | 13,258 | 19,059 |
| South Dakota | 12,586 | 18,093 |
| Tennessee | 12,542 | 18,029 |
| Texas | 15,144 | 21,770 |
| Utah | 14,600 | 20,988 |
| Vermont | 13,105 | 18,838 |
| Virginia | 15,395 | 22,131 |
| Washington | 16,166 | 23,238 |
| West Virginia | 13,434 | 19,312 |
| Wisconsin | 16,087 | 23,125 |
| Wyoming | 16,604 | 23,868 |

[1] The median income levels are adjusted each year by HEW using data supplied by the Census Bureau.

[2] States may impose fees subject to HEW regulation but need not. Forty States do so for at least some services.

[3] 100 percent of national median income. The income limit for services without a fee is 100 percent of the national median income where that amount is lower than 80 percent of State median income. (80 percent of Alaska State median income is $25,695.)

Source: Department of Health, Education, and Welfare.

TABLE 14.—TITLE XX SERVICES: ESTIMATED DISTRIBUTION OF FEDERAL FUNDS AMONG SELECTED SERVICES, FISCAL YEARS 1978 AND 1979

[Dollar amounts in millions]

| | 1978 | 1979 |
|---|---|---|
| Total costs | $3,719 | $3,937 |
| Federal share: | | |
| Day care-children | 537 | 582 |
| Homemaker/chore | 302 | 329 |
| Education, training, and employment | 264 | 289 |
| Protective services | 279 | 305 |
| Foster care-children | 127 | 139 |
| Counseling services | 391 | 428 |
| Health-related | 127 | 139 |
| Residential care and treatment | 83 | 91 |
| Family planning | 44 | 48 |
| Other | 463 | 468 |
| Total Federal share | 2,617 | 2,818 |

Source: U.S. Budget appendix, fiscal year 1980.

TABLE 15.—TITLE XX SERVICES: ESTIMATED NUMBER OF RECIPIENTS PER QUARTER BY TYPE OF SERVICE, FISCAL YEAR 1978

(Thousands)

| | 1978 |
|---|---|
| Selected services (nonadditive, recipients may receive more than 1 service): | |
| Day care-children | 383 |
| Homemaker/chore | 339 |
| Education, training, and employment | 375 |
| Protective services | 564 |
| Foster care-children | 163 |
| Counseling services | 476 |
| Health-related | 524 |
| Residential care and treatment | 93 |
| Family planning | 229 |

Source: U.S. Budget appendix, fiscal year 1980.

TABLE 16.—TITLE XX SERVICES: PERCENTAGE DISTRIBUTION OF FEDERAL FUNDS BY 3 MAJOR CATEGORIES OF RECIPIENTS, FISCAL YEARS 1976 AND 1978

| | 1976 | 1978 | Percentage change |
|---|---|---|---|
| Income maintenance recipients: | | | |
| AFDC | 40 | 31 | −9 |
| SSI | 20 | 22 | +2 |
| Medicaid only | 2 | 1 | −1 |
| Income eligible recipients | 30 | 33 | +3 |
| Without regard to income recipients[1] | 8 | 13 | +5 |

[1] States may provide only 3 types of services to persons who do not meet the title XX income requirements. These are information and referral services, family planning services, and protective services.

Source: Department of Health, Education, and Welfare.

## EMERGENCY SHELTER

(Section 205 of the bill)

*Present law.*—Under present law, States may use funds to provide emergency shelter for children as a protective service for up to 30 days. HEW regulations provide that this service is limited to 30 days within any 6-month period. Every State now provides for emergency shelter services for children as part of the State plan.

*Committee bill.*—The bill would allow States to provide shelter care for adults who are in need of this service as well as for children. Under the committee bill, emergency shelter could be provided, for up to 30 days in any 6-month period, as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment, or exploitation. Many adults faced with emergency situations arising from domestic violence, accident, or other cause may be temporarily unable to provide for themselves and, in particular, may face an urgent and immediate need for short-term shelter. Moreover, the committee has been told by the administration that cases involving the need for emergency shelter for a child will often also involve a similar need for a parent of the child. Under the committee provision, States would be given the flexibility to deal with situations of this type.

## MULTIYEAR PLAN; CHOICE OF FISCAL YEAR

(Section 206 of the bill)

*Present law.*—Title XX of the Social Security Act provides great flexibility to the States in the design and operation of social services programs to meet the needs of their citizens. Because of the diversity of needs and services programs, the statute requires States to undertake periodic reassessment of these programs through the development each year of a comprehensive social services plan which will govern the operations and scope of the program within the State. States have the option under present law of using either the Federal fiscal year or the fiscal year used by the State government as the social services program year to which the annual State plan will apply.

*Committee bill.*—The committee believes that it would be appropriate at this time to provide a degree of additional flexibility to the States in developing their social services plans. Accordingly, the committee amendment would eliminate the requirement that such plans

be limited to only a single year and would allow States the option of using a 1-, 2-, or 3-year services program period. The committee feels that adequate levels of reassessment can be achieved within these longer periods and that States will be able to conserve some of resources now devoted to the annual planning process. However, if States elect a program period of longer than one year, the State agency will be required to publish and make generally available such information concerning the program at such times as the Secretary may by regulation require. The committee amendment also allows States an additional option as to the fiscal year with which the services program periods must coincide. Under the amendment, States would be permitted the option of using a services program period which coincides with the fiscal year used by the local units of government within the State. This change is necessary in those States where local governments have a major role in the operations of the title XX program and utilize a fiscal year which differs from both the State and Federal fiscal years.

### SOCIAL SERVICES FUNDING FOR TERRITORIES

(Section 207 of the Bill)

*Present law.*—Puerto Rico, Guam, and the Virgin Islands do not participate in the title XX social services program on the same basis as the States. Instead, they may receive an allotment for social services only from the amount that the States and the District of Columbia certify, after the beginning of the fiscal year, that they will not use out of their share of the $2.5 billion in Federal funding under the title XX program. The law specifies that in no case can the allotment exceed $15 million for Puerto Rico and $500,000 each for Guam and the Virgin Islands. Because under present provisions of law these jurisdictions do not know in advance of the program year whether they will have any title XX funds available to them, or the magnitude of those funds, they have had difficulty in making the most effective use of the funds that have become available.

*Committee bill.*—The committee bill would amend present law by providing that, beginning in fiscal year 1980, a separate title XX entitlement amount would be established, as follows: Puerto Rico, $15 million; Guam and the Virgin Islands, $500,000; and the Northern Marianas, $100,000. This provision will allow these jurisdictions to plan in advance how their social services funds should be spent in order to provide for the effective delivery of such services.

TABLE 17.—TITLE XX TRAINING FUNDS—1979 ESTIMATED FUNDING AND IMPACT OF 4-PERCENT LIMIT

[In thousands of dollars]

| State | Estimated 1979 Federal funding | 4 percent of $2.7 billion allocation |
|---|---|---|
| TOTAL | 88,779 | 107,997 |
| Alabama | 745 | 1,842 |
| Alaska | 439 | 203 |
| Arizona | 1,277 | 1,146 |
| Arkansas | 1,615 | 1,070 |
| California | 5,014 | 10,931 |
| Colorado | 1,464 | 1,307 |
| Connecticut | 8,605 | 1,551 |
| Delaware | 256 | 290 |
| District of Columbia | 226 | 344 |
| Florida | 728 | 4,219 |
| Georgia | 3,075 | 2,520 |
| Hawaii | 92 | 446 |
| Idaho | 357 | 427 |
| Illinois | 556 | 5,613 |
| Indiana | 214 | 2,660 |
| Iowa | 614 | 1,437 |
| Kansas | 1,088 | 1,161 |
| Kentucky | 2,095 | 1,726 |
| Louisiana | 1,665 | 1,957 |
| Maine | 504 | 541 |
| Maryland | 1,676 | 2,066 |
| Massachusetts | 4,251 | 2,886 |
| Michigan | 2,509 | 4,557 |
| Minnesota | 1,684 | 1,984 |
| Mississippi | 1,292 | 1,192 |
| Missouri | 1,020 | 2,396 |
| Montana | 757 | 379 |
| Nebraska | 282 | 779 |
| Nevada | 277 | 316 |
| New Hampshire | 77 | 423 |
| New Jersey | 3,731 | 3,658 |
| New Mexico | 1,301 | 594 |
| New York | 6,721 | 8,948 |
| North Carolina | 3,925 | 2,758 |
| North Dakota | 223 | 325 |

TABLE 17.—TITLE XX TRAINING FUNDS—1979 ESTIMATED FUNDING AND IMPACT OF 4-PERCENT LIMIT—Continued

[In thousands of dollars]

| State | Estimated 1979 Federal funding | 4 percent of $2.7 billion allocation |
|---|---|---|
| Ohio | 805 | 5,342 |
| Oklahoma | 394 | 1,403 |
| Oregon | 1,414 | 1,186 |
| Pennsylvania | 3,896 | 5,883 |
| Rhode Island | 555 | 466 |
| South Carolina | 948 | 1,435 |
| South Dakota | 340 | 343 |
| Tennessee | 1,546 | 2,146 |
| Texas | 9,625 | 6,405 |
| Utah | 1,498 | 633 |
| Vermont | 505 | 241 |
| Virginia | 596 | 2,563 |
| Washington | 2,011 | 1,826 |
| West Virginia | 2,428 | 928 |
| Wisconsin | 1,686 | 2,323 |
| Wyoming | 177 | 202 |

Source: Based on data from Department of Health, Education, and Welfare, representing estimates received from States, not including late claims.

PERMANENT EXTENSION OF PROVISIONS RELATING TO CHILD SUPPORT ENFORCEMENT, CHILD DAY CARE SERVICES, AND SERVICES FOR ALCOHOLICS AND DRUG ADDICTS

(Section 208 of the Bill)

For the past few years, certain aspects of the social services and child support programs have been operated under authority of provisions which were originally enacted on a temporary basis and had been extended from time to time. During the last Congress there appeared to be general agreement on the desirability of extending these provisions on a permanent basis. However, for reasons unrelated to these provisions, the legislation to accomplish that objective did not reach final enactment prior to the adjournment of the Congress. Consequently, authority to fund these programs lapsed as of October 1, 1978. Because of the importance of these provisions and the fact that States had continued to provide these services in the expectation that the authority for them would be restored, the Senate acted early in this Congress to pass legislation reinstating the funding for these programs on a permanent basis and retroactive to October 1, 1978. This legislation was

agreed to as an amendment to the bill H.R. 3091. Up to now, however, the House of Representatives has been unwilling to agree to these amendments to that bill. The committee has incorporated provisions identical in substance to the Senate-passed amendment to H.R. 3091 in section 208 of the committee bill as described below.

### 1. CONTINUED FEDERAL MATCHING FOR CHILD SUPPORT SERVICES FOR NONWELFARE FAMILIES

*Present Law.*—The child support and establishment of paternity program, enacted at the end of the 94th Congress as title IV–D of the Social Security Act, mandates aggressive administration at both the Federal and State levels with various incentives for compliance and with penalties for noncompliance. The program includes child support enforcement services for both welfare and nonwelfare families. The child support enforcement program leaves basic responsibility for child support and establishment of paternity to the States, but provides for an active role on the part of the Federal Government in monitoring and evaluating State child support enforcement 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 operation of State child support programs, the Department of Health, Education, and Welfare is required to set up a separate organizational unit under the direct control of a person designated by and reporting to the Secretary. Since the March 1977 reorganization of HEW the Commissioner of Social Security is the Director of the Office of Child Support Enforcement. The Office of Child Support Enforcement reviews and approves State child support enforcement plans, evaluates and audits the implementation of the program in each State, and provides technical assistance to the States. Recently the office established a National Child Support Enforcement Reference Center as a central location for the identification, collection and dissemination of useful information from State and local programs. In addition, it has created a National Institute for Child Support Enforcement to provide training and technical assistance to persons working in the field of child support enforcement.

HEW regional child support staff, under the regional child support representative, are responsible solely for title IV–D and report directly to the Office of Child Support Enforcement. The manner in which the Department of Health, Education, and Welfare has complied with the requirement of a separate organizational unit for child support enforcement is in keeping with the spirit and intent of present law and is analogous to the organizational structure for child support enforcement in many States—particularly States with highly cost-effective programs such as Michigan, Massachusetts, Washington, and Iowa.

The legislation creating the child support program requires each State to have a program of child support collection and paternity establishment services for both AFDC and non-AFDC families administered by a single and separate organizational unit within the State under a separate State plan for child support administered separately from other State plans.

The States administer the child support program through separate child support agencies, popularly referred to as IV–D agencies. In

most States the program is administered directly by the State agency, in a few States it is administered by local agencies under State supervision and in two States it is administered by the State in some jurisdictions and by local agencies in others.

The statute provides Federal matching of 75 percent for services to AFDC families and for parent locator services for families not receiving welfare benefits on a permanent basis. Matching for other services to non-AFDC families was originally provided for one year, but has been extended through fiscal year 1978.

The act also provides for a parent locator service within the Department of HEW's separate child support enforcement unit. The act further requires that a mother, as a condition for welfare, assign her right to support payments to the State and cooperate in identifying and locating the father and securing support payments except when cooperation is determined not to be in the best interest of the child.

The legislation requires that State child support plans provide for entering into cooperative arrangements with appropriate courts and law enforcement officials to assist the child support agency in administering the program. The law specifically requires the entering into of financial arrangements with such courts and officials in order to assure optimum results under the child support program and with respect to any other matters of common concern to the courts and the child support agency.

In the first 44 months of the child support program (August 1975 through March 31, 1979), States have reported total collections of over $3.2 billion, of which $1.47 billion was for AFDC families and $1.76 billion for families not on welfare, at a total cost of $0.95 billion or 30 cents per dollar collected (see table 18).

The increasing success of the child support enforcement program is reflected not just in the amounts of child support collected, but also in other program results. In those States reporting the information:

> In the first 44 months of the child support enforcement program, 1,439,000 absent parents were located; there were 870,000 support obligations established; and paternity was established by the courts for 293,000 children (see table 19).

It was the expectation of the committee that the successful implementation of the child support program would result in a decrease in the aid to families with dependent children (AFDC) rolls. Nonwelfare families would receive increased child support collections, and would therefore not be forced to turn to the AFDC program for assistance. In addition, families already on the rolls would be enabled to become self-supporting and end their welfare dependency. In fact, the number of AFDC recipients in July 1979, the latest month for which statistics are available, was the lowest since July 1971. The current number of recipients, 10.2 million, is a decrease of over 1.2 million from March 1976. The child support program may well have been a factor in these decreases. There is no way of knowing how much has been saved in welfare costs in those cases where the family receives child support and need not apply for welfare payments.

*Committee bill.*—The committee believes that the requirement that every State have a program of child support collection and paternity establishment services for families that are not receiving welfare is an

essential component of the child support program. The purpose of the requirement is to assure that abandoned families with children have access to child support services before they are forced to apply for welfare. It is the opinion of the committee, supported by the statements of many State child support administrators, that access to these services often means the difference between a family's reliance on welfare support and being supported by a legally responsible parent. Most of the families being served are marginally eligible for AFDC, and without child support services are likely to end up on the welfare rolls.

The committee believes that most of the existing programs of required services for non-AFDC families will flounder if Federal financing for the services is not fully restored. It also believes that States will not be willing to develop and expand the programs unless they are convinced that Federal financing will be continued without interruption. In addition, it seems reasonable and fair to assist in the financing of a State program which is mandated by Federal law. The committee notes in particular that States which do not have an effective program for non-AFDC families are subject to a penalty provision which requires a reduction in Federal matching for AFDC of 5 percent if a State is found as the result of a Federal audit to have failed to have an effective child support program. For these reasons, the committee amendment would provide for Federal matching for services to non-AFDC families on a permanent basis effective October 1, 1978. This provision has previously been approved by the Senate as an amendment to the bill H.R. 3091.

TABLE 18.—TOTAL AFDC AND NON-AFDC COLLECTIONS AND TOTAL EXPENDITURES, BY STATE—AUG. 1, 1975 THROUGH MAR. 31, 1979

| | Total AFDC collections | Total Non-AFDC collections | Total collections | Total expenditures |
|---|---|---|---|---|
| Total | $1,465,058,083 | $1,762,544,699 | $3,227,602,782 | $953,750,806 |
| Alabama | 4,956,091 | 74,258 | 5,030,349 | 10,128,665 |
| Alaska | 720,135 | 10,750,871 | 11,471,006 | 3,408,588 |
| Arizona | 1,206,785 | 3,936,762 | 5,143,547 | 5,263,217 |
| Arkansas | 3,469,253 | 1,372,084 | 4,841,337 | 4,594,962 |
| California | 223,983,200 | 243,650,688 | 467,633,888 | 227,854,100 |
| Colorado | 10,522,974 | 3,483,708 | 14,006,682 | 9,834,045 |
| Connecticut | 31,649,780 | 38,405,617 | 70,055,397 | 13,050,841 |
| Delaware | 4,135,103 | 16,744,394 | 20,879,497 | 2,405,039 |
| District of Columbia | 2,165,452 | 167,151 | 2,332,603 | 3,510,339 |
| Florida | 10,738,136 | 2,376,219 | 13,114,355 | 13,479,965 |
| Georgia | 12,841,648 | 1,797,989 | 14,639,637 | 6,535,821 |
| Hawaii | 4,034,988 | 828,161 | 4,863,149 | 2,818,852 |
| Idaho | 5,524,287 | 834,760 | 6,359,047 | 2,726,633 |
| Illinois | 28,267,968 | 1,024,394 | 29,292,362 | 16,096,684 |
| Indiana | 19,716,753 | 1,185,882 | 20,902,635 | 8,482,216 |

TABLE 18.—TOTAL AFDC AND NON-AFDC COLLECTIONS AND TOTAL EXPENDITURES, BY STATE—AUG. 1, 1975 THROUGH MAR. 31, 1979—Continued

| | Total AFDC collections | Total Non-AFDC collections | Total collections | Total expenditures |
|---|---|---|---|---|
| Iowa | 28,698,588 | 2,358,028 | 31,056,616 | 7,565,228 |
| Kansas | 11,340,075 | 451,620 | 11,791,695 | 3,834,606 |
| Kentucky | 5,830,390 | 295,710 | 6,126,100 | 5,885,832 |
| Louisiana | 9,815,824 | 20,353,070 | 30,168,894 | 16,481,134 |
| Maine | 9,461,978 | 620,544 | 10,082,522 | 3,016,003 |
| Maryland | 27,592,476 | 5,735,260 | 33,327,736 | 14,725,186 |
| Massachusetts | 90,042,404 | 3,400,873 | 93,443,277 | 15,553,523 |
| Michigan | 246,011,400 | 251,336,930 | 497,348,330 | 56,825,952 |
| Minnesota | 40,629,232 | 13,259,292 | 53,888,524 | 26,413,375 |
| Mississippi | 2,472,734 | 117,046 | 2,589,870 | 3,020,163 |
| Missouri | 5,012,839 | 832,567 | 5,845,406 | 7,015,141 |
| Montana | 1,600,499 | 766,023 | 2,366,522 | 1,918,124 |
| Nebraska | 4,162,559 | 680,727 | 4,843,286 | 2,934,028 |
| Nevada | 1,001,385 | 5,142,413 | 6,143,798 | 3,415,764 |
| New Hampshire | 5,961,221 | 0 | 5,961,221 | 1,296,798 |
| New Jersey | 70,375,066 | 188,997,102 | 259,372,168 | 57,059,978 |
| New Mexico | 3,151,821 | 725,894 | 3,877,715 | 3,826,732 |
| New York | 129,764,535 | 216,252,435 | 346,016,970 | 162,354,305 |
| North Carolina | 13,032,618 | 2,189,734 | 15,222,352 | 12,476,111 |
| North Dakota | 2,862,622 | 432,573 | 3,295,195 | 1,399,384 |
| Ohio | 71,970,942 | 937,274 | 72,908,216 | 24,393,706 |
| Oklahoma | 3,815,412 | 1,128,965 | 4,944,377 | 6,904,426 |
| Oregon | 28,698,046 | 174,065,015 | 202,763,061 | 22,426,861 |
| Pennsylvania | 87,707,365 | 493,533,051 | 581,240,416 | 43,454,616 |
| Rhode Island | 10,866,999 | 123,870 | 10,990,869 | 2,929,807 |
| South Carolina | 4,026,671 | 482,395 | 4,509,066 | 2,408,965 |
| South Dakota | 2,745,926 | 236,880 | 2,982,806 | 3,201,491 |
| Tennessee | 6,985,657 | 8,896,837 | 15,882,494 | 5,148,589 |
| Texas | 18,494,518 | 3,731,367 | 22,225,885 | 28,935,670 |
| Utah | 12,265,318 | 2,091,520 | 14,356,838 | 7,141,632 |
| Vermont | 3,400,327 | 539,426 | 3,939,753 | 1,752,156 |
| Virginia | 18,911,694 | 137,112 | 19,048,806 | 13,741,361 |
| Washington | 56,718,453 | 21,614,853 | 78,333,306 | 23,732,282 |
| West Virginia | 2,525,180 | 199,613 | 2,724,793 | 4,433,286 |
| Wisconsin | 61,158,040 | 12,520,701 | 73,678,741 | 21,612,707 |
| Wyoming | 997,675 | 240,078 | 1,237,753 | 392,193 |
| Guam | 165,322 | 50 | 165,372 | 221,471 |
| Puerto Rico | 444,426 | 1,378,124 | 1,822,550 | 2,411,999 |
| Virgin Islands | 407,293 | 106,789 | 514,082 | 1,300,254 |

Source: Office of Child Support Enforcement, Department of Health, Education, and Welfare.

