

BUSINESS EXPENSES OF STATE LEGISLATORS; SO-
CIAL SERVICES AND RELATED AMENDMENTS

DECEMBER 19, 1979.—Ordered to be printed

Mr. ULLMAN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 3091]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3091) to extend for 1 year the provisions of law related to the business expenses of State legislators, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

CHILD SUPPORT ENFORCEMENT

SEC. 2. (a) Section 45 (a) of the Social Security Act is amended—

(1) by striking out the semicolon at the end of paragraph (2) and inserting in lieu of such semicolon a period, and

(2) by striking out all that follows paragraph (2).

(b) This section shall become effective on the date of the enactment of this Act, and shall apply with respect to services furnished during the period beginning October 1, 1978, and ending March 31, 1980.

WIN CREDIT

SEC. 3. (a) (1) Section 50B of the Internal Revenue Code of 1954 is amended by redesignating subsection (i) as subsection (j) and by adding after subsection (h) the following new subsection:

“(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 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, exceed 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."

(2) The amendment made by paragraph (1) shall become effective on the date of the enactment of this Act, and shall apply with respect to taxable years beginning after December 31, 1978, and before January 1, 1980.

(3) Section 50B(a)(2)(B) of the Internal Revenue Code of 1954 as in effect prior to amendment by the Revenue Act of 1978 is amended, effective October 1, 1978, by striking out "October 1, 1978" and inserting in lieu thereof "January 1, 1979".

(b) Paragraphs (1) and (2)(A) of section 3(c) of Public Law 94-401 are each amended by striking out "(other than the fiscal year ending September 30, 1979)".

(c) Paragraphs (1) and (3)(B) of section 3(c) of Public Law 94-401 are each amended by striking out "Federal welfare recipient employment incentive expenses" each time it appears and inserting in lieu thereof in each instance "work incentive program expenses".

(d) Section 3(c)(3)(B) of Public Law 94-401 is amended—

(1) by striking out "Federal welfare recipient employment expenses" and inserting in lieu thereof "work incentive program expenses"; and

(2) by striking out "section 50B(a)(2)" and inserting in lieu thereof "section 50B(a)(1)".

(e) Section 3(c)(2)(B) of Public Law 94-401 is amended—

(1) by striking out "\$5,000" and inserting in lieu thereof "\$6,000"; and

(2) by striking out "\$4,000" and inserting in lieu thereof "\$5,000".

(f) (1) *The amendments made by subsection (b) shall become effective on the date of the enactment of this Act, and shall apply with respect to grants made to qualified providers of child day care services on or after October 1, 1978.*

(2) *The amendments made by subsections (c), (d), and (e) shall become effective on the date of the enactment of this Act, and shall apply with respect to expenses paid or incurred after December 31, 1978.*

CHILD DAY CARE SERVICES

SEC. 4. (a) Section 2002(a)(1) of the Social Security Act is amended by inserting "100 per centum of the expenditures during that quarter (which are not in excess of 2 per centum of the limitation applicable to the State under paragraph (2)(A) for the fiscal year in which such quarter occurs) for grants to qualified providers under section 2007," after "an amount equal to".

(b) Title XX of such Act is amended by redesignating section 2007 as section 2008 and inserting after section 2006 the following new section:

"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 constitute 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 subsection—

"(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.”.

(c) Section 2002 (a) (4) (C), 2002 (a) (4) (D), and 2002 (a) (5) (A) of such Act are each amended by striking out “2007 (1)” and inserting in lieu thereof “2008 (1)”.

(d) The amendments made by this section shall become effective on the date of the enactment of this Act, and shall apply with respect to grants made to qualified providers of child day care services during the period beginning October 1, 1979, and ending March 31, 1980.

EXTENSION OF PROVISIONS RELATING TO ALCOHOLICS AND DRUG ADDICTS

SEC. 5. (a) Section 4(c) of Public Law 94-120 is amended by striking out “only for the period” and all that follows and inserting in lieu thereof “from and after October 1, 1975.”.

