

1 Mr. Stern: When you last discussed the debt limit
2 matter, you agreed to hold the bill at the desk after it
3 passes the House, but then after it passed the House you would
4 discuss it at your next committee meeting. A bill did pass
5 the House yesterday. This is the next Committee meeting, so
6 we suggest you might want to turn to that first.

7 The Chairman: We will have to get to it when Senator
8 Byrd gets back. Here he is.

9 On behalf of myself individually, I would like to ask
10 that a request be sent over there to the leadership to hold
11 that bill at the desk. I do want it referred to the
12 Committee until we decide what we are going to do about the
13 debt limit.

14 Suppose you explain, Mr. Shapiro, what that debt limit
15 bill is now, and how it stands at the moment.

16 Mr. Shapiro: The present law is that there is a present
17 debt limit of \$830 billion that consists of a \$4 billion
18 permanent debt limit and a temporary limit of \$430 billion.
19 The temporary limit expires September 30, 1979. You have
20 until the end of this month, at which time the \$430 reverts
21 back to the permanent level.

22 The Chairman: That means we have three days, or four --
23 how many.

24 Mr. Shapiro: Until Sunday.

25 The Chairman: Until Sunday.

1 Mr. Shapiro: Until Sunday.

2 The Treasury can get buy until probably Wednesday or
3 Thursday of next week with regard to some of the cash reserves
4 they have. However, it would present certain administrative
5 problems with respect to that debt management.

6 The House just passed an increase in the temporary public
7 debt limit yesterday, on Wednesday, by a vote of 219 to 198.
8 The bill does two things. First, it increases the debt limit
9 to \$879 billion. In other words, they increased the temporary
10 level of \$430 billion to \$479 billion so that the combined
11 permanent and temporary debt limit would go to \$879 billion,
12 which is an increase of \$49 billion. They extend the date
13 from September 30, 1979 through May 31, 1980. So they have
14 increased the amount and extended the date.

15 The second item in the House-passed bill is that it
16 increases by \$10 billion the amount that the Treasury can
17 issue, has the authority to issue, and long-term bonds with
18 interest rates above 4-1/4 percent.

19 The Treasury had the authority to issue \$40 billion.
20 This would increase their authority \$10 billion more to \$50
21 billion.

22 The third item is that the bill limits the House rules so
23 that when the House approves the Budget Resolution it is
24 deemed that the House has also voted to pass a Joint
25 Resolution which amends the Second Liberty Bond Act to change

1 the debt limit.

2 This is a House procedure only.

3 In other words, when the Budget Resolution is passed on
4 the House Floor -- as you know, the Budget Resolution
5 contains the change in the debt limit, if that is necessary.
6 It would be deemed as though that bill also would pass the
7 debt limit and the clerk is instructed to send a Joint
8 Resolution to the Senate, increasing the debt limit to the
9 appropriate level consistent with the Budget Resolution.

10 When that Joint Resolution comes to the Senate, it is not
11 to change any jurisdiction has, or any prerogatives that the
12 Finance Committee or the Senate Floor has with regard to any
13 changes in the debt limit.

14 In other words, the Senate and the Finance Committee will
15 have a Joint Resolution rather than an H.R. bill number. The
16 Finance Committee can amend it, they can change it, and then
17 whatever action you take, it will go back to Conference. You
18 will meet with Ways and Means Conferees and you will
19 compromise any changes with the debt limit, or anything else
20 you have done in the Joint Resolution.

21 As I understand the concern that was raised last session
22 with the use of the word "enrollment" has been corrected in
23 the House-passed bill. It was a Floor amendment by the Rules
24 Committee.

25 The Senate Parliamentarian who raised that particular

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1 concern was satisfied that the bill, as passed by the House
2 now, has no effect on any of the provisions in the Senate
3 Rules, or procedures with regard to the Senate or Finance
4 Committee, as I understand, has so put that in writing and has
5 discussed the matter with Senator Byrd specifically.

6 The Chairman: Senator Byrd?

7 Senator Byrd: Let me ask just a couple of questions, Mr.
8 Shapiro.

9 The procedure which the House has approved would affect
10 only the House rules and would not, in any way, affect the
11 Senate rules.