TABLE 19.—NUMBER OF PARENT, LOCATED, SUPPORT OBLIGATIONS ESTABLISHED, AND PATERNITIES ESTABLISHED, BY STATE (AFDC AND NON-AFDC FAMILIES)—AUG 1, 1975 THROUGH MAR. 31, 1979

| | Parents located | Cases in which paternities established | Obligations established |
|---|---|---|---|
| Total | 1,438,536 | 292,685 | 870,002 |
| Alabama | 30,611 | 13,682 | 19,144 |
| Alaska | 5,766 | 30 | 705 |
| Arizona | 19,918 | 6,652 | 2,021 |
| Arkansas | 13,055 | 5,779 | 11,647 |
| California | 158,029 | 33,438 | 109,924 |
| Colorado | 21,614 | 2,537 | 15,752 |
| Connecticut | 25,119 | 7,872 | 65,092 |
| Delaware | 1,238 | 242 | 247 |
| District of Columbia | 3,348 | 650 | 1,009 |
| Florida | 78,901 | 15,532 | 33,539 |
| Georgia | 50,121 | 10,846 | 220,000 |
| Hawaii | 15,070 | 1,576 | 4,740 |
| Idaho | 16,846 | 488 | 6,828 |
| Illinois | 33,914 | 6,782 | 45,601 |
| Indiana | 17,332 | 3,125 | 6,558 |
| Iowa | 2,162 | 841 | 2,135 |
| Kansas | 20,121 | 2,999 | 18,161 |
| Kentucky | 8,775 | 1,053 | 2,285 |
| Louisiana | 8,438 | 2,202 | 9,311 |
| Maine | 2,532 | 448 | 1,466 |
| Maryland | 49,581 | 12,085 | 20,321 |
| Massachusetts | 16,337 | 3,838 | 35,278 |
| Michigan | 73,003 | 14,450 | 18,085 |
| Minnesota | 8,035 | 3,166 | 6,818 |
| Mississippi | 9,174 | 1,456 | 1,281 |
| Missouri | (1) | (1) | (1) |
| Montana | 6,308 | 126 | 189 |
| Nebraska | 3,626 | (1) | 218 |
| Nevada | 6,154 | 456 | 3,343 |
| New Hampshire | 1,650 | 102 | 2,061 |

TABLE 19.—NUMBER OF PARENTS, LOCATED, SUPPORT OBLIGATIONS ESTABLISHED, AND PATERNITIES ESTABLISHED, BY STATE (AFDC AND NON-AFDC FAMILIES)—AUG 1, 1975 THROUGH MAR. 31, 1979—Continued

| | Parents located | Cases in which paternities established | Obligations established |
|---|---|---|---|
| New Jersey | 98,012 | 30,015 | 54,191 |
| New Mexico | 7,791 | 381 | 3,873 |
| New York | 221,827 | 34,179 | 58,431 |
| North Carolina | 48,117 | 17,510 | 24,960 |
| North Dakota | 2,220 | 569 | 1,336 |
| Ohio | 75,070 | 14,244 | 42,243 |
| Oklahoma | 9,186 | 239 | 3,090 |
| Oregon | 96,544 | 4,032 | 929 |
| Pennsylvania | 21,658 | 10,936 | 68,112 |
| Rhode Island | 3,336 | 308 | 7,041 |
| South Carolina | 7,619 | 2,477 | 2,528 |
| South Dakota | 268 | 383 | 12,942 |
| Tennessee | 7,954 | 7,238 | 5,995 |
| Texas | 25,528 | 713 | 39,890 |
| Utah | 11,220 | 435 | 10,326 |
| Vermont | 1,716 | 348 | 2,271 |
| Virginia | 16,475 | 3,225 | 4,347 |
| Washington | 38,473 | 1,137 | 34,980 |
| West Virginia | 1,291 | 155 | 349 |
| Wisconsin | 22,914 | 11,566 | 23,129 |
| Wyoming | 6,826 | 87 | 1,055 |
| Guam | | (1) | (1) |
| Puerto Rico | 6,876 | 45 | 2,193 |
| Virgin Islands | 837 | 10 | 312 |

[1] Never reported.

Source: Office of Child Support Enforcement, Department of Health, Education, and Welfare.

## 2. PROVISIONS RELATING TO EMPLOYMENT OF WELFARE RECIPIENTS IN CHILD CARE

### GENERAL BACKGROUND

Public Law 94–401 provided a temporary increase of $200 million in the national ceiling on Federal funding for social services under title XX of the Social Security Act. This special funding was originally made available for fiscal year 1977 only but was subsequently extended to fiscal year 1978 and—as a part of last year's tax cut bill—to fiscal year 1979. In providing this additional $200 million for child care, Congress had authorized the States to use a portion of the added funding (in coordination with the welfare recipient employment tax credit) to directly reimburse employers for the cost of hiring welfare recipients in child care jobs. While the additional funding was extended for fiscal year 1979, the special authority to use these funds for hiring welfare recipients was included in a separate social services bill (H.R. 12973) which was passed by the House and reported by the Finance Committee but did not reach enactment. In addition to providing for an extension of this authority, H.R. 12973, as reported by the Finance Committee, also made certain modifications in Public Law 94–401 and in the tax credit. These changes were designed to improve the coordination of the two provisions and to conform the social services provisions to the changes in the tax credit which were included in the tax cut bill.

On March 28, 1979, the Senate passed H.R. 3091, amended to include provisions similar to those in H.R. 12973. The committee bill includes these provisions as an amendment to H.R. 3434. (As described above, the committee bill also provides for the use of $200 million in title XX funds to be used for child care, with no requirement for State matching, for fiscal years 1980 and 1981.)

### AUTHORITY TO SUBSIDIZE CHILD CARE EMPLOYMENT OF WELFARE RECIPIENTS

*Prior law.*—Under Public Law 94–401 as it was in effect prior to October 1, 1978, States were permitted to use all or part of the special $200 million in title XX funds, provided without any non-Federal matching requirement, to reimburse child care center operators who gave jobs to welfare recipients for the costs of employing those recipients. To qualify, the child care facility had to be one in which at least 20 percent of the clientele consisted of children whose care was paid for through the State social services program. Eligibility for reimbursement was also limited by the same conditions which applied to the welfare recipient tax credit provisions.

Under this provision, States were authorized to provide federally funded reimbursement up to a total of $5,000 per year for each welfare recipient hired in a child care job by a public or non-profit facility and up to $4,000 for each recipient hired by a proprietary facility. (The reason for the differential was that a proprietary facility was eligible under the Internal Revenue Code for a tax credit of 20 percent of the wages paid to the employee.) Both the tax credit and the social services funding provision were applicable the first 12 months of employment for each recipient.

The only available data on the extent to which the States have utilized the authority to fund the employment of welfare recipients in child care jobs through title XX is a telephone survey conducted by the Department of Health, Education, and Welfare in October of last year. While this is probably less complete and accurate than the data which would be obtained from a formal reporting system, it should represent a reasonably reliable picture of the overall magnitude of the program. In this survey, twenty States indicated that in fiscal year 1978 they were utilizing this authority to hire some 2,740 welfare recipients at an overall cost of $7.7 million as follows:

TABLE 20.—ESTIMATES OF STATE SPENDING FOR GRANTS TO HIRE CHILD CARE WORKERS, AS AUTHORIZED BY PUBLIC LAW 94-401, FISCAL YEAR 1978

| State | Amount of grants | Number of recipients |
|---|---|---|
| Total | $7,712,287 | 2,740 |
| Alabama | 455,168 | 132 |
| Arizona | 277,914 | 91 |
| Arkansas [1] | 128,569 | 55 |
| Connecticut | 2,160,000 | 428 |
| Georgia | 855,000 | 325 |
| Illinois | 979,530 | 453 |
| Iowa | 102,912 | 28 |
| Kansas [1] | 126,402 | 59 |
| Kentucky | 35,469 | 9 |
| Louisiana [1] | 453,685 | 345 |
| Minnesota | 35,995 | 13 |
| Mississippi | 241,000 | 42 |
| Nevada | 13,786 | 3 |
| North Carolina | 122,141 | 40 |
| North Dakota [2] | 3,251 | 5 |
| Ohio [1] | 125,172 | 35 |
| Oklahoma | 375,400 | 210 |
| Rhode Island | 42,000 | 30 |
| Tennessee | 1,160,894 | 419 |
| Wyoming | 17,999 | 18 |

[1] Data for 3 quarters only.
[2] Data for 2 quarters only.

*Committee bill.*—As provided under H.R. 3091 as passed by the Senate, the committee amendment would restore, retroactive to October 1, 1978, the authority to use title XX funds for reimbursement of the costs of hiring welfare recipients in child care jobs. Under the amendment, the basic title XX statute would be modified to make this

authority permanent. For fiscal year 1979, $200 million in child care funds could be used for this purpose. After fiscal 1979, States would receive 100 percent matching of funds used for these purposes up to 8 percent of the State's share of the total Federal funding available for the program. (In fiscal years 1980 and 1981, any such funding would be applied first to the special $200 million child care allocation.)

### CHANGES TO COORDINATE TAX CREDIT AND SOCIAL SERVICES PROVISIONS

*Present law.*—The amount of wages eligible to be paid for through the social services program was limited to $4,000 in the case of proprietary employers on the presumption that they would claim the 20 percent tax credit and thus receive full reimbursement for the first $5,000 of wages paid. The tax credit, however, is computed only on the net wages actually paid by the employer after deducting any reimbursement he receives from other sources. Thus, if an employer pays wages of $5,000 and receives a social services grant to meet $4,000 of that total, his tax credit would have been computed only on the remaining $1,000. Under the former tax credit provisions this would have provided a tax credit of $200 (20 percent of $1,000). H.R. 12973 as reported by the Finance Committee last year would have permitted any wages reimbursed under the social services provisions to be included in computing the tax credit. However, because the tax credit percentage has now been increased to 50 percent for the first year wages and 25 percent for the second year wages, this change could result in a total reimbursement exceeding 100 percent of costs. H.R. 12973 included an overall limit of $1,000 on the credit to avoid such situations. Even with such a limit, however, there could still be instances of more than 100 percent reimbursement.

*Committee bill.*—The committee amendment would permit employers who hire welfare recipients in child care jobs to include any costs reimbursed under the title XX grant program in computing their tax credit. The amount of the credit would, however, be reduced to whatever extent necessary so that the combination of title XX grant and tax credit would never exceed 100 percent of the first $6,000 of wages paid to the employee. The amendment is effective for taxable years beginning after December 31, 1978.

### CREDIT MADE APPLICABLE TO PART-TIME EMPLOYMENT

*Present law.*—H.R. 12973, as reported last year by the Committee, also modified the tax credit as applicable to child care jobs so that the tax credit and the related reimbursement under the social services provisions could be used for part-time as well as full-time employment. The tax credit is restricted to employees who have been employed for at least 30 days on a substantially full-time basis. The purpose of this change was to make the credit and payment provisions available in cases where the child care facility might hire, for example, two welfare recipients on a half-time basis for $4,000 per year each to perform a job for which they might otherwise hire a single full-time employee at a salary of $8,000 per year.

*Committee bill.*—Effective for taxable years beginning after December 31, 1978, the Committee amendment would permit the tax credit and related title XX grant provisions to be applied to part-time as well as full-time employment by welfare recipients in child care jobs.

CHANGES RELATED TO PUBLIC LAW 95–600

*Present law.*—The 1978 tax reduction act (Public Law 95–600) made several significant changes in the tax credit provisions for hiring welfare recipients. Under prior law, the tax credit for hiring welfare recipients in child care jobs was limited to 20 percent of the first $5,000 of wages and was available only through September 30, 1978. Effective January 1, 1979, the new law treats child care jobs in the same manner as other employment for purposes of the tax credit. The credit is made permanent and applies to the first $6,000 of wages (at a 50 percent rate in the first year and a 25 percent rate in the second year).

*Committee bill.*—The committee amendment contains several provisions related to the changes made by Public Law 95–600:

1. The title XX grant provisions would be conformed to the $6,000 maximum wages creditable for the tax provision. (That is, grants up to $5,000 per eligible employee could be made for profit-making child care facilities and up to $6,000 for public and non-profit facilities).
2. The former tax credit provisions for child care jobs are reinstated for the period October 1, 1978 to December 31, 1978. (After that date, the new provisions of Public Law 95–600 are effective under existing law.)
3. A number of technical amendments are made to perfect the transition provisions in Public Law 95–600 and to rectify certain clerical errors in that statute.

### 3. ADDICTS AND ALCOHOLICS

*Present law.*—Since the enactment of title XX the number of States reporting the provision of services to alcohol and drug abusers has significantly increased. In 1976, 36 States included services to these individuals in their State plans. In 1978, a total of 45 States indicated that they would target services for alcoholics and drug abusers. In Public Law 94–120 the Congress enacted several temporary amendments to title XX to strengthen the services which States could provide to alcoholics and drug addicts. These provisions, originally enacted for 1 year, were later twice extended and expired September 30, 1978.

*Committee bill.*—The committee bill would reinstate and make permanent, effective October 1, 1978, the temporary provisions of law relating to the use of title XX funds for certain services to alcoholics and drug addicts. Title XX funds ordinarily may only be used to provide health services if the services are an integral, but subordinate, part of a social service. The law provides also that funds may not be used for services to persons in medical institutions. The committee amendment would make permanent those expired provisions of law which permitted consideration of the entire rehabilitative process in determining whether medical services provided to addicts and alcoholics are an integral but subordinate part of a social service. Also

made permanent would be provisions allowing funding for up to 7 days of detoxification services provided to alcoholics and drug addicts in medical institutions, and provisions applying the privacy protections of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. This amendment has previously been approved by the Senate as an amendment to H.R. 3091.

## PROVISIONS OF THE HOUSE BILL NOT INCLUDED IN THE COMMITTEE AMENDMENT

In addition to other matters discussed above the following provisions were in the House-passed version of H.R. 3434 but have not been included in the committee amendment.

*Consultation with local officials.*—Under Section 105 of the House bill, States would be required, prior to publication of their proposed title XX plan, to give public notice of intent to consult with the chief elected officials of the political subdivisions of their State and provide such officials the opportunity to present their views. A summary of the principal views of the local officials would have to be included in the plan.

*Plan requirement for distribution of funds within a State.*—Present law requires each State to include in its plan a description of the geographic areas in which services are to be provided and the nature and amount of the services to be provided in each area. Section 107 of the House bill would add a requirement that the State specify those areas which it has determined are in special need of services, and that it describe the criteria used to determine the nature and amount of services to be provided in each area.

*Statement of purpose.*—Current law provides that the purpose of title XX is to encourage States to furnish services directed at 5 goals, which are stated in the law. Section 110 of the House bill would add language stating that it is the purpose of title XX to meet social services needs which are not otherwise being met, particularly in areas of the State with special needs, in order to make available a comprehensive range of services to eligible beneficiaries.

*Committee bill.*—The committee bill does not include these provisions. The title XX program covers a wide range of services meeting the varied needs of several diverse segments of the population. The program was intentionally designed with a view towards providing each State with great flexibility in designing, developing, and operating its social services plan. The committee is not convinced that the addition of several new Federal requirements is consistent with the fundamental purposes of the title XX program. Moreover, in the light of the budgetary situation and the fact that all States have reached their Federal funding ceiling levels, the committee questions whether States should be required to divert program resources to meeting new Federal procedural mandates. The committee is also concerned over the possibility that individuals dissatisfied with the level of resources devoted to particular programs might view these new Federal requirements as an invitation to litigation.

## C. Other Social Security Act Provisions

(Title III of the Bill)

### EARNINGS DISREGARD UNDER AFDC PROGRAMS

(Section 301 of the Bill)

*Present law.*—Under present law States are required, in determining need for recipients of Aid to Families with Dependent Children, to disregard:

1. All earned income of a child who is a full-time student, or a part-time student who is not a full-time employee; and
2. The first $30 earned monthly by an adult plus one-third of additional earnings. Costs related to work (such as transportation costs, uniforms, union dues, child care and other items) are also deducted from earnings in calculating the amount of the welfare benefit.

Three problems have been raised concerning the earned income disregard under present law. First, Federal law neither defines nor limits what may be considered a work-related expense, and this has led to great variation among States and to some cases of abuse. Second, the requirement for itemization of individual work expenses results in administrative complexity and error. Third, some States have complained that the lack of an upper limit on the earned income disregard has the effect of keeping people on welfare even after they are working full-time at wages well above the proverty line.

In an effort to curb the abuse of the work expense provision and to simplify its administration, a number of States in the past established standard amounts to be used in the case of all AFDC recipients with earnings. However, in 1974 the U.S. Supreme Court in *Shea* v. *Vialpando* ruled the policy of using a fixed work expense disregard, regardless of actual costs, as contrary to the Social Security Act. It said, however, that a standard allowance which would enhance administrative efficiency would be permissible if it provided for individualized consideration of expenses in excess of the standard amount. Since the ruling, a number of States have used standard amounts for work expenses, but at the same time they are required to allow individual recipients to make additional claims for work expenses if they can show that they do in fact have such expenses.

In the summer of 1975 the Congressional Research Service conducted a survey to determine State practices with respect to work expenses. The responses indicated very wide variations among the States, and also indicated that in most instances individual itemization of work expenses is necessary. An analysis of AFDC work expenses which are allowable in the 42 States responding to the survey showed the following:

*Child care.*—Twenty-one of the responding State indicated that they imposed no dollar limit on child care expenses. Of those that did, the range of allowable expense was from $17 to $50 a week. (Some States indicated that child care was not an allowable expense under AFDC. Presumably, in those States, if child care were necessary for an AFDC family, it would be provided through title XX vendor payments.)

*Transportation, special clothing and lunch.*—Ten States indicated that they had a standard amount for two or all of these items, ranging from about $25 to $44 a month. Seven States indicated that they disallowed one or more of the items. More specifically, States reported for:

1. *Transportation.*—Twenty States said they had no limit for transportation expenses. Those that gave mileage limitations ranged from 6 cents to 20 cents a mile. State did not indicate whether they allowed car payments or repairs as work expenses.
2. *Special clothing.*—Twenty-five States indicated that there was no limit for these expenses. The few that have established limits for this category generally specified a limit of $5 a month.
3. *Lunch.*—Fourteen States said they had not established a limit. Those that have, gave a range of from $0.25 to $1 a day.

States did not provide information to indicate what kinds of exceptions they make to their general rules, although it is known that some exceptions are made. For example, New York indicated a limit of $50 a week for child care. However, higher amounts are generally allowable in New York City.

In addition to the above-mentioned items, States generally allow for mandatory tax deductions and union dues.

*Committee bill.*—The committee believes that the broad discretion that now exists in determining work expenses for recipients leads to abuse, and also results in unnecessary administrative complexities and errors. The committee amendment would address these problems by requiring States to disregard the first $70 earned monthly in lieu of itemized work expenses. In addition, reasonable child care expenses, subject to limitations prescribed by the Secretary, would then be disregarded. To preserve an incentive for additional earnings, the committee amendment would provide for the disregard of 40 percent of remaining earnings.

The following example compares the effects of present law and the committee bill.

Example: Recipient earns $500 per month, pays $150 for child care; pays $80 for itemized work expenses. State AFDC payment for family with no income would be $330 (this is the amount of the median State AFDC payment standard for a family of four in July 1978).

| | Amount |
|---|---|
| Present law: | |
| $500 is reduced by: | |
| Basic disregard | $30 |
| 33⅓ percent of earnings above basic disregard | 157 |
| Child care costs | 150 |
| Other work expenses | 80 |
| Total disregard | 417 |
| Family is paid in AFDC: $330 full payment less than $83 of earnings which is not disregarded | 247 |
| Committee bill: | |
| $500 is reduced by: | |
| Basic disregard | 70 |
| Allowable child care | 150 |
| 40 percent of additional earnings | 112 |
| Total disregard | 332 |
| Family is paid in AFDC: $330 full payment less the $168 of earned income which is not disregarded | 162 |

Using the same example but assuming higher earnings, the family would remain eligible for AFDC up to a total earnings level of $770 per month under the committee bill as compared with $870 under existing law.

INCENTIVE TO REPORT INCOME UNDER AFDC PROGRAMS

(Section 302 of the Bill)

*Present law.*—Quality Control reviews show that a large percentage of the payment errors made in the AFDC program relate to earned income and the failure of the recipient to report the correct amount of any changes in amount earned. Of all cases involving error, the major concentration was in earned income—over 20 percent. A few States require that all income be reported on a monthly basis, as a condition of eligibility. Most States do not do this. When they learn that a recipient had unreported earned income in prior months, they give him the benefit of all the earned income disregards provided in law in calculating the amount of the overpayment. Thus, if a recipient is negligent in reporting his earnings even over a long period of time there is no penalty involved.

*Committee bill.*—The committee believes that there should be an incentive in the law for recipients with earnings to report their income on a prompt and complete basis. The committee amendment would accomplish this by providing that there would be no disregard of any earned income which the recipient has not reported to the State agency. This provision should have a significant impact in reducing errors and problems of overpayments relating to earned income.

INCOME OF STEPPARENTS

(Section 303 of the Bill)

*Present law.*—Under present law a stepparent's income may not be considered in calculating the AFDC benefit due a stepchild unless the stepparent is legally responsible for stepchildren under State law. According to the Department of Health, Education, and Welfare, there are only two States which have such laws. Thus, in all other States, families which include a stepparent may receive AFDC regardless of the amount of the stepparent's income. Income is counted only in those cases in which the State agency has been informed that the stepparent is actually making a contribution toward the child's needs.