(b) The amendment made by subsection (a) shall become effective on the date of the enactment of this Act, and shall apply with respect to services provided during the period beginning October 1, 1978, and ending March 31, 1980.

AMENDMENTS RELATED TO SECTION 322 OF THE REVENUE ACT OF 1978

SEC. 6. (a) Paragraph (1) of section 322(e) of the Revenue Act of 1978 (relating to effective date) is amended by adding at the end thereof the following new sentence: “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.”.

(b) Subparagraph (B) of section 322(e) (2) of the Revenue Act of 1978 (relating to eligible employees hired after September 26, 1978) is amended—

(1) by striking out “September 27, 1978,” and inserting in lieu thereof “September 26, 1978, for purposes of applying the amendments made by this section,”; and

(2) by striking out “January 1, 1979.” and inserting in lieu thereof “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.”.

(c) (1) Subparagraph (C) of section 50A (a) (4) of the Internal Revenue Code of 1954 (relating to limitation with respect to nonbusiness eligible employees) is amended by striking out “\$6,000” and inserting in lieu thereof “\$6,000” for”.

(2) Subparagraph (B) of section 50B (g) (2) of such Code is amended by striking out “giving to such credit” and inserting in lieu thereof “giving rise to such credit”.

(3) Clause (i) of section 50B (h) (1) (A) of such Code is amended by striking out “9-day” and inserting in lieu thereof “90-day”.

(4) The second subsection designated as subsection (d) of section 322 of the Revenue Act of 1978 is amended by striking out “our” in paragraph (1) (A) thereof and inserting in lieu thereof “out”.

(d) Any amendment made by this section to the Revenue Act of 1978 shall take effect as if it had been included in the provision of the Revenue Act of 1978 to which such amendment relates.

And the Senate agree to the same.

AL ULLMAN,
DAN ROSTENKOWSKI,
JAMES C. CORMAN,
CHARLES B. RANGEL,
BARBER CONABLE,
JOHN H. ROUSSELOT,

Managers on the Part of the House.

RUSSELL B. LONG,
H. E. TALMADGE,
DANIEL MOYNIHAN,
DAVID L. BOREN,
BOB DOLE,
BOB PACKWOOD,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3091) to extend for one year the provisions of law relating to the business expenses of State legislators, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

1. BUSINESS EXPENSES OF STATE LEGISLATORS

Both the House and Senate versions contain a provision extending for one year the provisions of law relating to the business expenses of State legislators.

2. CHILD SUPPORT ENFORCEMENT FOR NON-AFDC FAMILIES

House bill.—No provision.

Senate amendment.—The Child Support Enforcement Program requires States to make available services to both AFDC and non-AFDC 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 AFDC families, the Federal matching provision was enacted in 1975 on a permanent basis while the matching for services to non-AFDC families was provided only through June 30, 1976. Congress subsequently extended the provision for Federal matching for services to non-AFDC families through fiscal year 1977, and fiscal year 1978.

The Senate amendment would make permanent the authority for 75 percent Federal matching of State costs in providing child support services to families not eligible for AFDC. This authority would be retroactive to October 1, 1978.

Conference Agreement.—The Conference agreement follows the Senate amendment, except the authority for Federal matching funds would be effective only for the period October 1, 1978 through March 31, 1980.

3. PROVISIONS RELATING TO AUTHORITY TO HIRE WELFARE RECIPIENTS AS CHILD CARE WORKERS

House bill.—No provision.

Senate amendment.—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).

Conference Agreement.—The Conference agreement follows the Senate amendment, except the authority to use title XX funds to make grants to qualified child day care providers would be effective only for the period October 1, 1978 through March 31, 1980, and the tax credit for hiring welfare recipients would apply only with respect to taxable years beginning after December 31, 1978 and before January 1, 1980.

4. TITLE XX SERVICES TO ALCOHOLICS AND DRUG ADDICTS

House bill.—No provision.

Senate amendment.—The Senate 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 be 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.

Conference Agreement.—The Conference agreement follows the Senate amendment, except the authority for the title XX matching funds would be available only for the period October 1, 1978 through March 31, 1980.

AL ULLMAN,
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