12 Mr. Shapiro: That is correct, as I understand it.

13 Senator Byrd: The Senate, as I understand it, under the
14 proposal, would operate, or could operate, in precisely the
15 same way that it can operate now. There is no change in so
16 far as the Senate is concerned.

17 Mr. Shapiro: That is the understanding I have from the
18 Senate Parliamentarian.

19 Senator Byrd: If the Senate changes the House figures,
20 or in any way amends the House bill, it has the right to so
21 amend in any way that it wishes.

22 Mr. Shapiro: That is what the Parliamentarian has
23 indicated.

24 Senator Byrd: Under the rules?

25 Mr. Shapiro: That is correct.

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1 Senator Byrd: If there is a disagreement between the two
2 Houses and there is a Committee of Conference, the House
3 Conferees would be from the Ways and Means Committee and not
4 from the Budget Committee?

5 Mr. Shapiro: That would be the case, yes.

6 Senator Byrd: In the event of disagreement between the
7 two houses, the same procedure would exist as exists now,
8 namely, the Senate Finance Committee would appoint conferees
9 and the House Ways and Means Committee would appoint
10 conferees.

11 Mr. Shapiro: That is correct.

12 Senator Byrd: Overall, Mr. Chairman, I would think that
13 probably the Committee and the Senate would be inclined to go
14 along with the debt limit bill as it has been sent to the
15 Senate from the House.

16 The Chairman: Well, I am going to, if the Senate would
17 permit it, try to get that bill passed before we go out of
18 here this week.

19 But it is within the power of the Senators, the power of
20 the Minority, to see that that does not happen if they want to
21 do it, and I think that we ought to try to accommodate one
22 another.

23 I would like to see us pass the debt limit bill this
24 week.

25 Now, it certainly is within the power of the Minority --

1 I do not mean just the Republicans. I mean within the power
2 of those who do not agree with the bill.

3 Senator Dole: That could be the Majority.

4 The Chairman: To see that that does not happen this
5 week, and I appreciate whatever intelligence comes my way,
6 because I certainly want to cooperate. That is usually a
7 two-way street.

8 Yes, sir?

9 Senator Dole: I am a little bit late because I have been
10 discussing that with another Republican Senator who has an
11 interest in some parts of the action. I think that the one we
12 will adopt will not delay consideration of the debt ceiling.
13 We may want to discuss at some length the need for a
14 constitutional amendment for a balanced budget, but not go
15 through the exercise we did last time.

16 I have not discussed it with Senator Byrd and others. It
17 is our feeling that we should do it, but we would like to have
18 a chance to discuss balanced budgets, and things of that type,
19 that would happen under a Republican administration.

20 The Chairman: I am glad to know that there are
21 Republicans around for a balanced budget. That is good news.

22 Senator Moynihan: I think it was 1930.

23 Senator Dole: I do not remember that far back. It is a
24 positive note for the Chairman's benefit. We are not going to
25 try to hold it up, if you do not have any objections to

1 discussing it.

2 The Chairman: Of course we do not object to discussing
3 it. If amendments are going to be offered, as the Committee
4 Chairman, I would appreciate whatever intelligence is
5 available as soon as it is available, as to what the
6 amendments are going to be.

7 Senator Dole: I do not think there will be any
8 amendments. I think we will just discuss a number of things.

9 There is a provision that they put on the House side,
10 something to do with the Budget Resolution that is disturbing
11 to some in the Senate. Do you know what that is, Bob?

12 Mr. Shapiro: Yes, we just discussed that right before
13 you came in. Essentially what it does, it changes the House
14 rules with regard to their vote on the debt ceiling.

15 Under the House rules, the change that is being made when
16 they vote on the Budget Resolution, that will be treated as a
17 vote on the debt ceiling and the clerk will be instructed to
18 send over to the Senate a Joint Resolution that will be deemed
19 to have passed the House by the same vote that the Budget
20 Resolution passed, that will come over to the Senate, that
21 would not affect any of the procedures or rules in the Senate
22 or any of the prerogatives that this committee will have for
23 the Senate Floor.

24 In the colloquy that Senator Byrd just had, you can amend
25 it, you can meet in Conference with the Ways and Means

1 Conferees.

2 The Chairman. I must say that somebody really did us
3 one better. I thought we were pretty good about thinking up
4 some new ways of doing things on this committee, but somebody
5 really did us one better when they thought about passing
6 something that is deemed to pass and just send it over, is
7 that the idea, without the House voting on it at all?