*Committee bill.*—The committee believes that a stepparent should be considered part of the family unit for purposes of the AFDC program. It recognizes, however, that the stepparent may have other obligations and needs which should be taken into consideration in determining the amount of income which could reasonably be expected to be available to his stepchildren. The committee bill therefore requires that the stepparent's income be considered in determining a stepchild's benefit, but only after specific items have been taken into account.

Under the committee amendment, States would be required to take into account that part of the unearned income plus 80 percent of the earned income of a stepparent which exceeds the sum of: (1) the State

standard of need for a family of the same composition as the stepparent and his dependents who are not receiving welfare (that is, those members of the household whom he claims as Federal personal income tax dependents but who are not in the AFDC recipient group); (2) amounts paid by him to dependents living elsewhere which are taken into account for Federal personal income tax purposes; and (3) alimony or child support payments made by him to persons not living in the household.

The following example shows how this provision would operate.

Family composition: 4 persons: a man and wife each of whom has one child by a previous marriage (man pays alimony to former spouse).

State AFDC need standard for 2 person family: $200.

Income of wife and her child: None.

Income of husband and his child:

| | |
|---|---|
| Monthly earnings | $300 |
| Unearned income | 50 |
| Total | 350 |

*Present law*

AFDC payment to the wife and her child is $200 since the income of the stepfather is not counted.

*Committee bill*

| | |
|---|---|
| 80 percent of the husband's earnings; plus | $240 |
| All of his unearned income | 50 |
| Total | 290 |
| Less alimony payment to his former spouse | 45 |
| | 245 |
| Less hypothetical AFDC need standard for the husband and his child | 200 |
| Remainder is applied to reduce AFDC payment to the wife and her child from $200 to $155 | 45 |

## PRORATING OF SHELTER ALLOWANCE WHEN AFDC HOUSEHOLD INCLUDES INELIGIBLE RELATIVES

(Section 304 of the Bill)

*Present law.*—Under present law, an AFDC household may include one or more members who are not actually considered a part of the AFDC eligibility group. For example, an uncle living with the family could be excluded from the AFDC computations since he is not legally responsible for the support of the other members of the household. In such a case, his needs would not be counted in determining the size of the grant and his income would not be used to reduce the amount payable. AFDC studies have shown that a substantial proportion of all AFDC households include such ineligible relatives.

*Committee bill.*—States would be permitted, in computing the shelter cost component of the AFDC grant, to assume in effect that such an ineligible relative in the AFDC household bears his proportionate

share of the shelter expenses. This would be computed as follows: instead of applying the shelter allowance applicable to the actual AFDC eligibility group the State would use the larger shelter allowance that would apply to a group including the AFDC unit and the ineligible relatives. That larger allowance, however, would be reduced on a prorata basis in accordance with the ratio of the number of AFDC eligibles to the total number of AFDC eligibles plus ineligible relatives. For example, if the household included 4 AFDC eligibles plus two ineligible relatives and the shelter allowance for a 6-person family was $60, the amount actually payable for shelter would be $40 (four-sixths of the full allowance). The provision would apply only if the overall household income exceeded the State's AFDC standard of need for a household of that size.

### SERVICES FOR DISABLED CHILDREN

(Section 305 of the Bill)

*Present law.*—As part of the supplemental security income program (SSI), the Social Security Administration is required to refer blind and disabled children who are receiving benefits to an appropriate State agency for counseling, medical, rehabilitative and social services. The State agency to be used for referral is either the agency administering the crippled children's program, or another agency designated by the Governor if he finds that such agency could administer the program of services more effectively.

The agency responsible for administering the State program must operate under a State plan which includes provision for counseling of disabled children and their families, the establishment of individual service plans for children under 16, monitoring to assure adherence to the plans, and provision of services to children under age 7 and to children who have never been in school and require preparation to take advantage of public educational services.

A total of $30 million was made available for fiscal years 1977, 1978 and 1979. The funds are allocated on the basis of the relative number of children age 6 and under in each State. The law provides that up to 10 percent of the State's funds may be used for counseling, referral and monitoring which is provided under the State plan for children up to age 16. The remainder of the funding is available for services to disabled children under age 7 and those who have never been in school.

At the present time all States except one have had a services plan approved by the Secretary of HEW. It is estimated that about $20 of the $30 million authorized under the law will be spent in fiscal year 1979.

*Committee bill.*—The committee bill would extend this program for disabled children for an additional three years, through fiscal year 1982. Without such an extension, the program will have no funding after September 30, 1979.

The committee notes that the program is only now becoming fully implemented. The Department of HEW issued final regulations for the program after substantial delay (in April 1979), and, until regulations were effective, States were forced to operate under interim guidelines. Those States which have been able to fully implement their programs have found them to be an effective mechanism for coordinating all available services which a child may need, and assuring that the services are actually received.

The committee believes that the justification for the original enactment of the program is still valid. The committee noted in its report on the enabling legislation:

> The committee believes that there are substantial arguments to support the establishment of a formal referral procedure. Many disabled children have conditions which can be improved through proper medical and rehabilitative services, especially if the conditions are treated early in life. The referral of children who have been determined to be disabled could thus be of very great immediate and long-term benefit to the children and families who receive appropriate services. In addition, the procedure could be expected to result in long-range savings for the SSI program, in that some children, at least, would have their conditions satisfactorily treated and would move off the disability rolls instead of receiving payments for their entire lifetime. The referral of disabled children by the Social Security Administration would also serve as a case-finding tool for community agencies serving disabled children and assist them in focusing their services in behalf of these children. Many communities have the capability to help disabled and handicapped children, but are not always able to identify those with the greatest need.

## PUBLIC ASSISTANCE PAYMENTS TO TERRITORIAL JURISDICTIONS

(Section 306 of the Bill)

*Present law.*—Under existing law there is a dollar ceiling on Federal matching for costs of cash assistance, administration and social services provided under the programs of aid to families with dependent children and aid to the aged, blind, and disabled in the jurisdictions of Puerto Rico, Guam, and the Virgin Islands. The annual permanent ceiling is $24 million for Puerto Rico, $1.1 million for Guam, and $0.8 million for the Virgin Islands. These limits have been in effect since 1972. In addition, these jurisdictions are limited to 50 percent Federal matching, whereas the States may receive from 50 to 83 percent Federal matching, depending on State per capita income.

The average payment in January 1979 for AFDC recipients was $11.92 in Puerto Rico, $55.75 in Guam, and $40.22 in the Virgin Islands, compared to a U.S. average of $86.60 per recipient. Average payments in that same month for the aged in these jurisdictions were $20.02 in Puerto Rico, $74.42 in Guam, and $58.16 in the Virgin Islands, compared to the average federally administered SSI payment of about $131.04.

For one year (fiscal year 1979), the overall ceiling was tripled to about $78 million and the matching rate was increased to 75 percent by an amendment to the Revenue Act of 1978 (Public Law 95-600). This provision expired September 30, 1979, and the ceiling reverts to $26 million and the matching rate to 50 percent.

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TABLE 21.—SSI DISABLED AND BLIND CHILDRENS' SERVICES PROGRAM: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979

| States | Children under age 7 | Allotment of funds |
|---|---|---|
| Total | 22,097,899 | $30,000,000 |
| Region I: | | |
| Connecticut | 263,513 | 357,600 |
| Maine | 108,017 | 146,700 |
| Massachusetts | 505,574 | 686,400 |
| New Hampshire | 82,078 | 111,300 |
| Rhode Island | 83,666 | 113,700 |
| Vermont | 48,860 | 66,300 |
| Region II: | | |
| New Jersey | 665,208 | 903,000 |
| New York | 1,680,483 | 2,281,500 |
| Region III: | | |
| Delaware | 59,474 | 80,700 |
| District of Columbia | 89,742 | 121,800 |
| Maryland | 372,822 | 506,100 |
| Pennsylvania | 1,078,254 | 1,463,700 |
| Virginia | 497,034 | 674,700 |
| West Virginia | 193,286 | 262,500 |
| Region IV: | | |
| Alabama | 407,836 | 553,800 |
| Florida | 775,176 | 1,052,400 |
| Georgia | 580,813 | 788,400 |
| Kentucky | 381,137 | 517,500 |
| Mississippi | 301,948 | 409,800 |
| North Carolina | 588,036 | 798,300 |
| South Carolina | 330,843 | 449,100 |
| Tennessee | 448,621 | 609,000 |
| Region V: | | |
| Illinois | 1,175,494 | 1,596,000 |
| Indiana | 577,305 | 783,600 |
| Michigan | 964,638 | 1,309,500 |
| Minnesota | 390,302 | 529,800 |
| Ohio | 1,118,524 | 1,518,600 |
| Wisconsin | 450,263 | 611,400 |

TABLE 21.—SSI DISABLED AND BLIND CHILDRENS' SERVICES PROGRAM: FEDERAL ALLOCATION BY STATE, FISCAL YEAR 1979—Continued

| States | Children under age 7 | Allotment of funds |
| --- | --- | --- |
| Region VI: | | |
| Arkansas | 234,588 | 318,600 |
| Louisiana | 461,961 | 627,300 |
| New Mexico | 145,238 | 197,100 |
| Oklahoma | 290,258 | 394,200 |
| Texas | 1,495,750 | 2,030,700 |
| Region VII: | | |
| Iowa | 281,729 | 382,500 |
| Kansas | 226,223 | 307,200 |
| Missouri | 482,037 | 654,300 |
| Nebraska | 162,243 | 220,200 |
| Region VIII: | | |
| Colorado | 278,709 | 378,300 |
| Montana | 81,820 | 111,000 |
| North Dakota | 70,333 | 95,400 |
| South Dakota | 75,169 | 102,000 |
| Utah | 203,411 | 276,300 |
| Wyoming | 44,170 | 60,000 |
| Region IX: | | |
| Arizona | 275,313 | 373,800 |
| California | 2,160,909 | 2,933,700 |
| Hawaii | 106,665 | 144,900 |
| Nevada | 64,170 | 87,000 |
| Region X: | | |
| Alaska | 52,188 | 70,800 |
| Idaho | 105,318 | 143,100 |
| Oregon | 230,926 | 313,500 |
| Washington | 349,824 | 474,900 |

Sources: U.S. Bureau of the Census, Department of Health, Education, and Welfare.

*Committee bill.*—The committee approved an amendment that provides for a permanent extension of the provisions which were included in Public Law 95–600 on a temporary 1-year basis. This would provide for the following ceiling amounts: Puerto Rico, $72 million; Guam, $3.3 million, and the Virgin Islands, $2.4 million.

PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED

(Section 307 of the Bill)

*Present law.*—Current law does not set a time limit on State submission of claims under the welfare, medicaid and social services programs in the Social Security Act.

*Committee bill.*—The committee approved a provision under which the Social Security Act would be amended effective October 1, 1981, to limit the period of retroactivity for State claims to a full two years under the various titles of the act (that is, it would apply to expenditures for periods starting with fiscal year 1980). However, the provision could not be interpreted so as to limit Federal financial participation in cases involving court-ordered retroactive payments or audit exceptions or adjustments to prior year costs. The Secretary of Health, Education, and Welfare would be able to waive the limitation in other circumstances where he determines there is good reason to do so. While this provision establishes a time limitation on claiming reimbursement for expenditures for fiscal year 1980 and subsequent years, in the view of the committee it does not authorize any change in the treatment of outstanding expenditures for earlier years. The expenditures for such earlier years retain their status as entitlement items for which the Federal Government is obligated by statute to provide appropriate matching.

## III. Regulatory Impact of the Bill

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate the following evaluation is made of the regulatory impact which would be incurred in carrying out the bill.

TITLE I

*Adoption assistance.*—The bill establishes a new adoption assistance program for hard to place children who would otherwise continue in foster care under the aid to families with dependent children (AFDC) program. The regulations to be issued implementing the new adoption assistance program would affect the welfare agency employees and the children who would be eligible for the adoption subsidies and their adoptive parents. While the exact number of individuals affected cannot be estimated with precision, it would appear to be relatively small since the total number of children receiving foster care under the AFDC program is only about 100,000. While the program itself would provide economic assistance to families adopting hard-to-place children, the overall economic impact should be relatively neutral since the objective of the program is to provide the approximate level of assistance to the adoptive family which would have been provided had the child remained in foster care. The provision should generally have minimal impact on personal privacy

except insofar as families applying for the benefits available under the program would have to disclose sufficient information about their financial status to permit a determination as to whether or not they meet the eligibility requirements. Additional paperwork will be required in the form of applications for benefits and provision of supporting material as well as statistical reporting by State welfare agencies concerning the implementation of the program. However, the paperwork involved should be roughly typical of that involved in other types of benefit programs under the Social Security Act and the overall amount of paperwork in view of the relatively small population served by this program would be insubstantial.

*Foster care.*—The bill essentially moves the existing AFDC foster care program to a new part of the Social Security Act (part E of title IV) with some modifications. For the most part, the existing regulations governing the foster care program could be continued without change. However, the bill does expand eligibility under the program to certain public institutions which would be required to provide financial and other data in order to permit proper accounting for the benefits becoming payable to them. In addition, the bill sets an overall limit on Federal funding under this provision which would require certain additional statistical reports to be filed by State agencies for purposes of determining the applicability of this limit. The bill also places new emphasis on a requirement of existing law that institutional foster care payments be limited to those items which are comparable to the kind of care provided in family foster homes. This requirement, although not substantially different from existing law, has generally not been monitored in the past. Regulations implementing this provision will require institutions receiving funding through this authority to provide increased accounting of their expenditures to permit determinations to be made as to what part of their total expenditures are eligible for funding. This will require additional paperwork and is likely to result in a lower rate of funding for some institutions. The total number of individuals and institutions affected is relatively small. As of January 1979, there were then 14,000 children reported as being in institutional foster care funded under this program.

*Child welfare services.*—Insofar as the existing level of Federal funding for the child welfare services program under title IV-B of the Social Security Act is concerned, the changes made by the bill should not result in any substantial regulatory impact. The bill, however, does provide that if Federal funding for the program is increased in future years by appropriations action, a part of the funding can be earmarked for developing and carrying out a specific program for conducting an inventory of children in foster care coupled with the institution of a statewide information system, a case review system, and a service program aimed at more permanent placement of children either by return to their own families or through adoption or legal guardianship. Participation in this part of the program would be voluntary on the part of the States. If, however, a State elects to participate in this program, regulations would be necessary to carry out its requirements. These regulations would affect the children in State-supervised foster care in each participating State including both foster care funded under the AFDC foster care provisions and foster care otherwise supervised by the State. For the population affected,

there would appear to be a likelihood of some increased level of paperwork in that additional procedural requirements would have to be complied with. The total number of individuals affected by these provisions would depend on how many States elected to participate in the program. Overall, it is estimated that about one-half million children are in foster care nationally.

## TITLE II

Title II of the bill primarily deals with the level and availability of Federal funding for the social services and training programs under title XX of the Social Security Act. As such, the provisions of this title will have some impact of an economic nature on persons who benefit from those programs but otherwise there should be no significant regulatory impact. The title does make certain susbtantive changes but these are mostly in the nature of extensions of existing provisions which involve no new regulatory impact or deletion of certain present law limitations which will result in some lessening of the regulatory impact of the program. For example, this title of the bill gives States added flexibility in selecting accounting periods for their title XX programs, permits the use of certain matching funds not now authorized and broadens the ability of States to utilize funding under this program for protective services.

## TITLE III

Title III of the bill contains amendments related to several aspects of the Social Security Act. Four of the provisions relate to the determination of assistance payments under the program Aid to Families with Dependent Children (AFDC). The amendments will involve some new development of regulations by the Department of Health, Education, and Welfare which will have to be applied by the States in administering this program. Some of these, such as the new general earnings disregard rule, represent simplifications. (That provision will lessen the paperwork involved in providing and updating itemized information concerning actual work expenses on the part of employed recipients.) Other provisions related to the pro-rating of costs of stepparents' income will involve some new calculations and may necessitate the furnishing of certain information not presently required. The economic impact of the provisions will generally tend to result in a lowering of amounts payable to those households that are affected.

Title III also includes a limitation on the period of time for filing State claims for Federal matching funds under Social Security Act titles. Provision is made for waiving the time limitations in appropriate circumstances. The provision should have no significant impact as to the generality of claims, however, it may require some additional paperwork in cases requiring waivers. This impact in the context of the overall program is expected to be minimal. Other provisions of title III related to SSI service programs for disabled children and funding of territorial welfare programs simply continue existing programs and involve no new regulatory impact.

## IV. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote by the committee to report the bill.

The bill was ordered reported by a voice vote.

## V. Budgetary Impact of the Bill

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget Act, the following statements are made relative to the costs and budgetary impact of the bill.

Pursuant to section 302(d) of the Congressional Budget Act of 1974, the Committee on Finance submitted a report (Senate Report 96–227), to the Senate on June 19, 1979, subdividing the allocations of budget authority and outlays designated to the committee in the conference report on the first concurrent resolution on the budget for fiscal year 1980. At the time this bill is being reported, that resolution represents the budget resolution most recently adopted by the Congress. The provisions of this bill are consistent with the allocations of the Finance Committee as indicated in that June 19 report, which involves two categories of expenditures affected by this bill. In the income maintenance category, the June 19 report allowed for new legislation reducing program costs by $0.3 billion in budget authority and $0.6 billion in outlays. This bill achieves on a net basis a portion of that overall goal totalling under $0.1 billion. More substantial savings are estimated in later years. In the social services category the June 19 report allows for an increase of $0.4 billion in budget authority and outlays. This bill, as reported, would utilize $0.2 billion of that total. The table below indicates on a more detailed basis the cost impact of the provisions of the bill having a measurable cost. The committee understands these estimates to be consistent with estimates of the Congressional Budget Office.

TABLE 22.—ESTIMATED BUDGETARY IMPACT OF THE BILL: FISCAL YEARS 1980–84

[In billions of dollars]

| Provision | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| Adoption assistance and foster care provisions | −0.005 | −0.003 | −0.002 | (*) | +0.001 |
| Child welfare services [1] | | +.084 | +.150 | +0.210 | +.210 |
| Title XX services provisions | +.216 | +.416 | +.516 | +.616 | +.716 |
| Title XX training provisions | −.005 | | | | |
| Extension of expired provisions | +.046 | −.004 | −.004 | −.005 | −.005 |
| AFDC earnings disregard | −.110 | −.184 | −.197 | −.204 | −.212 |
| Incentives to report earnings | −.011 | −.019 | −.020 | −.021 | −.023 |
| Income of stepparents | −.021 | −.034 | −.036 | −.037 | −.038 |
| Prorating of shelter allowance | −.019 | −.060 | −.066 | −.073 | −.079 |
| Services to disabled children | +.030 | +.030 | +.030 | | |
| Territorial welfare funding | +.052 | +.052 | +.052 | +.052 | +.052 |
| Period for filing of claims | (*) | (*) | (*) | (*) | (*) |
| Totals: | | | | | |
| A. Assumed appropriations | | +.084 | +.150 | +.210 | +.210 |
| B. Entitlements: | | | | | |
| (i) Title XX ceilings [2] | −.189 | +.016 | +.116 | +.216 | +.316 |
| (ii) Other changes | −.038 | −.222 | −.243 | −.288 | −.304 |
| Overall total | −.227 | −.122 | +.023 | +.138 | +.222 |

[1] Bill does not change authorization for this nonentitlement program. Amounts shown represent committee estimate of appropriations actions based on program changes in the bill.

[2] Amounts are shown in relation to existing law 1979 funding level of $2.9 billion rather than the permanent-law ceiling of $2.5 billion to which the program would revert in the absence of further legislation.

*Indicates less than $0.0005 billion.

The estimate prepared by the Congressional Budget Office concerning this bill is printed below:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, D.C., October 2, 1979.*

Hon. RUSSELL B. LONG,
*Chairman, Committee on Finance,*
*U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 3434, the Social Services and Child Welfare Amendments of 1979.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

JAMES BLUM
(For Alive M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

OCTOBER 2, 1979.

1. Bill No. H.R. 3434.
2. Bill title: Social Services and Child Welfare Amendments of 1979.
3. Bill status: As ordered reported by the Senate Finance Committee, September 27, 1979. The estimate is based on press releases provided by the Committee staff.
4. Bill purpose: This bill would raise the federal ceiling on funds for social services. In addition, it would amend the Social Security Act to improve the child welfare and social services programs, strengthen and improve the program of federal support for foster care of needy and dependent children, establish a program of federal support to encourage adoptions of children with special needs, alter the way AFDC benefits are determined, and accomplish other purposes.
5. Cost estimate: This bill would result in additional future federal liabilities through an extension of existing entitlements that would require subsequent appropriation action to provide the necessary budget authority. The figures shown as "Required Budget Authority" represent an estimate of the additional budget authority needed to cover the estimated outlays that would result from enactment of H.R. 3434.

A negative budget authority indicates that this bill would reduce future federal liabilities through a change to an existing entitlement and therefore could permit subsequent appropriations action to reduce the budget authority for this program. Negative figures shown as "Required Budget Authority" represent that amount by which budget authority for the program could be reduced, as a result of this bill, below the level needed under current law.

[By fiscal years; in millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| Adoption assistance, foster care, and child welfare services: | | | | | |
| Subsidized adoptions (function 600): | | | | | |
| Required budget authority | 0 | 0 | 0 | 0 | 0 |
| Estimated outlays | 0 | 0 | 0 | 0 | 0 |
| Foster care grants (function 600): | | | | | |
| Required budget authority | −5.0 | −3.0 | −2.0 | 0 | 1.0 |
| Estimated outlays | −5.0 | −3.0 | −2.0 | 0 | 1.0 |
| Child welfare service grants (function 500): Unable to estimate; costs depend critically on subsequent Appropriations Committee action. | | | | | |
| Provisions relating to social services: | | | | | |
| Ceiling on Federal funding and special allocation for child care services (function 500): | | | | | |
| Required budget authority | 200 | 400 | 500 | 600 | 700 |
| Estimated outlays | 200 | 400 | 500 | 600 | 700 |
| Ceiling on training funds (function 500): | | | | | |
| Required budget authority | −5 | | | | |
| Estimated outlays | −5 | | | | |
| Provision relating to authority to hire welfare recipients as child care workers (function 600): | | | | | |
| Required budget authority | −1.0 | −1.0 | −1.0 | −2.0 | −2.0 |
| Estimated outlays | −1.0 | −1.0 | −1.0 | −2.0 | −2.0 |
| Entitlement for Puerto Rico, Guam, and the Virgin Islands (function 500): | | | | | |
| Required budget authority | 16.1 | 16.1 | 16.1 | 16.1 | 16.1 |
| Estimated outlays | 16.1 | 16.1 | 16.1 | 16.1 | 16.1 |
| Provision relating to child support enforcement: | | | | | |
| Child support enforcement services for nonwelfare families (function 600): | | | | | |
| Required budget authority | [1] 47.0 | −3.0 | −3.0 | −3.0 | −3.0 |
| Estimated outlays | [1] 47.0 | −3.0 | −3.0 | −3.0 | −3.0 |
| Provisions relating to AFDC payments: | | | | | |
| AFDC earnings disregard (function 600): | | | | | |
| Required budget authority | −110.4 | −184.4 | −196.8 | −204.1 | −212.5 |
| Estimated outlays | −110.4 | −184.4 | −196.8 | −204.1 | −212.5 |
| Incentive to report earnings (function 600): | | | | | |
| Required budget authority | −11.0 | −19.0 | −20.0 | −21.0 | −23.0 |
| Estimated outlays | −11.0 | −19.0 | −20.0 | −21.0 | −23.0 |
| Income of stepparents (function 600): | | | | | |
| Required budget authority | −20.6 | −33.7 | −35.9 | −37.1 | −38.3 |
| Estimated outlays | −20.6 | −33.7 | −35.9 | −37.1 | −38.3 |
| Prorated shelter allowance when AFDC household includes ineligible relatives (function 600): | | | | | |
| Required budget authority | −18.9 | −60.0 | −66.5 | −73.0 | −79.4 |
| Estimated outlays | −18.9 | −60.0 | −66.5 | −73.0 | −79.4 |
| Other provisions under the Social Services Act: | | | | | |
| Services for Disabled Children (function 600): | | | | | |
| Required budget authority | 30.0 | 30.0 | 30.0 | 0 | 0 |
| Estimated outlays | 30.0 | 30.0 | 30.0 | 0 | 0 |
| Public assistance expenditures in Puerto Rico, Guam, and the Virgin Islands (function 600): | | | | | |
| Required budget authority | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 |
| Estimated outlays | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 |
| Total cost of H.R. 3434: | | | | | |
| Required budget authority | 173.2 | 194.0 | 272.9 | 327.9 | 410.9 |
| Estimated outlays | 173.2 | 194.0 | 272.9 | 327.9 | 410.9 |

[1] Includes $50,000,000 in retroactive payments for fiscal year 1979.

6. Basis of estimate:

*Adoption assistance, foster care, and child welfare services*

*Subsidized adoptions*

This program would provide for federal participation in adoption subsidies for foster care children with special needs as determined by the state. The adoption subsidy is limited to families with incomes not greater than 125 percent of the state's median income (for that size family), although this could be waived for special family circumstances in up to 10 percent of all cases. The subsidy is limited to children who would have received AFDC foster care in any case, and it

cannot exceed what the foster care payment would have been. CBO anticipates a small savings from this provision because the family foster care payment is smaller than the foster care payment made to institutions where many children would be in the absence of H.R. 3434. Offsetting this are increased administrative costs and subsidies for children who might have been adopted in the absence of the bill. CBO estimates the net effect to be a cost of zero.

*Foster care grants*

*A. Ceiling on foster care payments*

For several years the federal cost for foster care has risen quite rapidly as states have taken advantage of the foster care program. This provision puts a ceiling on how much this program may expand. For fiscal year 1980, the allotment of each state shall be equal to 120 percent of its allotment for fiscal year 1978. For fiscal years 1981–1984 the allotment shall be 110 percent of the allotment for each preceding fiscal year, or if greater, an alternative foster care grant equal to a state's share of $100 million based on the proportion of the U.S. population under age 21 in the state.

CBO's analysis of foster care data indicates that as a whole, foster care grants will not grow as fast as they have in the recent past. Recently, the number of recipients has leveled off and begun to decline. Savings in those states where the program continues to grow are expected to be $5 million for fiscal year 1980. This saving should decrease in the out-years if more children are taken out of the foster care program and put in the subsidized adoption program.

| | *Millions* |
|---|---|
| **Required budget authority:** | |
| **Fiscal year:** | |
| 1980 | —$5 |
| 1981 | —4 |
| 1982 | —3 |
| 1983 | —2 |
| 1984 | —2 |
| **Estimated outlays:** | |
| **Fiscal year:** | |
| 1980 | —5 |
| 1981 | —4 |
| 1982 | —3 |
| 1983 | —2 |
| 1984 | —2 |

B. *Federal payments for foster home care of dependent children placed in public institutions with no more than twenty-five children.*

This provision would allow states to place AFDC foster children in public institutions in addition to the private non-profit facilities currently permitted. There is a restriction that the public institution serve no more than 25 resident children. The provision would apply only to children placed in foster care for the first time after the enactment of the bill. A cost would occur if the federal government provided matching money for children placed in public foster care facilities who would not have received federal reimbursement otherwise. Savings would occur if private care, currently paid for with federal matching, was more expensive than the public care which replaced it. CBO estimates a small net addition in costs.

| | Millions |
|---|---|
| Required budget authority: | |
| Fiscal year: | |
| 1980 | 0 |
| 1981 | $1 |
| 1982 | 1 |
| 1983 | 2 |
| 1984 | 3 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 0 |
| 1981 | 1 |
| 1982 | 1 |
| 1983 | 2 |
| 1984 | 3 |

*Child welfare service grants*

The child welfare services program under Title IV–B of the Social Security Act provides a federal contribution to the costs of state programs to protect and promote the welfare of children including: the provision of services to enable cihldren to remain in their own homes, the removal of children from unsuitable homes and placement in foster care homes or institutions, and the placement of children in adoptive homes. Under current law, the federal matching share ranges from one-third to two-thirds of state expenditures, depending on state per capita income. The appropriated level of the program since fiscal year 1977 has been $56.5 million.

This bill does not change the current permanent authorization level of $266 million but would set the federal matching rate at a flat 75 percent of state expenditures. The bill would also modify the flow of funds to the states by making child welfare services a forward funded program. Under this provision, amounts appropriated for the program after the enactment of this legislation would become available for expenditure in the fiscal year following the fiscal year of appropriation. This would give states advance knowledge of the amount of funding available.

This bill would allow Congress, in the appropriations process, to designate that all or part of any new funding over the current $56.5 million funding level be earmarked for the development of state tracking and information systems and individual case review systems. In addition, the bill prohibits the use of federal funds for child welfare services above the present $56.5 million funding level for foster care maintenance payments.

Since the bill does not change the existing authorization level nor alter the non-entitlement nature of the program, the net cost impact of this bill dependent on amounts provided in Appropriations. Historical data on state spending for child welfare services indicate that the states colud absorb additional funds up to the $266 million authorization level.

*Provisions relating to social services*

*Ceiling on Federal funding and special allocation for child care services*

Under present law, there is a permanent ceiling of $2.5 billion annually on federal matching for grants to states for social services (Title XX). This bill would increase that ceiling, raising it to $2.7 billion in fiscal year 1980 and $2.9 billion in fiscal 1981. Thereafter, the

provision would result in annual increments of $100 million until a ceiling of $3.3 billion is reached in fiscal year 1985. In fiscal years 1980 and 1981, $200 million of these funds would be state grants of non-matched federal funds earmarked for child day care services. The remaining funds under the ceiling would be federal matching funds to states equal to 75 percent of the states' expenditures for social services. After fiscal year 1981, the full amount under the ceiling would be designated to match 75 percent of the states' expenditures on social services.

Based on previous spending patterns, estimated outlays will reach their full ceiling amount in fiscal year 1980. Since current law for Title XX reflects a $2.5 billion ceiling, the net cost of the bill is the increase in the ceilings over $2.5 billion The table below shows Title XX spending under the proposed ceilings disaggregated into the estimated additional expenditures under H.R. 3434 as reported by the Senate Finance Committee and the estimated spending under the basic $2,500 million ceiling for fiscal years 1980 through 1984 (fiscal year 1980 spending under the $2,500 million ceiling includes estimated payments to states in reimbursement for prior year claims).

[By fiscal years; in millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| Spending under $2,500,000,000 ceiling: | | | | | |
| Required budget authority | 2,630 | 2,500 | 2,500 | 2,500 | 2,500 |
| Estimated outlays | 2,517 | 2,500 | 2,500 | 2,500 | 2,500 |
| Additional spending under H.R. 2434: | | | | | |
| Required budget authority | 200 | 400 | 500 | 600 | 700 |
| Estimated outlays | 200 | 400 | 500 | 600 | 700 |
| Total title XX spending under H.R. 3434: | | | | | |
| Required budget authority | 2,830 | 2,900 | 3,000 | 3,100 | 3,200 |
| Estimated outlays | 2,717 | 2,900 | 3,000 | 3,100 | 3,200 |

*Ceiling on training funds*

Under current law, federal expenditures for training under Title XX are not limited; training expenditures have a permanent open-ended authorization and do not fall under the Title XX ceiling. The federal payments to states represent 75 percent of the states' expenditures for personnel training and retraining directly related to the provision of Title XX services. H.R. 3434 as reported by the Senate Finance Committee proposes a one-year cap of federal training expenditures in fiscal year 1980; the limit for each state would be equal to 4 percent of that state's 1980 allotment under the $2.7 billion Title XX funding ceiling or the actual amount spent by the state in fiscal year 1979, whichever is higher.

Fiscal year 1980 expenditures under the proposed limit were estimated using the latest available figures from the Department of Health, Education, and Welfare on state expenditures for training in fiscal year 1979. Those states who spent more in fiscal year 1979 than 4 percent of their Title XX fiscal year 1980 allotment are assumed to spend at the fiscal year 1979 level in fiscal year 1980. Those states who spent less in fiscal year 1979 than 4 percent of their fiscal year 1980 Title XX allotment are assumed to increase their spending in fiscal year 1980 over their fiscal year 1979 levels by an inflation factor based on CBO estimates of future price increase or to 4 percent of their

Title XX allotment, whichever is less. Estimated fiscal year 1980 expenditures under the one year ceiling are $98 million.

Federal expenditures under current law in absence of the proposed limit are estimated to be $103 million in fiscal year 1980; this amount is based on estimated expenditures of $95 million in fiscal year 1979 inflated using CBO estimates of future price increases.

The savings in fiscal year 1980 that would result from the one year ceiling would be $5 million. These savings are calculated by subtracting estimated expenditures under the fiscal year 1980 cap from estimated expenditures under current law. Because the cap is for fiscal year 1980 only, there are no savings in fiscal years 1981 through 1984.

| | *Millions* |
|---|---|
| **Required budget authority:** | |
| **Fiscal year:** | |
| 1980 | —$5 |
| 1981 | 0 |
| 1982 | 0 |
| 1983 | 0 |
| 1984 | 0 |
| **Estimated outlays:** | |
| **Fiscal year:** | |
| 1980 | —5 |
| 1981 | 0 |
| 1982 | 0 |
| 1983 | 0 |
| 1984 | 0 |

*Provision relating to authority to hire welfare recipients as child care workers*

This provision would allow states to use part of their share of the $200 million in earmarked child care funds for grants to employers who hire welfare recipients as child care workers. It would make this authority permanent and retroactive to October 1, 1978, the point at which prior authority elapsed. At present other subsidies are available to employers of welfare recipients including the WIN tax credit. This provision would be coordinated with these. Hiring welfare recipients would create earnings which would then result in some savings because of lowered AFDC payments. The marginal increase in the number of welfare recipients who work under this provision is expected to be small (perhaps up to 1,000); thus only small savings in AFDC and Food Stamps can be anticipated. The total yearly savings are estimated to be roughly $1 million in fiscal years 1980 through 1982 and $2 million in fiscal years 1983 and 1984.

| | *Millions* |
|---|---|
| **Required budget authority:** | |
| **Fiscal year:** | |
| 1980 | —$1 |
| 1981 | —1 |
| 1982 | —1 |
| 1983 | —2 |
| 1984 | —2 |
| **Estimated outlays:** | |
| **Fiscal year:** | |
| 1980 | —1 |
| 1981 | —1 |
| 1982 | —1 |
| 1983 | —2 |
| 1984 | —2 |

*Entitlement for Puerto Rico, Guam, and the Virgin Islands*

Under present law these jurisdictions receive an allotment for social services from the amount that the states certify that they will not need from their Title XX formula allotments for that year. There is a ceiling on the amount that can be made available in any year of $15 million for Puerto Rico, and $500,000 each for Guam and the Virgin Islands. H.R. 3434 as reported by the Senate Finance Committee provides that, beginning in fiscal year 1980, a separate Title XX entitlement amount would be established, as follows: Puerto Rico, $15 million; Guam and the Virgin Islands, $500,000; and the Northern Marianas, $100,000. Current spending patterns indicate full utilization of these funds in fiscal years 1980 through 1984.

| | *Millions* |
|---|---|
| Required budget authority: | |
| Fiscal year: | |
| 1980 | $16.1 |
| 1981 | 16.1 |
| 1982 | 16.1 |
| 1983 | 16.1 |
| 1984 | 16.1 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | $16.1 |
| 1981 | 16.1 |
| 1982 | 16.1 |
| 1983 | 16.1 |
| 1984 | 16.1 |

*Provisions relating to the programs of child support and aid to families with dependent children*

*Child support enforcement services for nonwelfare families*

This provision would make states eligible for federal matching payments in non-AFDC child support enforcement cases. The effective date would be retroactive to October 1, 1978. The Office of Child Support Enforcement has estimated that these retroactive federal payments for non-AFDC child support enforcement would be $45 to $55 million for fiscal year 1979.

For fiscal year 1980 the Office of Child Support Enforcement has estimated that the federal share of these costs would rise to $83 million. It has been argued that payments for non-AFDC child support enforcement have resulted in keeping affected families off AFDC, medicaid, and food stamps. While some offsets may occur in fiscal year 1980, retroactive expenditures for fiscal year 1979 cannot result in savings due to the offsetting effect of incentives paid for that year. For fiscal year 1980 the Office of Child Support Enforcement has estimated that there would be 565,000 non-AFDC cases receiving collections in fiscal year 1980 through the various state and local child support enforcement agencies. If one assumes that one-fourth of these cases would be on welfare for two months without the child support program, there would be a federal savings of $86 million in fiscal year 1980. This represents a savings of $40 million in AFDC, $28 million in food stamps and $18 million in medicaid.

Under these assumptions, fiscal year 1980 savings would be $3 million.

Required budget authority:

| Fiscal year: | Millions |
|---|---|
| 1980 | *$47 |
| 1981 | —3 |
| 1982 | —3 |
| 1983 | —3 |
| 1984 | —3 |

Estimated outlays:

| Fiscal year: | Millions |
|---|---|
| 1980 | *$47 |
| 1981 | —3 |
| 1982 | —3 |
| 1983 | —3 |
| 1984 | —3 |

* Includes $50 million in retroactive payments for FY 1979.

*AFDC earnings disregard*

In calculating AFDC payments, a portion of earnings, commonly called countable earnings, acts as an offset to the amount received. Countable earnings are total earnings net of an earnings disregard. Currently, the amount disregarded each month is $30 plus one-third of the remainder plus all child care and work expenses. This provision would modify the disregard formula so that itemized work expenses would be eliminated from the disregard calculation and replaced with a standardized percentage of earnings for allowable expense and a higher initial earnings disregard. In addition, child care expenses would be treated differently. Under the new formula the amount disregarded would be $70 plus child care expenses plus 0.4 times the remainder. While raising the initial disregard from $30 to $70 and raising the percentage of income disregarded over $70 plus child care would by themselves result in increased disregards and higher payments, they are more than offset by the elimination of work expenses from the disregard. Work expenses are currently about one quarter of earnings. The modification of the treatment of child care expenses lowers the amount disregarded further still. CBO estimates that this provision would have resulted in AFDC savings of $151 million in fiscal year 1980 had it been in effect prior to the start of the year. Given that it will be effective only part of the year, these savings are reduced to $100 million.

Because AFDC recipients are automatically eligible for medicaid, changes in the AFDC caseload effect changes in spending for medicaid. On the basis of information from the 1975 AFDC Recipient Survey, CBO estimates that 51,000 families would lose all AFDC benefits as a result of the proposed change in the computation of the AFDC income disregard.

Monthly AFDC data indicate that about 76 percent of AFDC families reside in states that provide medicaid benefits for members of "medically needy" families—those not poor enough to be eligible for AFDC, but meeting all other criteria for AFDC eligibility. In these states, loss of AFDC benefits does not necessarily mean loss of medicaid benefits too. Nonetheless, the average medicaid benefit would probably drop, both because the medicaid benefit package for the

medically needy may be restricted and because medically needy families may be required to spend some of their income on medical care before becoming eligible for medicaid. The amount of the typical benefit reduction is unknown. CBO assumes that 10 percent of former AFDC families would lose all medicaid benefits and the remaining 90 percent would experience an average 20 percent benefit reduction. The overall average reduction would thus be 28 percent. Associated savings are the product of 0.76, 51,000 families, 0.28, and the average federal medicaid expenditure per AFDC family, which is projected to be $675 in fiscal year 1980. This amounts to $7.3 million. In states not providing medicaid benefits for medically needy families, loss of AFDC benefits means total loss of medicaid benefits also. The associated savings are therefore $8.3 million (0.24 times 51,000 families times $675).

In fiscal year 1980, therefore, the medicaid savings that could result from the proposed change in the AFDC earnings disregard are estimated to be $15.6 million. Because the change would be effective for only part of the year, however, estimated savings are reduced to $10.4 million. Future savings assume roughly 10 percent annual growth in medicaid spending per AFDC recipient and, after fiscal year 1981, a 3-percent annual decline in AFDC recipients.

[By fiscal years; in millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| AFDC: | | | | | |
| Required budget authority | −100.0 | −167.0 | −178.0 | −184.0 | −191.0 |
| Estimated outlays | −100.0 | −167.0 | −178.0 | −184.0 | −191.0 |
| Medicaid: | | | | | |
| Required budget authority | −10.4 | −17.4 | −18.8 | −20.1 | −21.5 |
| Estimated outlays | −10.4 | −17.4 | −18.8 | −20.1 | −21.5 |
| Total: | | | | | |
| Required budget authority | −110.4 | −184.4 | −196.8 | −204.1 | −212.5 |
| Estimated outlays | −110.4 | −184.4 | −196.8 | −204.1 | −212.5 |

*Incentive to report earnings*

This provision stipulates that unless all earned income is reported accurately and in a timely manner, the AFDC recipient will not be eligible for the income disregard. The estimated cost savings for this provision is based on the Department of HEW's actual reported error cost in 1976 of $97.5 million resulting from AFDC overpayments due to late reporting of income. The Department indicated that over 20 percent of this could be traced to income not being reported. In estimating this cost savings, it was assumed a portion of the error would not be caught.

| | Millions |
|---|---|
| Required budget authority: | |
| Fiscal year: | |
| 1980 | −$11 |
| 1981 | −19 |
| 1982 | −20 |
| 1983 | −21 |
| 1984 | −23 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | −11 |
| 1981 | −19 |
| 1982 | −20 |
| 1983 | −21 |
| 1984 | −23 |

*Income of stepparents*

This provision would count the stepparent's income in the calculation of an AFDC grant due to a stepchild even though the stepparent is not legally responsible for the stepchild. States would be required to take into account 80 percent of earnings plus all of unearned income net of his own family expenses (as determined by the state standard of need), amounts paid to dependents living elsewhere, and alimony or child support made to persons not living in the household. Based on experience in the state of California, CBO estimates that full year AFDC savings in fiscal year 1980 would have been $28 million. Because of the phase-in time, however, this is expected to be $19 million.

Additional savings in medicaid are expected from this provision since some AFDC families would no longer receive AFDC payments and would therefore lose their automatic eligibility for medicaid.

[By fiscal years; in millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| AFDC: | | | | | |
| Required budget authority | −19.0 | −31.0 | −33.0 | −34.0 | −35.0 |
| Estimated outlays | −19.0 | −31.0 | −33.0 | −34.0 | −35.0 |
| Medicaid: | | | | | |
| Required budget authority | −1.6 | −2.7 | −2.9 | −3.1 | −3.3 |
| Estimated outlays | −1.6 | −2.7 | −2.9 | −3.1 | −3.3 |
| Total: | | | | | |
| Required budget authority | −20.6 | −33.7 | −35.9 | −37.1 | −38.3 |
| Estimated outlays | −20.6 | −33.7 | −35.9 | −37.1 | −38.3 |

*Prorated shelter allowance when AFDC household includes ineligible relatives*

This provision would permit states to prorate AFDC payments to households on the basis of the total number of persons in the household. For instance, under existing legislation, a family of five with two AFDC recipients receives payments for a family of two. Under the proposed change, a state could make payments which would be two-fifths of payments to a family of five. The provision would apply only if the overall household income exceeded the state's AFDC standard of need for a household of that size. In most instances, this would represent a savings to states which choose to make their payments this way because the pro rata share for the larger household size would be, in most cases, less than the full family share for the smaller household size. If all states adopted the pro rata method, it would affect the benefits of about one-third of all AFDC households. Some states do not plan to use this provision, however. CBO estimates that the savings under this provision would be $17 million in fiscal year 1980 but three times that amount in fiscal year 1981 when it is assumed more states would take advantage of the option over a larger portion of the year. Years after fiscal year 1981 would show increased savings as more states use the option, although the increases would be less dramatic. CBO estimates assume states representing about 25 percent of all recipients will opt for the plan in fiscal year 1980, states representing about 50 percent in fiscal year 1981, up to around 60 percent in fiscal year 1984.