8 Mr. Shapiro. The House proposed, in the Budget
9 Resolution -- in the Budget Resolution, there is a provision
10 that adjusts the debt ceiling.

11 The Chairman: What?

12 Mr. Shapiro: The Budget Resolution will include a
13 provision increasing the debt ceiling if it is needed, being
14 consistent with the Budget Resolution. There will be a
15 provision in the Budget Resolution which deals with the debt
16 ceiling. That has been the process all along. That is not a
17 change, the Budget Resolution requires that.

18 However, the change that is being done in the House
19 rules, after the House has passed the Budget Resolution,
20 then the Clerk will separate out the debt ceiling portion into
21 a Joint Resolution. That Joint Resolution will be treated as
22 having passed the House by that same vote that the Budget
23 Resolution was, but the House will actually vote on a debt
24 ceiling. That is a part of the Budget Resolution.

25 The Chairman: It is sort of like the MIRV missile. You

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1 fire it in the air and it splits off before it comes to
2 target.

3 Senator Dole: One other question raised by someone who
4 is interested, Senator Armstrong, he wants to make certain
5 that the carryover basis repeal that was voted on yesterday in
6 this committee would not be subject to a point of order when
7 the so-called windfall profits tax bill goes to the Senate
8 Floor.

9 I told him I did not know that it would be, but that I
10 would check.

11 Mr. Stern: Senator Dole, we have explored that question
12 with the Parliamentarian. The Committee bill for purposes of
13 the Budget Act is looked at as a whole, so if the Finance
14 Committee reports out a bill that gains revenue as a whole in
15 fiscal year 1980, even though there may be one provision or
16 another provision, that, by itself, would lose revenue, there
17 would be no point of order lying against the Committee bill or
18 against any provision of that Committee bill on that ground.

19 The Chairman: I want to make it clear, if they start
20 pulling some tricks on us, I would move to recommit the bill.
21 We will just take some other bill and put our amendment on
22 another bill that we might want to do anyhow, so that the
23 Committee amendment would be a revenue-raiser on balance.

24 Senator Dole: In respect to the carryover basis, I do
25 not think there is any revenue lost the second or third

1 year.

2 Senator Byrd: Third year. No revenue loss in 1980; no
3 revenue loss in 1981.

4 Mr. Stern: I think that there is no basis at all for a
5 point of order.

6 Senator Dole: What we have on the debt ceiling, just in
7 conversation on the Floor, no amendments that I am aware of.
8 Maybe we can accomodate the Chairman and others very quickly.

9 The Chairman: All right.

10 Senator Dole: Is that all right with you?

11 Senator Byrd: That is fine.

12 The Chairman: If that is the case, we will be back in
13 touch as soon as the Senator is ready to bring it up.

14 . Mr. Stern: Does the Committee agree on not offering an
15 amendment to the House bill, that the Committee position is
16 just to approve the House debt-limit bill without change?
17 That is what Senator Byrd has suggested?

18 Senator Byrd: I have not had a change to discuss it with
19 Senator Dole. Would it be your view, Senator Dole, and
20 Senator Packwood, who is Ranking Member of the Taxation
21 Committee, that this Committee could report the bill as it was
22 presented, as presented to the Senate from the House?

23 Mr. Stern: Literally, it is not being referred to the
24 Finance Committee. It is being held at the desk.

25 That would be the Committee position. That way you would

1 avoid the three-day layover rule by not actually reporting it.

2 Senator Byrd: Yes.

3 Senator Dole: That would not take anyone's rights away
4 on the Floor? He could offer an amendment?

5 The Chairman: He would have every right to offer an
6 amendment, as he would otherwise. We would simply put the
7 material that otherwise would have been the Committee report
8 in the Congressional Record.

9 Let me ask you this. What would the thought be -- maybe
10 we ought to just submit what would have been, what the
11 Committee Report might have been, or the information that
12 supported the Committee Report is a Committee document.

13 Mr. Shapiro: Of course, if you would take the bill up
14 today, there would not be a chance to have it printed. I do
15 not know what the schedule is, but we will have the
16 information available to you on the Floor so you can have it
17 printed overnight.