Again, because some families would drop off AFDC, there would be accompanying medicaid savings.

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[By fiscal years; in millions of dollars]

| | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|
| AFDC: | | | | | |
| Required budget authority | −17.0 | −54.0 | −60.0 | −66.0 | −72.0 |
| Estimated outlays | −17.0 | −54.0 | −60.0 | −66.0 | −72.0 |
| Medicaid: | | | | | |
| Required budget authority | −1.9 | −6.0 | −6.5 | −7.0 | −7.4 |
| Estimated outlays | −1.9 | −6.0 | −6.5 | −7.0 | −7.4 |
| Total: | | | | | |
| Required budget authority | −18.9 | −60.0 | −66.5 | −73.0 | −79.4 |
| Estimated outlays | −18.9 | −60.0 | −66.5 | −73.0 | −79.4 |

*Other provisions under the Social Security Act*

*Services for disabled children*

This provision would amend Title XVI of the Social Security Act to extend a special referral and services program for disabled children that expired under current law on September 30, 1979. This provision grants a three year extension of the program, effective October 1, 1979 and ending prior to October 1, 1982. The program, enacted in 1976, provides up to $30 million in federal funds to the states each year allocated on the basis of the proportion of children under age 7 in the state. The estimate given here is based on the continuation of this funding level.

| | *Millions* |
|---|---|
| Required budget authority: | |
| Fiscal year: | |
| 1980 | $30 |
| 1981 | 30 |
| 1982 | 30 |
| 1983 | -- |
| 1984 | -- |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 30 |
| 1981 | 30 |
| 1982 | 30 |
| 1983 | -- |
| 1984 | -- |

*Public assistance expenditures in Puerto Rico, Guam, and the Virgin Islands*

This provision would make permanent the fiscal year 1979 $78 million federal funding level for public assistance payments in Puerto Rico, Guam and the Virgin Islands, including payments to the aged, blind and disabled, as well as recipients of AFDC. CBO expects that the full $78 million would be expended in fiscal year 1980 for an additional cost of $52 million above current law.

| | *Millions* |
|---|---|
| Required budget authority: | |
| Fiscal year: | |
| 1980 | $52 |
| 1981 | 52 |
| 1982 | 52 |
| 1983 | 52 |
| 1984 | 52 |
| Estimated outlays: | |
| Fiscal year: | |
| 1980 | 52 |
| 1981 | 52 |
| 1982 | 52 |
| 1983 | 52 |
| 1984 | 52 |

*Limitation on period for filing of claims by States*

The Social Security Act does not limit the time during which the states may file claims for federal reimbursement for their expenditures under the various titles of the Act. As a result, it is common for some claims to be submitted several years after the expenditures are made. The proposed amendment, effective October 1, 1981, would limit to two years the period during which such claims could be filed by the states. Thus, for example, claims for expenditures made during the third quarter of fiscal year 1982 could be submitted not later than the end of the third quarter of fiscal year 1984. The amendment would not apply to state expenditures during fiscal years earlier than 1980.

The effect of the amendment would be to encourage the states to file all claims within the two-year period in order to avoid losing reimbursements. The costs of the amendment would follow from changes in the flow of federal outlays as well as disallowances of claims filed after the two-year deadline.

In fiscal year 1980 some claims would be submitted that otherwise would have been submitted several years later. Some additional federal outlays would therefore be made in that year. This compression of the filing and reimbursement period would be similarly evident in every subsequent fiscal year. Beginning in fiscal year 1982, however, some claims that otherwise would have been filed would not be: they would already have been submitted. This would reduce federal outlays. Also beginning in fiscal year 1982, a very small fraction of claims would probably be rejected due to lateness, further reducing federal outlays. CBO estimates that in fiscal years 1980 and 1981 federal outlays would increase by less than $0.05 million. After fiscal year 1981, CBO estimates that outlays would decrease by less than $0.05 million.

7. Estimate comparison: None.

8. Previous CBO estimate: CBO provided the cost estimate for the House version of H.R. 3434.

Date of estimate: May 9, 1979

Passed the House: August 2, 1979

9. Estimate prepared by Betsy Guthrie, Al Peden, and Malcolm Curtis.

10: Estimate approved by:

CHARLES E. SEAGROVE
(For James L. Blum, Assistant Director for Budget Analysis).

## VI. Changes in Existing Law

In compliance with paragraph 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):

SOCIAL SECURITY ACT

* * * * * * *

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

## PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

* * * * * * *

### STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

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

* * * * * * *

(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid to families with dependent children, or of any other individual (living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as, *in the case of an initial determination of eligibility only* any expenses reasonably attributable to the earning of any such income;

(8) provide that, in making the determination under clause (7), the State agency—

(A) shall with respect to any month disregard—

(i) all of the earned income of each dependent child receiving aid to families with dependent children who is (as determined by the State in accordance with standards prescribed by the Secretary) a full-time student or part-time student who is not a full-time employee attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment, and

[(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $30 of the total of such earned income for such month plus one-third of the remainder of such income for such month (except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b) (2) and (3)); and]

*(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination (I) the first $60 of such earned income for individuals for such month plus (II) forty per centum of the remainder of such income for such month except that in each case an amount*

*equal to the reasonable child care expenses incurred (subject to such limitations as the Secretary may prescribe in regulations) shall first be deducted before computing such individual's earned income (except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b) (2) and (3)); and*

(B)(i) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and (ii) may, before disregarding the amounts referred to in subparagraph (A) and clause (i) of this subparagraph, disregard not more than $5 per month of any income; except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subparagraph (B)) of—

(C) any one of the persons specified in clause (ii) of subparagraph (A) if such person—

(i) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days) preceding such month as may be prescribed by the Secretary; or

(ii) refused without good cause, within such preiod preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

(D) any of such persons specified in clause (ii) of subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of clause (7)) was in excess of their need as determined by the State agency pursuant to clause (7) (without regard to clause (8)), unless, for any one of the four months preceding such month, the needs of such person were met by the furnishing of aid under the plan; *or*

*(E) any of the persons specified in clause (i) or (ii) of subparagraph (A) with request to which there is a failure without good cause to make a timely report (as prescribed by the State plan) to the State agency of earned income received in such month;*

* * * * * * *

(28) provide that, in determining the amount of aid to which an eligible family is entitled, any portion of the amounts collected in any particular month as child support pursuant to a plan approved under part D, and retained by the State under section 457, which (under the State plan approved under this part as in effect both during July 1975 and during that particular month) would not have caused a reduction in the amount of aid paid to the family if such amounts had been paid directly to the family, shall be added to the amount of aid otherwise payable to such family under the State plan approved under this part; [and]

(29) effective October 1, 1979, provided that wage information available from the Social Security Administration under the pro-

visions of section 411 of this Act, and wage information available (under the provisions of section 3304(a)(16) of the Federal Unemployment Tax Act) from agencies administering State unemployment compensation laws, shall be requested and utilized to the extent permitted under the provisions of such sections; except that the State shall not be required to request such information from the Social Security Administration where such information is available from the agency administering the State unemployment compensation laws[.]*; and*

*(30) provide that in making the determination under paragraph (7), the State agency shall take into consideration so much of the total of the unearned income plus 80 percent of the earned income of the dependent child's stepparent (living in the same home as such child), as exceeds the sum of (A) the State's standard of need under such plan for a family of the same composition as the stepparent and those other individuals living in the same household as the stepparent and claimed by him as dependents for purposes of determining his Federal personal income tax liability but whose needs are not taken into account in making the determination under section 402(a)(7), (B) amounts paid by the stepparent to individuals not living in such household claimed by him as dependents under subtitle A of title 26 of the United States Code for purposes of determining his Federal personal income tax liability, and (C) payments of alimony or child support with respect to individuals not living in such household.*

* * * * * * *

*PRORATING OF SHELTER ALLOWANCE IN CERTAIN CASES WHERE CHILD LIVES WITH RELATIVE NOT LEGALLY RESPONSIBLE FOR HIS SUPPORT*

*SEC. 412. (a) Notwithstanding any other provision of this part, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the requirements imposed under this part solely because, under such plan, in any case in which one or more children live in any household—*

*(1) (A) in which the total income of such child or children and the closely related family members (as defined in subsection (b)) living in the same household equals or exceeds the standard of need under such plan for a family equal in number to the total number of such children and closely related family members in the same household, or (B) where the income of children and family members cannot be determined due to failure to cooperate, and*

*(2) which (A) does not include a relative (specified in section 406(a)(1)) who is legally responsible for the support of the child or children, or (B) includes one or more such relatives who is legally responsible for the support of the child or children but none of whom is eligible for aid under the State plan because such rlative is being supported by another person or under another program.*

*the amount of the aid furnished with respect to such child or children for shelter, utilities, and similar expenses, bears the same ratio to the total amount which would be furnished for such expenses, if all the closely related family members with whom such child or children are living were eligible for such aid, as the number of such children bears to the total number of such children and family members.*

*(b) For purposes of subsection (a), the term "closely related family members" of a child means those relatives of his who are specified in section 406 (a) (1) and any other individual for whose support such a relative is legally responsible, but does not include any such relative or other individual (1) with respect to whom benifits are provided under another public program eligibility for which is based on need, or (2) whose presence in the home would not increase the total amount which would be allowed for shelter, utilities, and similar expenses if he was eligible for aid.*

*(c) The amount of aid to families with dependent children for shelter, utilities, and similar expenses shall be identified, for purposes of this section, in the following manner:*

*(1) If the State plan approved under this part provides for paying 100 percent of the standard of need specified in the plan, and designates a portion of that standard, for families of specified sizes, to meet shelter, utilities, and similar expenses, then an amount equal to that portion shall be considered the total amount for such expenses for a family of the specified size.*

*(2) If such plan provides for meeting less than 100 percent of such standard, and designates a portion of that standard, for families of specified sizes, to meet such expenses, then an amount equal to that portion, multiplied by the proportion of the standard of need which such State pays as aid to families with dependent children, shall be considered the total amount for such expenses for a family of the specified size.*

*(3) If such plan does not designate any portion of the standard of need for meeting such expenses, then such portion shall be prescribed by the Secretary, but in no event shall such portion exceed 30 percent of the standard of need for a family of a specified size, multiplied by the proportion of such standard which the State pays as aid to families with dependent children.*

*(d) For purposes of subsection (a), the total income of the child or children and the closely related family members (as defined in subsection (b)) shall be determined as it would be if all such individuals were applicants for aid under the State plan and shall not include any income which any such individual is obligated to apply to the support of any other individual not living in the household.*

## Part B—Child-Welfare Services

### APPROPRIATION

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

*(b) Funds appropriated for any fiscal year pursuant to the authorization contained in subsection (a) shall be included in the appropriation Act (or supplemental appropriation Act) for the fiscal year preceding the fiscal year for which such funds are available for obligation. In order to effect a transition to this method of timing appropriation action, the*

*preceding sentence shall apply notwithstanding the fact that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.*

* * * * * * *

PAYMENT TO STATES

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

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

(A) provides that (i) the individual or agency designated pursuant to section 2003(d)(1)(C) to administer or supervise the administration of the State's services program will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, a single organizational unit in such State or local agency, as the case may be, will be responsible for furnishing such child-welfare services,

(B) provides for coordination between the services provided under such plan and the services provided for dependent children under the State plan approved under part A of this title, with a view to provision of welfare and related services which will best promote the welfare of such children and their families, and

(C) provides, with respect to day care services (including the provision of such care) provided under this title—

(i) for cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to assure maximum utilization of such agencies in the provision of necessary health services and education for children receiving day care,

(ii) for an advisory committee, to advise the State public welfare agency on the general policy involved in the provision of day care services under the plan, which shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with the provision of day care,

(iii) for such safeguards as may be necessary to assure provision of day care under the plan only in cases in which it is in the best interest of the child and the mother and only in cases in which it is determined, under criteria established by the State, that a need for such care exists; and, in cases in which the family is able to pay part or all of the costs of such care, for payment of such fees as may be reasonable in the light of such ability,

(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and

(vi) for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child, and

(2) that makes a satisfactory showing that the State is extending the provision of child-welfare services in the State, with priority being given to communities with the greatest need for such services after giving consideration to their relative financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the State, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision,

except that (effective July 1, 1969, or, if earlier, on the date as of which the modification of the State plan to comply with this requirement with respect to subprofessional staff is approved) such plan shall provide for the training and effective use of paid subprofessional staff with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency, an amount equal to the Federal share (as determined under section 423) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. In developing such services for children, the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the State and local communities as may be authorized by the State.

(b) The method of computing and paying such amounts shall be as follows:

(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of subsection (a).

(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.

(c) If on December 1, 1974, the agency of a State administering its plan under this part was not the agency designated pursuant to section 402(a)(3), subsection (a)(1)(A) of this section shall not apply with respect to such agency but only so long as such agency is not the agency designated under section 2003(d)(1)(C), and if on December 1, 1974, the local agency administering the plan of a State under this part in a subdivision of the State is not the local agency in such subdivision administering the plan of such State under part A of this title, subsection (a)(1)(A) of this section shall not apply with respect to such local agency but only so long as such local agency is not the local agency administering the program of the State for the provision of services under title XX.

*(d)(1) Notwithstanding any other provision of this part, there shall not (subject to paragraph (2)) be paid to any State under the preceding provisions of this section for any fiscal year (commencing with the fiscal year which begins on October 1, 1979) an amount in excess of the amount of such State's allotment for the fiscal year which began on October 1, 1978, unless the State's plan for child-welfare services indicates the manner in which the State, in the administration of such plan, will achieve the objectives and carry out the activities specified in paragraphs (1) and (2) of section 428(b).*

*(2) The amount payable to a State under the provisions of this part which precede this subsection shall not, because of the provisions of paragraph (1) of this subsection, be reduced for any fiscal year prior to the fiscal year which commences October 1, 1981, if the Secretary finds that such State has initiated the process for having such State's plan for child welfare services indicate the manner in which the State, in the administration of such plan, will achieve the objectives and carry out the activities specified in paragraphs (1) and (2) of section 428(b).*

ALLOTMENT PERCENTAGE AND FEDERAL SHARE

SEC. 423. (a) The "allotment percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be the percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

(b) [The "Federal share" for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to

50 per centum as the per capita income of such States bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than 33⅓ per centum or more than 66⅔ per centum, and (2) the Federal share shall be 66⅔ per centum in the case of Puerto Rico, the Virgin Islands, and Guam.] *The "Federal share" for any State shall, effective on and after October 1, 1979, be 75 per centum, and*

(c) The [Federal share and] allotment percentage for each State shall be promulgated by the Secretary between October 1 and November 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning October 1 next succeeding such promulgation: *Provided,* That the Federal shares and allotment percentages promulgated under section 524(c) of the Social Security Act in 1966 shall be effective for purposes of this section for the fiscal years ending June 30, 1968, and June 30, 1969.[1]

(d) For purposes of this section, the term "United States" means the fifty States and the District of Columbia.

* * * * * * *

DEFINITION

SEC. 425. (*a*) For purposes of this title, the term "child-welfare services" means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible 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. *Expenditures made by a State for any calendar quarter which begins after September 30, 1979, for foster care maintenance payments shall be treated for purposes of making Federal payments under this part with respect to expenditures for child welfare services, as if such foster care maintenance payments constituted child welfare services of a type to which the limitation imposed by section 427 does not apply; except that, the amount payable to the State with respect to expenditures made for other child welfare services and for foster care maintenance payments during any such quarter shall not exceed 100 per centum of the amount of the expenditures made for child welfare services for which payment may be made under the limitation imposed by such section 427 as in effect without regard to this sentence.*

*(b) Funds expended by a State for any calendar quarter to comply with the statistical report required by section 476(b), and funds expended with respect to nonrecurring costs of adoption proceedings in the case of children placed for adoption with respect to whom assistance is provided under a State plan for adoption assistance approved under part E of this title, shall be deemed to have been expended for child welfare services.*

* * * * * * *

LIMITATION ON PAYMENTS WITH RESPECT TO FOSTER CARE

*SEC. 427. Notwithstanding any other provision of this part except the last sentence of section 425(a), if for any fiscal year which begins after September 30, 1979, there is appropriated under section 420 an amount in excess of the amount appropriated for the fiscal year ending on September 30, 1979, the amount payable to any State for expenditures made to provide child welfare services in the form of foster care maintenance payments in foster family homes or other foster care facilities, shall not exceed the amount of its allotment (before application of the provisions of section 424) under this part for the fiscal year ending September 30, 1979. Funds made available to any State pursuant to section 474(c) shall be subject to the limitation imposed by the preceding sentence.*

PORTIONS OF INCREASED ALLOTMENTS TO BE USED FOR CERTAIN SERVICES

*SEC. 428. (a)(1) If, for any fiscal year after 1979 there is appropriated under section 420 a sum in excess of the sum appropriated thereunder for the fiscal year 1979, the appropriation act by which such sum is appropriated may set aside the amount of such excess necessary for the carrying out of the activities and programs described in subsections (b) and (c).*

*(2) Whenever a specified amount of the sum appropriated under section 420 for any fiscal year is set aside pursuant to paragraph (1), the allotment of each State for such fiscal year shall be adjusted accordingly so as to restrict the availability of funds to the carrying out of the activities and programs described in subsections (b) and (c).*

*(b) For the first year that any amount of a State's allotment is restricted under subsection (a)(2), the amount so restricted may, except as provided in subsection (c), be expended only for the following purposes (and amounts so expended shall be conclusively presumed to be expended for child welfare services):*

*(1) for the purpose of conducting an inventory of all children who have been in foster care under the responsibility of the State for a period of six months preceding the inventory; for the purpose of determining the appropriateness of, and necessity for, the current foster placement, whether the child can be or should be returned to his parents or should be freed for adoption, and the services necessary to facilitate either the return of the child or the placement of the child for adoption or legal guardianship;*

*(2) for the purpose of designing and developing to the satisfaction of the Secretary—*

*(A) a statewide information system from which the status, demographic characteristics, location, and goals for the placement of every child in foster care or who has been in such care within the preceding twelve months can readily be determined;*

*(B) a case review system for each child receiving foster care under the supervision of the State; and*

*(C) a service program designed to help children remain with their families and, where appropriate, help children return to families from which they have been removed or be placed for adoption or legal guardianship.*

*(c) For any fiscal year (after the first fiscal year) that any amount of a State's allotment is restricted under subsection (a)(2), the amount so restricted may be expended only for the implementation and operation of the systems and programs described in subsection (b)(2) (and amounts*

*for such purposes shall be conclusively presumed to be expended for child welfare services). In the case of any State which has completed an inventory of the type specified in subsection (b)(1) and the design and development of the program and systems referred to in subsection (b)(2) prior to the first fiscal year referred to in subsection (b), or at any time prior to the end of such fiscal year, the amount of such State's allotment which is restricted under subsection (a)(2) shall remain available and may thereafter in such fiscal year or the succeeding fiscal year be used for the purposes specified in the first sentence of this subsection. In the case of any State which, during the first fiscal year referred to in subsection (b), fails to complete an inventory of the type specified in subsection (b)(1) and the design and development of the program and systems referred to in subsection (b)(2) prior to the end of such fiscal year, the amount of such State's allotment which is restricted under subsection (a)(2) for such fiscal year shall remain available for the succeeding fiscal year for the purpose of completing such inventory and the design and development of such program and systems; also, the amount of such State's allotment which is restricted under subsection (a)(2) for the succeeding fiscal year may be expended for such purpose.*

*(d)(1) As used in subsection (b)(2)(B), the term "case review system" means a procedure for assuring that—*

*(A) each child has a case plan designed to achieve placement in the least restrictive (most family like) setting available and in close proximity to the parents' home, consistent with the best interest and special needs of the child.*

*(B) the status of each child is reviewed periodically but no less frequently than once every twelve months by either a court or by administrative review (as defined in paragraph (2)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship, and*

*(C) with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than twenty-four months after the original placement (and periodically thereafter during the continuation of foster care), which hearing shall determine the future status of the child (including, but not limited to, whether the child should be returned to the parent, should be continued in foster care for a specified period, should be placed for adoption, or should (because of the child's special needs or circumstances) be continued in foster care on a permanent or long-term basis); and procedural safeguards shall also be applied with respect to parental rights to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents.*

*(2) As used in paragraph (1)(B), the term "administrative review" means a review open to the participation of the parents of the child conducted by a panel of appropriate persons at least one of whom is not*

*responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.*

*PAYMENTS TO INDIAN TRIBAL ORGANIZATIONS*

*SEC. 429. (a) The Secretary may, in appropriate cases (as determined by the Secretary) make payments under this part directly to an Indian tribal organization within any State which has a plan for child-welfare services approved under this part. Such payments shall be made in such manner and in such amounts as the Secretary determines to be appropriate.*

*(b) Amounts paid under subsection (a) shall be deemed to be a part of the allotment (as determined under section 421) for the State in which such Indian tribal organization is located.*

*(c) For purposes of this section—*

*(1) The term "tribal organization" means the recognized governing body of any Indian tribe, or any legally established organization of Indians which is controlled, sanctioned, or chartered by such governing body; and*

*(2) the term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians (including any Alaska Native village or regional or village corporation as defined in or established pursuant ot the Alaska Native Claims Settlement Act (Public Law 92–203; 85 Stat. 688)) which (A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or (B) is located on, or in proximity to, a Federal or State reservation or rancheria.*

PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

*  *  *  *  *  *  *

PAYMENTS TO STATES

SEC. 455. (a) From the sums appropriated therefor, the Secretary shall play 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 September 30, 1978.]

*  *  *  *  *  *  *

## *PART E—FEDERAL PAYMENTS FOR ADOPTION ASSISTANCE AND FOSTER CARE*

### *PURPOSE: APPROPRIATION*

*SEC. 470. (a) For the purpose of encouraging each State, as far as is practicable under the conditions of that State, to provide, in appropriate cases, foster care and adoption assistance for children who otherwise would be eligible for assistance under the State's plan approved under part A, there are authorized to be appropriated for each fiscal year (commencing with the fiscal year which begins October 1, 1979) such sums as may be necessary to carry out the provisions of this part.*

*(b) The sums made available under this section—*

*(1) are made available in recognition of the policy of the Federal Government that the placement of a child in foster care is not ordinarily regarded as a desirable form of permanent child care and that foster care should therefore ordinarily be a temporary status; and*

*(2) shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans under this part.*

### *STATE PLAN FOR ADOPTION ASSISTANCE AND FOSTER CARE*

*SEC. 471. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which—*

*(1) provides, where the plan includes adoption assistance payments, that such payments shall be payable in accordance with section 471, and, where the plan includes foster care maintenance payments, that such payments shall be payable in accordance with section 472;*

*(2) provides that the State agency responsible for administering the program authorized by part B of this title shall administer, or supervise the administration of, the program authorized by this part;*

*(3) provides that the plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;*

*(4) provides that the State shall assure that the programs at the local level assisted under this part will be coordinated with the programs at the State or local level assisted under parts A and B of this title, under title XX of this Act, and under any other appropriate provision of Federal law;*

*(5) provides that the State will, in the administration of its programs under this part, use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the programs, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;*

*(6) provides that the State agency referred to in paragraph (2) (hereinafter in this part referred to as the "State agency") will make such reports, in such form and containing such information as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;*

*(7) provides that the State agency will monitor and conduct periodic evaluations of activities carried out under this part;*

*(8) provides safeguards which restrict the use of or disclosure of information concerning individuals assisted under the State plan to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part A, B, C, or D of this title or under title I, V, X, XIV, XVI (as in effect in Puerto Rico, Guam, and the Virgin Islands), XIX, or XX or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need, and (D) any audit or similar activity conducted in connection with the administration of any such plan or program by any governmental agency which is authorized by law to conduct such audit or activity; and the safeguards so provided shall prohibit disclosure, to any committee or a legislative body (other than the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and any agency referred to in clause (D) with respect to an activity referred to in such clause), of any information which identifies by name or address any such applicant or recipient; except that nothing contained herein shall preclude a State from providing standards which restrict disclosures to purposes more limited than those specified herein, or which, in the case of adoptions, prevent disclosure entirely;*

*(9) provides that where any agency of the State has reason to believe that the home or institution in which a child resides whose care is being paid for in whole or in part with funds provided under this part or part B of this title is unsuitable for the child because of the neglect, abuse, or exploitation of such child, it shall bring such condition to the attention of the appropriate court or law enforcement agency;*

*(10) provides that the standards referred to in section 2003(d)(1)(F) shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B of this title;*

*(11) provides for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance payments to assure their continuing appropriateness;*

*(12) provides that any individual who is denied a request for benefits available pursuant to this part or part B of this title (or whose request for benefits is not acted upon within a reasonable time) will be informed of the reasons for the denial or delay and, if he so requests, will be offered an opportunity to meet with a representative of the agency administering the plan to discuss the reasons for the denial or delay;*

*(13) provides that the State shall arrange for a periodic and independently conducted audit of the programs assisted under this part and part B of this title, which shall be conducted no less frequently than once every three years;*

*(14) provides (A) specific goals (which shall be established by State law on or before October 1, 1981) for each fiscal year (commencing with the fiscal year which begins on October 1, 1982) as to*

*the maximum number of children (in absolute numbers or as a percentage of all children in foster care with respect to whom assistance under the plan is provided during such year) who, at any time during such year, will remain in foster care after having been in such care for a period in excess of twenty-four months, and (B) a description of the steps which will be taken by the State to achieve such goals; and*

*(15) effective October 1, 1981, provides that, in each case, reasonable efforts will be made (A) prior to the placement of a child in foster care, to prevent the removal of the child from his home, and (B) to make it possible for the child to return to his home.*

*(b) The Secretary shall approve any plan which complies with the provisions of subsection (a) of this section. However, in any case in which the Secretary finds, after reasonable notice and opportunity for a hearing, that a State plan which has been approved by the Secretary no longer complies with the provisions of subsection (a), or that in the administration of the plan there is a substantial failure to comply with the provisions of the plan, the Secretary shall notify the State that further payments will not be made to the State under this part, or that such payments will be made to the State but reduced by an amount which the Secretary determines appropriate, until the Secretary is satisfied that there is no longer any such failure to comply, and until he is so satisfied he shall make no further payments to the State, or shall reduce such payments by the amount specified in his notification to the State.*

*FOSTER CARE MAINTENANCE PAYMENTS PROGRAM*

*SEC. 472. (a) Each State with a plan approved under this part may make foster care maintenance payments (as defined in section 475(4)) under this part only with respect to a child who is placed in foster care prior to October 1, 1984 and who would meet the requirements of section 406 (a) or of section 407 of this Act but for his removal from the home of a relative (specified in section 406(a)), and only if—*

*(1) the removal from the home was the result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child and that reasonable efforts of the type described in section 471(a)(15) have been made;*

*(2) such child's placement and care are the responsibility of (A) the State agency administering the State plan approved under section 471, or (B) any other public agency with whom the State agency administering or supervising the administration of the State plan approved under section 471 has made an agreement which is still in effect;*

*(3) such child has been placed in a foster family home or child-care institution as a result of a determination referred to in paragraph (1);*

*(4) such child—*

*(A) receive aid under the State plan approved under section 402 in or for the month in which court proceedings leading to the removal of such child from the home was initiated, or*

*(B)(i) would have received such aid in or for such month if application had been made therefor, or (ii) had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made; and*

*(5) there is a case plan (as defined in section 475(1) of this part) for such child (including periodic review of the necessity for the child's being in a foster family home or child-care institution).*

*(b) Foster care maintenance payments may be made under this part only in behalf of a child described in subsection (a) of this section who is—*

*(1) in the foster family home of an individual, whether the payments therefor are made to such individual or to a public or nonprofit private child-placement or child-care agency, or*

*(2) in a child-care institution, whether the payments therefor are made to such institution or to a public or nonprofit private child-placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term "foster care maintenance payment" (as defined in section 475(4)).*

*(c) For the purposes of this part and part B of this title, (1) the term "foster family home" means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing; and (2) the term "child-care institution" means a nonprofit private child-care institution, or (subject to the succeeding sentence) a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing; but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent. A public institution which on the effective date of this part accommodates children and which, except for the provisions of this sentence would be a child-care institution (as defined in the preceding sentence), shall not, for purposes of this part, be considered to be a child-care institution (as so defined) with respect to any child who was in such institution on the date of enactment of this part.*

*(d) For purposes of title XIX of this Act, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 and shall be deemed to be a recipient of aid to families with dependent children under part A of this title.*

### *ADOPTION ASSISTANCE PROGRAM*

*Sec. 473. (a)(1) Each State with a plan approved under this part may, directly through the State agency or through another public or nonprofit private agency, make adoption assistance payments pursuant to an adoption assistance agreement in amounts determined under paragraph (3) of this subsection to parents who are eligible for such payments pursuant to paragraph (2) of this subsection and who, after the effective date of this section, adopt a child who—*

*(A) would, at the time adoption proceedings were initiated, have met the requirements of section 406 (a) or section 407 of this Act except for his removal from the home of a relative (specified in section 406 (a)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child.*

*(B)(i) received aid under the State plan approved under section 402 in or for the month in which court proceedings leading to the removal of such child from the home were initiated, or*

*(ii)(I) would have received such aid in or for such month if application had been made therefor, or (II) had been living with a relative specified in section 406 (a) within six months prior to the month in which such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made, and*

*(C) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.*

*(2) Parents may be eligible for adoption assistance payments under this part only if their income at the time of the adoption does not exceed 125 per centum of the median income of a family of four in the State, adjusted in accordance with regulations of the Secretary to take into account the size of the family after adoption. Notwithstanding the preceding sentence, parents whose income is above the limits specified therein may be eligible for assistance payments under this part if the State or local agency administering the program under this section determines that there are special circumstances (as defined in regulations of the Secretary) in the family which warrant adoption assistance payments; except that not more than 10 per centum of all parents receiving adoption assistance for any month may be parents whose income exceeds the limits so specified.*

*(3) The amount of the adoption assistance payments shall be determined through agreement between the adoptive parents and the State or local agency administering the program under this section, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.*

*(4) Notwithstanding the preceding two paragraphs, (A) no payment may be made to parents pursuant to this section with respect to any month in a calendar year following a calendar year in which the income of such parents exceeds the limits specified in paragraph (2), unless the State or local agency administering the program under this section has determined, pursuant to paragraph (2) (and subject to the percentage limitation imposed by the second sentence thereof), that there are special circumstances in the family which warrant adoption assistance payments, (B) no payment may be made to parents with respect to any child who has attained the age of eighteen, and (C) no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this section shall keep the State or local agency administering the program under this section informed of circumstances which would, pursuant to this subsection, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.*

*(5) For the purposes of this part, individuals with whom a child (who has been determined by the State, pursuant to subsection (c), to be a child with special needs) is placed for adoption, pursuant to an interlocutory decree, shall be eligible for adoption assistance payments under this subsection, during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted such child.*

*(b) Any child—*

*(1) who the State determines meets the requirements of subsection (a)(1); and*

*(2) who is placed for adoption or adopted following such determination*

*shall, with respect to any medical condition which was in existence at the time the child was adopted, retain eligibility under title XIX until the age of eighteen under such plan. However, a State may provide to such a child full eligibility for medical assistance under the State's plan approved under title XIX. For purposes of section 1904 of this Act, the requirement imposed by the first sentence of this subsection shall be deemed to be imposed by a provision of section 1902(a); and Federal payments on account of expenditures made by a State in compliance with such first sentence, or in accord with the second sentence of this subsection, shall be made in like manner as is provided under such title in the case of medical assistance furnished to a dependent child receiving aid under part A of title IV.*

*(c) For purposes of this section, a child shall not be considered a child with special needs unless—*

*(1) the State has determined that the child cannot or should not be returned to the home of his parents; and*

*(2) the State had first determined (A) that there exists with respect to the child a specific factor or condition because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and (B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section.*

*(d) Notwithstanding any other provision of this part, no adoption assistance payment under a State plan approved under this part shall be made pursuant to any adoption assistance agreement entered into after September 30, 1984.*

*PAYMENTS TO STATES; ALLOTMENTS TO STATES*

*SEC. 474. (a) For each quarter beginning after September 30, 1979, each State which has a plan approved under this part (subject to the limitations imposed by subsection (b)) shall be entitled to a payment equal to the sum of—*

*(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as foster care maintenance payments under section 472 for children in foster family homes or child-care institutions who were placed in foster care prior to October 1, 1984; plus*

*(2) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as adoption assistance payments under section 473 pursuant to adoption assistance agreements entered into prior to October 1, 1984; plus*

*(3) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan—*

*(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and*

*(B) one-half of the remainder of such expenditures.*

*(b)(1) Notwithstanding the provisions of subsections (a)(1) and (a)(3), with respect to expenditures relating to foster care, the aggregate of the sums payable to any State thereunder, with respect to expenditures relating to foster care, for the calendar quarters in any fiscal year shall not exceed the State's allotment for such year.*

*(2) For purposes of this subsection, a State's allotment for the fiscal year ending September 30, 1978, shall be equal to the amount of the Federal funds payable to such State under section 403 on account of expenditures for aid with respect to which Federal financial participation is authorized pursuant to section 408 (including administrative expenditures attributable to the provision of such aid). In the event that there is a dispute between any State and the Secretary as to the amount of such expenditures for such fiscal year, then, until the beginning of the fiscal year immediately following the fiscal year in which the dispute is finally resolved, the amount of the State's allotment for such fiscal year shall be deemed to be the amount of Federal funds which would have been payable under such section 403 if the amount of such expenditures were equal to the amount thereof claimed by the State.*

*(3)(A) For fiscal year 1980 and each fiscal year thereafter, the allotment of each State shall be equal to its allotment under this subparagraph for the preceding year increased or decreased (as the case may be) by a percentage equal to the lesser of (i) the inflation rate for such fiscal year as shown in the table appearing on page 25 of Senate Report Number 96–311 submitted by the Senate Budget Committee, rounded to the next higher percentage which is equal to or a multiple of 10 percent; or (ii) a percentage equal to twice the percentage increase or decrease (as the case may be) in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living adjustments under section 215(i) of this Act, for the second quarter of the preceding fiscal year as compared to such index for the second quarter of the second preceding fiscal year (and for purposes of this clause the Consumer Price Index for any quarter shall be the arithmetical mean of such index for the three months in such quarter); except that the allotment of any State shall not be increased by this subparagraph to an amount exceeding 176 percent of its allotment for fiscal year 1978. For purposes of this sub-*

*paragraph, the allotment of each State for fiscal year 1979 shall be equal to 109.1 percent of its allotment for fiscal year 1978.*

*(B) The amount of any State's allotment, for any fiscal year referred to in subparagraph (A), shall be the amount determined under such paragraph or (if greater) an amount which bears the same ratio to $100,000,000 as the under age eighteen population of such State bears to the under age eighteen population of the fifty States and the District of Columbia. The Secretary shall promulgate the amount of each State's allotment, for the fiscal year 1980, not later than sixty days after the date of enactment of this part, and for any succeeding fiscal year, prior to the first day of the third month of the preceding fiscal year, on the basis of the most recent satisfactory data available from the Department of Commerce.*

*(C) For the fiscal year 1980, and each fiscal year thereafter, sums available to a State from its allotment under subsection (b) for carrying out this part, which the State does not claim as reimbursement for expenditures in such year pursuant to subsection (a) of this section, may be claimed by the State as reimbursement for expenditures in such year pursuant to part B of this title, in addition to such sums available pursuant to section 420 for carrying out that part.*

*DEFINITIONS*

*SEC. 475. As used in this part or part B of this title:*

*(1) The term "case plan" means a written document which includes at least the following information: a description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the judicial determination made with respect to the child in accordance with section 472 (a)(1); a plan of services that will be provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child to his own home or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the services that have been provided to the child under the plan.*

*(2) The term "parents" means biological or adoptive parents or legal guardians, as determined by applicable State law.*

*(3) The term "adoption assistance agreement" means a written and consensual agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adopting parents of a minor which specifies, at a minimum, the amounts of the adoption assistance payments and any additional services and assistance which are to be provided as part of such agreement.*

*(4) The term "foster care maintenance payments" means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.*

*TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION*

*SEC. 476 (a) The Secretary may provide technical assistance to the States to assist them to develop the programs authorized under this part and shall periodically (1) evaluate the programs authorized under this part and part B of this title and (2) collect and publish data pertaining to the incidence and characteristics of foster care and adoptions in this country.*

*(b) Each State shall submit statistical reports as the Secretary may require with respect to children for whom payments are made under this part containing information with respect to such children including legal status, demographic characteristics, location, and length of any stay in foster care.*

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## TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW PART A—GENERAL PROVISIONS

* * * * * * *

LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, AND GUAM

SEC. 1108. (a) Except as provided in 2002(a)(2)(D), the total amount certified by the Secretary of Health, Education, and Welfare under title I, X, XIV, and XVI, and under part A of title IV (exclusive of any amounts on account of services and items to which subsection (b) applies)—

(1) for payment to Puerto Rico shall not exceed—

(A) $12,500,000 with respect to the fiscal year 1968,

(B) $15,000,000 with respect to the fiscal year 1969,

(C) $18,000,000 with respect to the fiscal year 1970,

(D) $21,000,000 with respect to the fiscal year 1971,

(E) $24,000,000 [with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979] *with respect to each of the fiscal years 1972 through 1978*, or

(F) $72,000,000 with respect to the fiscal year 1979 *and each fiscal year thereafter;*

(2) for payment to the Virgin Islands shal not exceed—

(A) $425,000 with respect to the fiscal year 1968,

(B) $500,000 with respect to the fiscal year 1969,

(C) $600,000 with respect to the fiscal year 1970,

(D) $700,000 with respect to the fiscal year 1971,

(E) $800,000 [with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979] *with respect to each of the fiscal years 1972 through 1978*, or

(F) $2,400,000 with respect to the fiscal year 1979 *and each fiscal year thereafter;*

(3) for payment to Guam shall not exceed—

(A) $575,000 with respect to the fiscal year 1968,

(B) $690,000 with respect to the fiscal year 1969,

(C) $825,000 with respect to the fiscal year 1970,

(D) $960,000 with respect to the fiscal year 1971,

(E) $1,100,000 [with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979] *with respect to each of the fiscal years 1972 through 1978*, or

(F) $3,300,000 with respect to the fiscal year 1979 *and each fiscal year thereafter.*

* * * * * * *

ALTERNATIVE FEDERAL PAYMENT WITH RESPECT TO PUBLIC ASSISTANCE EXPENDITURES

SEC. 1118. In the case of any State which has in effect a plan approved under title XIX for any calendar quarter, the total of the payments to which such State is entitled for such quarter, and for each succeeding quarter in the same fiscal year (which for purposes of this section means the 4 calendar quarters ending with September 30), under paragraphs (1) and (2) of sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) shall, at the option of the State, be determined by application of the Federal medical assistance percentage (as defined by section 1905), instead of the percentages provided under each such section, to the expenditures under its State plans approved under titles I, X, XIV, and XVI, and part A of title IV, which would be included in determining the amounts of the Federal payments to which such State is entitled under such sections, but without regard to any maximum on the dollar amounts per recipient which may be counted under such sections. For purposes of the preceding sentence, the term "Federal medical assistance percentage" shall, in the case of Puerto Rico, the Virgin Islands, and Guam, mean 75 per centum [when applied to quarters in the fiscal year ending September 30, 1979].

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*PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED*

*SEC. 1132. (a) Notwithstanding any other provision of this Act (but subject to subsection (b)), any claim by a State for payment with respect to an expenditure made during any calendar quarter by the State in carrying out—*

*(1) a State plan approved under title I, IV, V, X, XIV, XVI, XIX, or XX of this Act,*

*provides (on an entitlement basis) for Federal financial participation in expenditures made under State plans or programs,*

*shall be filed (in such form and manner as the Secretary shall by regulations prescribe) within the two-year period which begins on the first day of the calendar quarter immediately following such calendar quarter; and payment shall not be made under this Act on account of any such expenditure if claim therefor is not made within such two-year period; except that this subsection shall not be applied so as to deny payment with resect to any expenditure involving court-ordered retroactive payments or audit exceptions, or adjustments to prior year costs.*

*(b) The Secretary shall waive the requirement imposed under subsection (a) with respect to the filing of any claim if he determines (in*

*accordance with regulations) that there was good cause for the failure by the State to file such claim within the period prescribed under subsection (a). Any such waiver shall be only for such additional period of time as may be necessary to provide the State with a reasonable opportunity to file such claim. A failure to file a claim within such time period which is attributable to neglect or administrative inadequacies shall be deemed not to be for good cause.*

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## TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED, BLIND OR DISABLED, OR FOR SUCH AID AND MEDICAL ASSISTANCE FOR THE AGED

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### REHABILITATION SERVICES FOR BLIND AND DISABLED INDIVIDUALS

SEC. 1615. (a) * * *

[(c)] *(e)* (1) The Secretary shall, subject to the limitations imposed by paragraphs (2) and (3) pay to the State agency administering a State plan of a State under subsection (b) of this section, the costs incurred each fiscal year which begins after September 30, 1976, and ends prior to October 1, [1979] *1982*, in carrying out the State plan approved pursuant to such subsection (b).

* * * * * * *

## TITLE XX—GRANTS TO STATES FOR SERVICES

### APPROPRIATION AUTHORIZED

SEC. 2001. For the purpose of encouraging each State, as far as practicable under the conditions in that State, to furnish 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 providing services to individuals in institutions,

there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States under section 2002.

### PAYMENTS TO STATES

SEC. 2002. (a)(1) From the sums appropriated therefore, the Secretary shall, subject to the provisions of this section and section 2003, pay to each State, for each quarter, an amount equal to *100 per centum*

*of the expenditures during that quarter (which are not in excess of 2 per centum of the limitation applicable to that State under paragraph (2)(A) for the fiscal year in which such quarter occurs) for grants to qualified providers under section 2007,* 90 per centum of the total expenditures during that quarter for the provision of family planning services and (*subject to paragraph (17)*) 75 per centum of the total expenditures during that quarter for the provision of other services directed at the goal of—

(A) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

(B) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

(C) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

(D) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care, or

(E) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

including expenditures for administration (including planning and evaluation) and personnel training and retraining directly related to the provision of those services (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions). Services that are directed at these goals 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 and 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.

(2)(A)(i) [No payment with respect to any expenditures other than expenditures for personnel training or retraining directly related to the provision of services may be made under this section to any State for any fiscal year in excess of an amount] *Except as provided in clause (iii), no payment may be made under this section to any State for any fiscal year beginning after September 30, 1979, in excess of an amount* which bears the same ratio to the amount specified in clause (ii), as the population of that State bears to the population of the fifty States and the District of Columbia. The Secretary shall promulgate the limitation applicable to each State for each fiscal year under this paragraph prior to the first day of the third month of the preceding fiscal year, as determined on the basis of the most recent satisfactory data available from the Department of Commerce.

[(ii) The amount specified for purposes of clause (i) is $2,500,000,000 for fiscal years prior to fiscal year 1979, $2,700,000,000 for fiscal year 1979, and $2,500,000,000 for fiscal years after fiscal year 1979.]

*(ii) The amount specified for purposes of clause (i) for fiscal year 1980 and each succeeding fiscal year shall be an amount not exceeding $3,300,-*

*000,000 equal to the indexed ceiling amount for that fiscal year as determined under subparagraph (B).*

*(iii) Payment with respect to expenditures for personnel training or retraining directly related to the provision of services under this title may be made to a State, for any fiscal year, in excess of the limitation for such State determined under clause (i), except that, notwithstanding any other provision of law, payment to a State with respect to such expenditures for fiscal year 1980 may not exceed an amount equal to 4 percent of such State's limitation under clause (i), or, if greater, an amount equal to the amount of the payment made under this title to such State with respect to such expenditures for fiscal year 1979.*

[(B) Each State with respect to which a limitation is promulgated under subparagraph (A) for any fiscal year shall, at the earliest practicable date after the commencement of such fiscal year (and in accordance with regulations prescribed by the Secretary), certify to the Secretary whether the amount of its limitation is greater or less than the amount needed by the State, for uses to which the limitation applies, for such fiscal year and, if so, the amount by which the amount of such limitation is greater or less than such need.

[(C) If any State certifies, in accordance with subparagraph (B), that the amount of its limitation for any fiscal year is greater than its need for such year, then the amount of the limitation of such State for such year shall be reduced by the excess of its limitation amount over its need, and the amount of such reduction shall be available for allotment as provided in subparagraph (D).

[(D) Of the amounts made available, pursuant to subparagraph (C), for allotment for any fiscal year, the Secretary (i) shall allot to the jurisdiction of Puerto Rico $15,000,000, to the jurisdiction of Guam $500,000, and to the jurisdiction of the Virgin Islands $500,000, which shall be available to each such jurisdiction in addition to amounts available under section 1108 for purposes of matching the expenditures of such jurisdictions for services pursuant to sections 3(a)(4) and (5), 403(a)(3), 1003(a)(3) and (4), 1403(a)(3) and (4), and 1603(a)(4) and (5): *Provided,* That if the amounts made available, pursuant to subparagraph (C), are insufficient to meet the requirements of this clause, then such amounts as are available shall be allotted to each of the three jurisdictions in proportion to their respective populations.]

*(B)(i)(I) Except as otherwise provided in clauses (ii), (iii), and (iv), the indexed ceiling amount for any fiscal year shall be an amount equal to the indexed ceiling amount for the preceding fiscal year increased or decreased (as the case may be) by an amount determined under division (II).*

*(II) For purposes of division (I) the amount of the increase or decrease (as the case may be) shall be an amount equal to $2,500,000,-000, multiplied by a percentage equal to the positive or negative percentage change in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living adjustments under section 215(i) of this Act, for the second quarter of the preceding fiscal year as compared to such index for the second quarter of the second preceding fiscal year (rounded to the nearest one-tenth of one percent). For purposes of this clause the Consumer Price Index for any quarter shall be the arithmetical mean of such index for the three months in such quarter.*

*(ii) If the percentage increase in the Consumer Price Index as determined under clause (i)(II) for any fiscal year exceeds the inflation rate for that fiscal year as shown for that year (or, if no rate is shown for that year, for the most recent preceding year for which a rate is shown) in the table which appears on page 25 of Senate Report No. 96–311 submitted by the Senate Budget Committee, then for such fiscal year such inflation rate shall be used in making the determination under clause (i)(II) instead of the percentage increase in the Consumer Price Index.*

*(iii) The indexed ceiling amount determined under clause (i) shall, if not a multiple of $100,000,000, be rounded to the next lesser amount that is a multiple of $100,000,000.*

*(iv) The indexed ceiling amount for fiscal year 1979 shall be $2,500,000,000.*

*(C)(i) The Secretary shall pay to the jurisdictions of Puerto Rico, Guam, the Virgin Islands, and the Northern Mariana Islands such sums as may be necessary (not to exceed the limits specified in clause (ii)) for purposes of matching the expenditures of such jurisdictions for services pursuant to sectons 3(a) (4) and (5), 403(a) (3), 1003(a) (3) and (4), 1403 (a) (3) and (4), and 1603(a) (4) and (5) of this Act. Such payments shall be in addition to the amounts available to such jurisdictions under section 1108 of this Act.*

*(ii) Payments for any fiscal year under this subparagraph shall not exceed $15,000,000 to Puerto Rico, $500,000 to Guam, $500,000 to the Virgin Islands, and $100,000 to the Northern Mariana Islands.*

(3) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual unless—

(A) the State's services program planning meets the requirements of section 2004, and

(B) the final comprehensive annual services plan in effect when the service is provided to the individual includes the provision of that service to a category of individuals which includes that individual in the descriptions required by section 2004(2) (B) and (C) of the services to be provided under the plan and the categories of individuals to whom the services are to be provided.

The Secretary may not deny payment under this section to any State with respect to any expenditure on the ground that it is not an expenditure for the provision of a service or is not an expenditure for the provision of a service directed at a goal described in paragraph (1) of this subsection.

(4) So much of the aggregate expenditures with respect to which payment is made under this section to any State for any fiscal year as equals 50 per centum of the payment made under this section to the State for that fiscal year must be expended for the provison of services to individuals—

(A) who are receiving aid under the plan of the State approved under part A of title IV or who are eligible to receive such aid, or

(B) whose needs are taken into account in determining the needs of an individual who is receiving aid under the plan of the State approved under part A of title IV, or who are eligible to have their needs taken into account in determining the needs of an individual who is receiving or is eligible to receive such aid, or

(C) with respect to whom supplemental security income benefits under title XVI or State supplementary payments as defined in section [2007] *2008* (1), are being paid, or who are eligible to have such benefits or payments paid with respect to them, or

(D) whose income and resources are taken into account in determining the amount of supplemental security income benefits or State supplementary payments, as defined in section [2007] *2008* (1), being paid with respect to an individual, or whose income and resources would be taken into account in determining the amount of such benefits or payments to be paid with respect to an individual who is eligible so have such benefits or payments paid with respect to him, or

(E) who are eligible for medical assistance under the plan of the State approved under title XIX.

In any case in which services are provided to individuals to whom the provisions of paragraph (14) are applied, the proportion of the expenditures for such services which are attributable to individuals described in the preceding sentence may be determined on the basis of generally accepted statistical sampling procedures.

(5) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual—

(A) who is receiving, or whose needs are taken into account in determining the needs of an individual who is receiving, aid under the plan of the State approved under part A of title IV, or with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section [2007] *2008* (1), are being paid, or

(B) who is a member of a family the monthly gross income of which is less than the lower of—

(i) 80 per centum of the median income of a family of four in the State, or

(ii) the median income of a family of four in the fifty States and the District of Columbia,

adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family,

if any fee or other charge (other than a voluntary contribution) imposed on the individual for the provision of that service is not consistent with such requirements (including requirements prohibiting the imposition of any such fee or charge) as the Secretary shall prescribe.

(6) No payment may be made under this section to any State with respect to any expenditure for the provision of any service, other than an information or referral service, family planning services, or a service directed at the goal of preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, to any individual who is not an individual described in paragraph (5), and—

(A) who is a member of a family the monthly gross income of which exceeds 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family, or

(B) who is a member of a family the monthly gross income of which—

(i) exceeds the lower of—

(I) 80 per centum of the median income of a family of four in the State, or

(II) the median income of a family of four in the fifty States and the District of Columbia,

adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family, and

(ii) does not exceed 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family,

unless a fee or other charge reasonably related to income is imposed on the individual for the provision of the service.

The Secretary shall promulgate the median income of a family of four in each State and the fifty States and the District of Columbia applicable to payments with respect to expenditures in each fiscal year prior to the first day of the third month of the preceding fiscal year.

(7) No payment may be made under this section to any State with respect to any expenditure—

(A) for the provision of medical or any other remedial care, (except as provided in paragraph (11)(D)), other than family planning services, unless it is an integral but subordinate part of a service described in paragraph (1) of this subsection and Federal financial participation with respect to the expenditure is not available under the plan of the State approved under title XIX; or

(B) for the purchase, construction, or major modification of any land, building or other facility, or fixed equipment; or

(C) which is in the form of goods or services provided in kind by a private entity; or

(D) which is made from donated private funds, unless such funds—

(i) are transferred to the State and are under its administrative control, and

(ii) are donated to the State, without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided, [and] *except that during fiscal year 1980, the provisions of this clause shall not apply with respect to funds that are donated for the purpose of tranining or retraining as provided in subsection (a) (1), if such training or retraining is carried out by a public or nonprofit entity, and*

(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization; or

(E) for the provision of room or board (except as provided by paragraph (11)(C) and paragraph (11)(D)) other than room or board provided for a period of not more than six consecutive months as an integral but subordinate part of a service described in paragraph (1) of this subsection.

With regard to ending the dependency of individuals who are alcoholics or drug addicts, the entire rehabilitative process for such individuals, including but not limited to initial detoxification, short term residential treatment, and subsequent outpatient counseling and rehabilitative services, whether or not such a process involves more than one provider of services, shall be the basis for determining whether standards imposed by or under subparagraph (A) or (E) of this paragraph have been met.

(8) No payment may be made under this section with respect to any expenditure if payment is made with respect to that expenditure under section 403 or 422 of this Act.

(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 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.

(C) The requirements imposed by this paragraph are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services with respect to which payment is made under this section.

(10) No payment may be made under this section with respect to any expenditure for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income.

(11) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual living in any hospital, skilled nursing facility, or intermediate care facility (including any such hospital or facility for mental diseases or for the mentally retarded), any prison, or any foster family home except—

(A) any expenditure for the provision of a service that (i) is provided by other than the hospital, facility, prison, or foster family home in which the individual is living, and (ii) is provided under the State's program for the provision of the services described in paragraph (1), to individuals who are not living in a hospital, skilled nursing facility, intermediate care facility, prison, or foster family home,

(B) any expenditure which is for the cost, in addition to the cost of basic foster care, of the provision, by a foster family home, to an individual living in that home, or a service which meets a special need of that individual, as determined under regulations prescribed by the Secretary,

(C) any expenditure for the provision of emergency shelter provided to a child, for not in excess of thirty days, as a protective service; [and]

(D) any expenditure for the initial detoxification of an alcoholic or drug dependent individual, for a period not to exceed 7 days, if such detoxification is integral to the further provision of services for which such individual would otherwise be eligible under this title[.]; *and*

*(E) any expenditure for the provision of emergency shelter, for not in excess of thirty days in any six-month period, provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment, or exploitation.*

(12) No payment may be made under this section with respect to any expenditure for the provision of cash payments as a service.

(13) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual to the extent that the provider of the service or the individual receiving the service is eligible to receive payment under title XVIII with respect to the provision of the service.

(14)(A) For purposes of paragraphs (5) and (6), an individual shall, at the option of the State, be deemed to be an individual described in paragraph (5)(B) if, because of the geographic area in which any particular service is provided to him, the characteristics of the community to which it is provided, the nature of the service,

the conditions (other than income) of eligibility to receive it, or other factors surrounding its provision, the State may reasonably conclude without individual determinations of eligibility, that substantially all of the persons who receive the service are members of families with a monthly gross income which is not more than 90 per centum of the median income of a family of four in the State, adjusted (in accordance with the regulations prescribed by the Secretary) to take into account the size of the family.

(B) The provisions of subparagraph (A) shall not be applicable to child day care services furnished to any child other than a child of a migratory agricultural worker.

(15) No payment may be made under this section with respect to any expenditure for the provision of any health related service if such service is provided by an entity which has failed to comply with a request made by the Secretary or State agency under section 2003 (d)(1)(J), for so long as such entity remains in noncompliance with such request.

(16) Any State may refuse to enter into a contract or other arrangement with a provider of services for purposes of participation under the program established by this title, or otherwise to approve a provider for such purposes, if any person who has a direct or indirect ownership or control interest of 5 percent or more in such provider, or who is an officer, director, agent, or managing employee (as defined in section 1126(b)) of such provider, is a person described in section 1126(a), and the State may terminate any such contract, arrangement, or approval if it determines that the provider did not fully and accurately make any disclosure required of it by section 1126(a) at the time the contract or arrangement was entered into or the approval was given.

(b)(1) Prior to the beginning of each quarter the Secretary shall estimate the amount to which a State will be entitled under this section for that quarter on the basis of a report filed by the State containing its estimate of the amount to be expended during that quarter with respect to which payment must be made under this section, together with an explanation of the bases for that estimate.

(2) The Secretary shall then pay to the State, in such installment as he may determine, 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 the 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.

*(17) (A) The total payment to a State under this section with respect to expenditures during fiscal year 1980 or fiscal year 1981 for the provision of child day care services under this title shall be equal to 100 per centum of such expenditures to the extent that such expenditures (during that fiscal year) do not exceed an amount which bears the same ratio to $200,000,000 as the amount of the State's limitation under paragraph (2) (A) bears to the indexed ceiling amount for each such fiscal year.*

*(B) Federal funds payable to a State under this title (with respect to expenditures for child day care services) at the rate specified in subparagraph (A) shall, to the maximum extent that the State determines to be*

*feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.*

*(C) In determining the amount of the expenditures with respect to which payment shall be made at the rate of 100 percent as provided in subparagraph (A), there shall be included those sums granted by a State for child day care service for which payment is authorized under section 2007, and the total amount of payment to a State for fiscal year 1981 or 1982 under this paragraph and under section 2007, may not exceed 8 percent of the limitation applicable to that State under paragraph (2) (A) for such fiscal year.*

PROGRAM REPORTING

Sec. 2003. (a) Each State which participates in the program established by this title shall make such reports concerning its use of Federal social services funds as the Secretary may by regulation provide.

(b) Each State which participates in the program established by this title shall assure that the aggregate expenditures from appropriated funds from the State and political subdivisions thereof for the provision of services during each [services program year] *fiscal year (as selected by the State under section 2004(1)) within each services program period* (as established under the requirements of section 2002(a)(3)) with respect to which payment is made under section 2002 is not less than the aggregate expenditures from such appropriated funds for the provision of those services during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, with respect to which payment was made under the plan of the State approved under title I, VI, X, XIV, or XVI, or part A of title IV, whichever is less, except that the requirements of this subsection shall not apply to any State for any services program [year] *period* if the payment to the State under section 2002, for each fiscal year any part of which is included in that services program year, with respect to expenditures other than expenditures for personnel training or retraining directly related to the provision of services, equals the allotment of the State for that fiscal year under section 2002(a)(2).

(c)(1) If the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds that there is a substantial failure to comply with any of the requirements imposed by subsections (a) and (b) of this section, he shall, except as provided in paragraph (2), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

(2) The Secretary may suspend implementation of any termination of payments under paragraph (1) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 per centum for each of subsections (a) and (b) of this section with respect to which there was a finding of substantial noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

(d)(1) Each State which participates in the program established by this title shall have a plan applicable to its program for the provision of the services described in section 2002(a)(1) which—

(A) provides than opportunity for a fair hearing before the appropriate State agency will be granted to any individual whose claim for any service described in section 2002(a)(1) is denied or is not acted upon with reasonable promptness;

(B) provides that the use or disclosure of information optained in connection with administration of the State's program for the provision of the services described in section 2002(a)(1) concerning applicants for and receipients of those services will be restricted to purposes directly connected with the administration of that program, the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, or the plan of the State approved under title XIX;

(C) provides for the designation by the chief executive officer of the State or as otherwise provided by the laws of the State, of an appropriate agency which will administer or supervise the administration of the State's program for the provision of the services described in section 2002(a)(1);

(D) provides that the State will, in the administration of its program for the provision of the services described in section 2002(a)(1), use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the program, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

(E) provides that no durational residency or citizenship requirement will be imposed as a condition to participation in the program of the State for the provision of the services described in section 2002(a)(1);

(F) provides, if the State program for the provision of the services described in section 2002(a)(1) includes services to individuals living in institutions or foster homes, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions or homes which are reasonably in accord with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admissions policies, safety, sanitation, and protection of civil rights;

(G) provides, if the State program for the provision of the services described in section 2002(a)(1) includes child day care services, for the establishment or designation of a State authority or authorities 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 for facilities providing such services, safety, sanitation, and protection of civil rights;

(H) provides that the State's program for the provision of the services described in section 2002(a)(1) will be in effect in all political subdivisions of the State;

(I) provides for financial participation by the State in the provision of the services described in section 2002(a)(1); and

(J) provides that any entity (other than an individual practitioner or a group of practitioners) receiving payments for the provision of health related services complies with the requirements of section 1124, and supplies (within such period as may be specified in regulations by the Secretary or by the State agency which administers or supervises the administration of the plan) upon request specifically addressed to such entity by the Secretary or such State agency, respectively, (i) full and complete information as to the ownership of a subcontractor (as defined by the Secretary in regulations) with whom such entity has had, during the previous twelve months, business transactions in an aggregate amount in excess of $25,000, and (ii) full and complete information as to any significant business transactions (as defined by the Secretary in regulations), occurring during the five-year period ending on the date of such request, between such entity and any wholly owned supplier or between such entity and any subcontractor.

Notwithstanding clause (C), if on December 1, 1974, the State agency which administered or supervised the administration of the portion of the plan of the State for services to the aged, blind, or disabled approved under title VI of this Act which related to blind individuals was different from the agency which administered or supervised the administration of the rest of that plan, the State agency which administered or supervised the administration of the portion of the plan of the State for services to the aged, blind, or disabled related to blind individuals may be designated to administer or supervise the administration of the portion of the State's program for the provision of the services described in section 2002(a)(1) related to blind individuals and a separate State agency may be designated to administer or supervise the administration of the rest of the program; and in such case the part of the program which each agency administers, or the administration of which each agency supervises, shall be regarded as a separate program for the provision of the services described in section 2002(a)(1) for purposes of this title. The date selected by the State pursuant to section 2004(1) as the beginning of the services program [year] *period* for each of the separate programs shall be the same.

(2) The Secretary shall approve any plan which complies with the provisions of paragraph (1).

(e)(1) No payment may be made under section 2002 to any State which does not have a plan approved under subsection (g).

(2) In the case of any State plan which has been approved by the Secretary under subsection (d), if the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds—

(A) that the plan no longer complies with the provisions of subsection (d)(1), or

(B) that in the administration of the plan there is a substantial failure to comply with any such provision,

the Secretary shall, except as provided in paragraph (3), notify the State that further payments will not be made to the State under sec-

tion 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

(3) The Secretary may suspend implementation of any termination of payments under paragraph (2) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 percent for each clause of subsection (d)(1) with respect to which there is a finding of noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

(f) The provisions of section 333 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 shall be applicable to services provided by an State pursuant to this title with respect to individuals suffering from drug addiction or alcoholism.

SERVICES PROGRAM PLANNING

SEC. 2004. A State's services program planning meets the requirements of this section if, for the purpose of assuring public participation in the development of the program for the provision of the services described in section 2002 (a)(1) within the State—

[(1) the beginning of the fiscal year of either the Federal Government or the State government is established as the beginning of the State's services program year; and]

*(1) for each services program period, the beginning of the fiscal year of the Federal Government, the State government, or the political subdivisions of such State is established as the beginning of the State's services program period, and the end of such fiscal year, the succeeding fiscal year, or the second succeeding fiscal year is established as the end of the State's services program period; and*

(2) at least ninety days prior to the beginning of the State's services program [year] *period*, the chief executive officer of the State, or such other official as the laws of the State provide, publishes and makes generally available (as defined in regulations prescribed by the Secretary after consideration of State laws governing notice of actions by public officials) to the public a proposed comprehensive [annual] services program plan prepared by the agency designated pursuant to the requirements of section 2003(d)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the State's plan for the provision of the services described in section 2002(a)(1) during that [year] *period*, including—

(A) the objectives to be achieved under the program,

(B) the services to be provided under the program, including at least one service directed at at least one of the goals in each of the five categories of goals set forth in section 2002 (a)(1) (as determined by the State) and including at least three types of services (selected by the State) for individuals who are recipients of supplemental security income benefits under title XVI and who are in need of such services, together with a definition of those services and a description of their relationship to the objectives to be achieved under the program and the goals described in section 2002(a)(1),

(C) the categories of individuals to whom those services are to be provided, including any categories based on the income of individuals or their families,

(D) the geographic areas in which those services are to be provided, and the nature and amount of the services to be provided in each area,

(E) a description of the planning, evaluation, and reporting activities to be carried out under the program,

(F) the sources of the resources to be used to carry out the program,

(G) a description of the organizational structure through which the program will be administered, including the extent to which public and private agencies and volunteers will be utilized in the provision of services,

(H) a description of how the provision of services under the program will be coordinated with the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, the plan of the State approved under title XIX, and other programs for the provision of related human services within the State, including the steps taken to assure maximum feasible utilization of services under these programs to meet the needs of the low income population,

(I) the estimated expenditures under the program, including estimated expenditures with respect to each of the services to be provided, each of the categories of individuals to whom those services are to be provided, and each of the geographic areas in which those services are to be provided, and a comparison between estimated non-Federal expenditures under the program and non-Federal expenditures for the provision of the services described in section 2002(a)(1) in the State during the preceding services program [year] *period*, and

(J) a description of the steps taken, or to be taken, to assure that the needs of all residents of, and all geographic areas in, the State were taken into account in the development of the plan; and

(3) public comment on the proposed plan is accepted for a period of at least forty-five days; and

(4) at least forty-five days after publication of the proposed plan and prior to the beginning of the State's services program [year] *period*, the chief executive officer of the State, or such other official as the laws of the State provide, publishes a final comprehensive [annual] services program plan prepared by the agency designed pursuant to the requirements of section 2003(d)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the same information required to be included in the proposed plan, together with an explanation of the differences between the proposed and final plan and the reasons therefor; and

(5) any amendment to a final comprehensive services program plan is prepared by the agency designated pursuant to section 2003(d)(1)(C), approved by the chief executive officer of the

State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a proposed amendment on which public comment is accepted for a period of at least thirty days, and then prepared by the agency designated pursuant to section 2003(d)(1)(C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a final amendment, together with an explanation of the differences between the proposed and final amendment and the reasons therefor[.]*; and*

*(6) in the case of a State that adopts a services program planning period of longer than one year, the State agency publishes and makes generally available such information concerning the comprehensive services program at such times as the Secretary may by regulation require.*

EFFECTIVE DATE OF REGULATIONS PUBLISHED BY THE SECRETARY

SEC. 2005. No final regulation published by the Secretary under this title shall be effective with respect to payments under section 2002 for expenditures during any quarter commencing before the beginning of the first services program [year] *period* established by the State under the requirements of section 2002(a)(3) which begins at least sixty days after the publication of the final regulation.

EVALUATION; PROGRAM ASSISTANCE

SEC. 2006. (a) The Secretary shall provide for the continuing evaluation of State programs for the provision of the services described in section 2002(a)(1).

(b) The Secretary shall make available to the States assistance with respect to the content of their services program, and their services program planning, reporting, administration, and evaluation.

(c) Within six months after the close of each fiscal year, the Secretary shall submit to the Congress a report on the operation of the program established by this title during that year, including—

(1) the evaluations carried out under subsection (a) and the results obtained therefrom, and

(2) the assistance provided under subsection (b) during that year.

*CHILD DAY CARE SERVICES*

*SEC. 2007. (a) Subject to subsection (b), sums granted by a State to a qualified provider of child day care services (as defined in subsection (c)) to assist such provider in meeting its work incentive program expenses (as defined in subsection (c)) with respect to individuals employed in jobs related to the provision of child day care services in one or more child day care facilities of such provider, shall be deemed for purposes of section 2002 to consititute expenditures made by the State in accordance with the provisions of this title for the provision of child day care services.*

*(b) The provisions of subsection (a) shall not be applicable with respect to any grant made to a particular qualified provider of child day care services to the extent that (as determined by the Secretary) such*

*grant is or will be used to pay wages to any employee at an annual rate in excess of $6,000, in the case of a public or nonprofit private provider, or at an annual rate in excess of $5,000, or to pay more than 80 per centum of the wages of any employee, in the case of any other provider.*

*(c) For purposes of this section—*

*(1) the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to this title; and*

*(2) the term "work incentive program expenses" means expenses of a qualified provider of child day care services which constitute work incentive program expenses as defined in section 50B(a)(1) of the Internal Revenue Code of 1954, or which would constitute work incentive program expenses as so defined if the provider were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code.*

DEFINITIONS

SEC. [2007] *2008*. For purposes of this title—

(1) the term "State supplementary payment" means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits, as determined by the Secretary, and

(2) the term "State" means the fifty States and the District of Columbia.

# EXCERPTS FROM THE INTERNAL REVENUE CODE OF 1954
# 16 U.S.C. 1—

## Subtitle A—Income Taxes

## CHAPTER 1—NORMAL TAXES AND SURTAXES

### SUBCHAPTER A—DETERMINATION OF TAX LIABILITY

* * * * * * *

### Part IV—Credits Against Tax

#### Subpart A—Credits Allowable

* * * * * * *

SEC. 50A. AMOUNT OF CREDIT.

* * * * * * *

(4) LIMITATION WITH RESPECT TO NONBUSINESS ELIGIBLE EMPLOYEES.—

(C) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, subparagraph (A) shall be

applied by substituting "$6,000" [and] *for* "12,000". The preceding sentence shall not apply if the spouse of the taxpayer has no work incentive program expenses described in such subparagraph for the taxable year.

## SEC. 50B. DEFINITIONS; SPECIAL RULES.

(g) SPECIAL RULES FOR CONTROLLED GROUPS.—

* * * * * *

(2) EMPLOYEES OF PARTNERSHIPS, PROPRIETORSHIPS, ETC., WHICH ARE UNDER COMMON CONTROL.—For purposes of this subpart, under regulations prescribed by the Secretary—

(A) all employees of trades or business (whether or not incorprated) which are under common control shall be treated as employed by a single employer, and

(B) the credit (if any) allowable by section 40 with respect to each trade or business shall be its proportionate share of the work incentive program expenses giving rise to such credit.

The regulations prescribed under this paragraph shall be based on principles similar to the principles which apply in the case of paragraph (1).

(h) ELIGIBLE EMPLOYEE.—

(1) ELIGIBLE EMPLOYEE.—For purposes of this subpart the term "eligible employee" means an individual—

(A) who has been certified by the Secretary of Labor or by the appropriate agency of State or local government as—

(i) being eligible for financial assistance under part A of title IV of the Social Security Act and as having continually recived such financial assistance during the [9] *90*-day period which immediately precedes the date on which such individual is hired by the employer, or

(ii) having been placed in employment under a work incentive program established under section 432(b)(1) of the Social Security Act,

(B) who has been employed by the taxpayer for a period in excess of 30 consecutive days on a substantially full-time basis,

(C) who has not displaced any other individual from employment by the taxpayer, and

(D) who is not a migrant worker.

The term "eligible employee" includes an employee of the taxpayer whose services are not performed in connection with a trade or business of the taxpayer.

(2) MIGRANT WORKER.—For purposes of paragraph (1), the term "migrant worker" means an individual who is employed for services for which the customary period of employment by one employer is less than 30 days if the nature of such services requires that such individual travel from place to place over a short period of time.

*(i) SPECIAL RULES WITH RESPECT TO EMPLOYMENT OF DAY CARE WORKERS.—*

*(1) ELIGIBLE EMPLOYEE.—An individual who would be an "eligible employee" (as that term is defined for purposes of this sec-*

*tion) except for the fact that such individual's employment is not on a substantially full-time basis, shall be deemed to be an eligible employee as so defined, if such employee's employment consists of services performed in connection with a child day care program of the taxpayer, on either a full-time or part-time basis.*

*(2) ALTERNATIVE LIMITATION WITH RESPECT TO CHILD DAY CARE SERVICES ELIGIBLE EMPLOYEES.—The amount of the credit allowed a taxpayer under section 40, as determined under section 50A and the preceding provisions of this section, with respect to work incentive program expenses paid or incurred by him with respect to an eligible employee whose services are performed in connection with a child day care services program conducted by the taxpayer shall, at the election of the taxpayer, be determined by including (in computing the amount of such expenses so paid or incurred by him) any amount with respect to such employee for which he was reimbursed from funds made available pursuant to section 3(c) of Public Law 94–401 or section 2007 of title XX of the Social Security Act, except that, if the total amount of such credit, as so computed, plus such amount reimbursed to him under such sections, exceeds the lesser of $6,000 or 100 percent of the total expenses paid or incurred by him with respect to such employee, the amount of such credit shall be reduced (but not below zero) so as to provide that such total does not exceed the lesser of $6,000 or 100 percent of the total expenses paid or incurred by him with respect to such employee.*

[(i)] *(j)* CROSS REFERENCE.—

(A) the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to title XX of the Social Security Act; and

(B) the term "Federal welfare recipient employment expenses" means expenses of a qualified provider of child day care services which constitute [Federal welfare recipient employment incentive expenses] *work incentive program expenses* as defined in section 50B(a)(2) of the Internal Revenue Code of 1954, or which would constitute [Federal welfare recipient employment incentive expenses] *work incentive program expenses* as so defined if the provided were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code.

(d)(1) In the administration of title XX of the Social Security Act, the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall, subject to paragraph (2), be deemed to read "100" for purposes of applying such sentence to expenditures made by a State for the provision of child day care services during the fiscal year ending September 30, 1977, the fiscal year ending September 30, 1978, or the fiscal year ending September 30, 1979.

(2) The total amount of Federal payments which may be paid to any State for any such fiscal year under title XX of the Social Security Act at the rate specified in paragraph (1) shall not exceed an amount equal to the excess (if any) of—

(A) the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such year, over

(B) the aggregate of the amounts of the grants, made by the State during such year, to which the provisions of subsection (c)(1) are applicable.

* * * * * * *

## EXCERPTS FROM PUBLIC LAW 94-120

* * * * * * *

SEC. 4. (a) Section 2003 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) The provisions of section 333 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 shall be applicable to services provided by any State pursuant to this title with respect to individuals suffering from drug addiction or alcoholism.".

(b)(1) Section 2002(a)(7) of such Act is amended by adding at the end thereof the following new sentence: "With regard to ending the dependency of individuals who are alcoholics or drug addicts, the entire rehabilitative process for such individuals, including but not limited to initial detoxification, short term residential treatment, and subsequent outpatient counseling and rehabilitative services, whether or not such a process involves more than one provider of services, shall be the basis for determining whether standards imposed by or under subparagraph (A) or (E) of this paragraph have been met.".

(2) Section 2002(a)(11) of such Act is amended by—

(A) striking out "and" at the end of clause (B) thereof,

(B) striking out the period at the end of clause (C) thereof and inserting in lieu of such period "; and", and

(C) adding after clause (C) thereof the following new clause:

"(D) any expenditure for the initial detoxification of an alcoholic or drug dependent individual, for a period not to exceed 7 days, if such detoxification is integral to the further provision of services for which such individual would otherwise be eligible under this title.".

(3) Section 2002(a)(7)(A) of such Act is amended by inserting "(except as provided in paragraph (11)(D))" immediately after "other remedial care".

(4) Section 2002(a)(7)(E) of such Act is amended by inserting "and paragraph (11)(D)" immediately after "paragraph (11)(C)".

(c) The amendments made by this section shall be effective [only for the period beginning October 1, 1975, and ending January 31, 1976; and, on and after February 1, 1976, sections 2002(a)(7), 2002(a)(11), and 2003 of the Social Security Act shall read as they would if such amendments had not been made.] *from and after October 1, 1975.*

# EXCERPTS FROM PUBLIC LAW 94-401, AS AMENDED

* * * * * * *

SEC. 3. (a) For purposes of title XX of the Social Security Act, the amount of the limitation (imposed by section 2002(a)(2) of such Act) which is applicable to any State for the fiscal period beginning July 1, 1976, and ending September 30, 1976, or which is applicable to any State for the fiscal year ending September 30, 1977, the fiscal year ending September 30, 1978, and the fiscal year ending September 30, 1979, shall be deemed to be equal to whichever of the following is the lesser:

(1) an amount equal to—

(A) 106.4 per centum of the amount of the limitation so imposed (as determined without regard to this section) in the case of such fiscal period, or

(B) 108 per centum of the amount of the limitation so imposed (as determined without regard to this section) in the case of such fiscal year ending September 30, 1977, and such fiscal year ending September 30, 1978, or

(C) 107.407 per centum of the amount of the limitation so imposed (as determined without regard to this section) in the case of such fiscal year ending September 30, 1979, or

(2) an amount equal to (A) 100 per centum of such limitation for such fiscal period or any such fiscal year (as determined without regard to this section), plus (B) an amount equal to the sum of (i) 75 per centum (in the case of such fiscal period) or 100 per centum (in the case of such fiscal year) of the total amount of expenditures (I) which are made during such fiscal period or year in connection with the provision of any child day care service, and (II) with respect to which payment is authorized to be made to the State under such title for such fiscal period or year, and (ii) the aggregate of the amounts of the grants, made by the State during such fiscal period or year, to which the provisions of subsection (c)(1) are applicable.

(b) The additional Federal funds which become payable to any State for the fiscal period or any fiscal year specified in subsection (a) by reason of the provisions of such subsection shall, to the maximum extent that the State determines to be feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.

(c)(1) Subject to paragraph (2), sums granted by a State to a qualified provider of child day care services (as defined in paragraph (3)(A)) during the fiscal period or any fiscal year [(other than the fiscal year ending September 30, 1979)] specified in subsection (a), to assist such provider in meeting its [Federal welfare recipient employment incentive expenses] *work incentive program expenses* (as defined in paragraph (3)(B)) with respect to individuals employed in jobs related to the provision of child day care services in one or more child day care facilities of such provider, shall be deemed, for purposes of title XX of the Social Security Act, to constitute expenditures made by the State, in accordance with the

requirements and conditions imposed by such Act, for the provision of services directed at one or more of the goals set forth in clauses (A) through (E) of the first sentence of section 2002(a)(1) of such Act. With respect to sums to which the preceding sentence is applicable (after application of the provisions of paragraph (2)), the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall be deemed to read "100".

(2) The provisions of paragraph (1) shall not be applicable—

(A) to the amount, if any, by which the aggregate of the sums (as described in such paragraph) granted by any State during the fiscal period or any fiscal year [(other than the fiscal year ending September 30, 1979)] specified in subsection (a) exceeds the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such fiscal period or year, or

(B) with respect to any grant made to a particular qualified provider of child day care services to the extent that (as determined by the Secretary) such grant is or will be used—

(i) to pay wages to any employee at an annual rate in excess of [$5,000] *$6,000*, in the case of a public or nonprofit private provider, or

(ii) to pay wages to any employee at an annual rate in excess of [$4,000] *$4,000*, or to pay more than 80 per centum of the wages of any employee, in the case of any other provider.

(3) For purposes of this subsection—

(A) the term "qualified provider of child day care services", when used in reference to a recipient of a grant by a State, includes a provider of such services only if, of the total number of children receiving such services from such provider in the facility with respect to which the grant is made, at least 20 per centum thereof have some or all of the costs for the child day care services so furnished to them by such provider paid for under the State's services program conducted pursuant to title XX of the Social Security Act; and

(B) the team ["Federal welfare recipient employment expenses"] *work incentive program expenses* means expenses of a qualified provider of child day care services which constitute [Federal welfare recipient employment incentive expenses] *work incentive program expenses* as defined in section 50B(a)[(2)] *(1)* of the Internal Revenue Code of 1954, or which would constitute [Federal welfare recipient employment incentive expenses] *Work incentive program expenses* as so defined if the provider were a taxpayer entitled to a credit (with respect to the wages involved) under section 40 of such Code.

(d)(1) In the administration of title XX of the Social Security Act, the figure "75", as contained in the first sentence of section 2002(a)(1) of such Act, shall, subject to paragraph (2), be deemed to read "100" for purposes of applying such sentence to expenditures made by a State for the provision of child day care services during the fiscal year ending September 30, 1977, the fiscal year ending September 30, 1978, or the fiscal year ending September 30, 1979.

(2) The total amount of Federal payments which may be paid to any State for any such fiscal year under title XX of the Social Security Act at the rate specified in paragraph (1) shall not exceed an amount equal to the excess (if any) of—

(A) the amount by which such State's limitation (as referred to in subsection (a)) is increased pursuant to such subsection for such year, over

(B) the aggregate of the amounts of the grants, made by the State during such year, to which the provisions of subsection (c)(1) are applicable."

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# EXCERPTS FROM PUBLIC LAW 95–600

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## SEC. 322. WORK INCENTIVE PROGRAM CREDIT CHANGES.

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(d) DEDUCTION FOR WAGES REDUCED BY AMOUNT OF CREDIT.—

(1) Section 280C (relating to portion of wages for which credit is claimed under section 44B) is amended—

(A) by striking [our] *out* "SECTION 44B" in the caption and inserting in lieu thereof "SECTION 40 OR 44B",

* * * * * * *

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to work incentive program expenses paid or incurred after December 31, 1978, in taxable years ending after such date; except that so much of the amendment made by subsection (a) as affects section 50A(a)(2) of the Internal Revenue Code of 1954 shall apply to taxable years beginning after December 31, 1978.

*For purposes of applying section 50A(a)(2) of the Internal Revenue Code of 1954 with respect to a taxable year beginning before January 1, 1979, the rules of sections 50A(a)(4), 50A(a)(5), and 50B(e)(3) of such Code (as in effect on the day before the date of the enactment of this Act) shall apply.*

(2) SPECIAL RULES FOR CERTAIN ELIGIBLE EMPLOYEES.—

(A) ELIGIBLE EMPLOYEES HIRED BEFORE SEPTEMBER 27, 1978.—In the case of any eligible employee (as defined in section 50B(h)) hired before September 27, 1978, no credit shall be allowed under section 40 with respect to second-year work incentive program expenses (as defined in section 50B(a) attributable to service performed by such employee.

(B) ELIGIBLE EMPLOYEES HIRED AFTER SEPTEMBER 26, 1978.—In the case of any eligible employee (as defined in section 50B(h)) hired after [September 27, 1978,] *September 26, 1978, for purposes of applying the amendments made by this section,* such individual shall be treated for purposes of the credit allowed by section 40 as having first begun work for the taxpayer not earlier than January 1, 1979, *and any wages paid or incurred after December 31, 1978, with respect*

*to such individual shall be considered to be attributable to services rendered after that date.*

*    *    *    *    *    *    *

## VII. Additional Views of Hon. John Heinz and Hon. John C. Danforth

We strongly oppose the provision in the bill to impose a "cap" on funding for the AFDC-Foster Care Program. We believe such a "cap" to be premature at best. Moreover it is inflexible, and could harm children who throngh no fault of their own have no alternative to foster care.

Those who support capping the foster care program have stated that a "cap," coupled with open-ended funding for adoption subsidies and increased emphasis on improved child welfare services, will serve as an incentive to states to find permanent homes for children. We are concerned that the adoption assistance program is not yet in place and will need some time before it is working properly. In Pennsylvania where a state supported adoption assistance program has been operating for two years, fewer than 2½ percent of the children in foster care were adopted the first year—a total of 128 children out of 5,194 in care. In the second year of the program 148 of 5,771 children were adopted for a rate of 2.6 percent, still a very small percentage. In states where the adoption program has been in effect for a long time, adoption figures are hopeful, but still small.

Testifying before the Subcommittee on Public Assistance on Monday, September 24, 1979, Commissioner Barbara Blum, New York State Department of Social Services, noted that after eleven years of experience with the New York adoption subsidy program, only 2,000 of 42,000 children in care were adopted last year. After eleven years of operation of the program, only 4.8 percent of the children in care were adopted, and New York States has just decided that it will place a "cap" on foster care in April, 1981! Commissioner Blum further stated that New York State was fotrunate in having funded adoption and preventive services "a little in advance of having to move towards the cap." Clearly, if the New York experience is any measure, the foster care "cap" agreed to by the Senate Finance Committee is premature at best.

A "cap" on foster care at this time would also be ineffective. Proponents of a "cap" have claimed the current open-ended matching for foster care maintenance acts as a fiscal incentive to states to place children in foster care indiscriminately. In fact, before children can be eligible for AFDC foster care payments, there must be a *judicial determination* that continuation in the home would not be in the best interest of the child. Absent the court's finding, AFDC foster care payments are not possible. It is doubtful that a "cap" will have any significant effect on such judicial determinations.

As for preventive, reunification, and other services necessary to return children to their homes, it has become abundantly clear that Title IV–B money has not been used for keeping families together or reuniting children with families. According to an Administration spokesperson, less than 5 percent of the Title IV–B appropriation of

$56.5 million has been used for that purpose. Institution of the improved services, protections, and reforms contained in H.R. 3434 must be a necessary first step to insure that a system is in place to quickly determine that children are free for adoption; that children can be reunited with their families; that foster care placement is appropriate; and that case reviews can be conducted in a timely way. These preventive services should be given a chance to work and their effectiveness reviewed carefully *before* a "cap" on foster care is imposed.

It is also important to realize that a "cap" on foster care is simply not flexible enough to take into account increased costs in food, heating, and clothing due to inflation; additional numbers eligible for AFDC because of voluntary placements as proposed by H.R. 3434; and increased demands resulting from success in locating and helping abused children.

Furthermore, even with the most effective preventive services and the most aggressive adoption program, there will always be children who are in need of foster care. Cutting back on the spending for foster care will not make this population of children disappear. Congress should have much more information regarding what children are in foster care and why before an inflexible "cap" is legislated. At the very least a study of the impact of a foster care cap on states and on children should be completed before a cap is put in place.

While some have expressed concern that the AFDC-Foster Care Program could become a runaway program, we believe nothing could be further from the truth. We too share a deep concern for the budgetary impact of programs which appear to lack fiscal control. Nevertheless, in the first six months of 1978, foster care costs were a mere 4.1 percent of total AFDC costs. To place an arbitrary limit on the number of children who can be served in foster care and on the quality of that care would mean a denial of services to children in need, a clear abdication of our public responsibility.

Finally, of all the child care advocates and social services experts testifying before the Subcommittee, not one testified in support of a cap on the foster care program. In fact, most of these organizations, including the Children's Defense Fund, The Child Welfare League of America, the American Public Welfare Association's National Council of State Public Welfare Administrators, and the American Federation of State, County and Municipal Employees, testified against the foster care "cap".

H.R. 3434 is an important piece of legislation and should be quickly passed so that the provisions of the bill may be implemented by 1980. However, we strongly believe the imposition of a "cap" on foster care to be the one real ill conceived and unwise section of the bill, and urge our colleagues to reconsider the premature and potentially dangerous decision of the Committee.

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