18 The Chairman: A single objection can keep us from
19 bringing up this bill today. Is that not right?

20 Could I inquire. Would there be any objection if we just
21 called the bill up today?

22 Senator Dole: The only objection is a selfish one. I
23 have to leave at 5:00. I do not get back until noon tomorrow.

24 The Chairman: We will not call it up if you want to be
25 here. We will not call it up unless you can be here. If you

1 think we might vote on it, as far as I am concerned, we can
2 vote on it before 5:00, get it over with.

3 Senator Dole: Let me check.

4 The Chairman: Let me know when you can, Senator.

5 Senator Byrd: Mr. Chairman, just one complication from
6 my point of view. I have a Committee of Conference on the
7 Defense Authorization Bill from 2:00 to 5:00 which makes it
8 difficult for me. Maybe we could do it. I would like to
9 participate in the balanced budget.

10 The Chairman: If we could call it up before 2:00
11 o'clock, then you could make your speech. When it comes to a
12 vote, you could come back over and vote. That might take care
13 of matters.

14 Senator Byrd: Fine.

15 The Chairman: I do not want to deny anybody the right.
16 If we could get that out of the way, it would be good for all
17 of us, because Monday is a religious holiday. I hope we do
18 not have to be in here on Monday. That being the case, we
19 could respect everybody by his religious views and that would
20 then sort of let those who make plans to be elsewhere on
21 Monday.

22 I think it would be good for all of us if we could.

23 Mr. Stern: You had tentatively scheduled a committee
24 meeting for this afternoon, too.

25 The Chairman: If we can act on debt limit this

1 afternoon, we will just have to call off the Committee meeting
2 for this afternoon. If we can act on debt limit, we will just
3 call off this afternoon's committee meeting.

4 Senator Dole: We are checking right now. It is my
5 understanding that the House will pass H.R. 4612 which is
6 identical to S. 1068 today. It is an SSI increase by \$30
7 million. Are you familiar with that bill, Mike?

8 Mr. Stern: Yes, sir.

9 Senator Dole: Can we hold that at the desk and get that
10 passed by the Senate this week?

11 Mr. Stern: Would you not want to discuss that in
12 Committee? That is a matter that has not come up for several
13 years.

14 Senator Dole: The SSI disabled children's program --
15 maybe there is not any reason to rush it. Is there any
16 funding date or deadline, September 30th?

17 Mr. Stern: This is a program of earmarked funds for
18 services for children on Supplemental Security Income who are
19 disabled. My thought on it is, if you are going to wind up
20 cutting back on funds for the broad grant program of social
21 services as is contemplated in the Budget Resolution, it will
22 probably be the next thing that you discuss. You might not
23 want to be providing additional funds for an earmarked program
24 at the same time that you are cutting back on funds for our
25 broader grant program.

1 Perhaps you might want to come back to it, after you look
2 at the Social Services bill, which is the next item on the
3 agenda.

4 The Chairman: Let's act on Social Services. Then we can
5 come back and consider it.

6 Let us move, then, to Social Services.

7 Mr. Stern: You have before you the staff bluebook called
8 Social and Child Welfare Services. I would suggest that you
9 turn to page 4 where it describes the provisions of the House
10 bill. There are three major parts to the House bill. The
11 first part deals with social services, the second with foster
12 care and adoptions, the third with funding for the
13 territories.

14 Looking at the first part, the first item on page 4 is
15 the increase on the ceiling on funding. The House bill would
16 raise the funding for social services to \$3.1 billion
17 permanently beginning in fiscal year 1980. The level in 1979
18 is \$2.9 billion, which consists of a permanent level of a \$2.5
19 billion and a temporary increase of \$400 million.

20 The Senate Budget Resolution contemplates \$2.7 billion
21 for fiscal year 1980 and the staff suggestion would be that
22 you include that amount for fiscal year 1980 decide what you
23 want to do in future years, and that if by the time that this
24 matter is taken up on the Floor, if you have any further
25 information that the Budget process is resulting in a higher

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1 number, then you would have a Committee amendment to raise it
2 to the amount of the Committee Resolution.

3 Senator Moynihan: Or the conference.

4 Mr. Stern: Yes, sir.

5 The Chairman: Let's talk about the provisions we have.
6 Do I understand that in this bill, that the House Committee
7 has taken care of some of the matters that we had sent to them
8 previously?

9 Mr. Stern: There are some provisions that expired on
10 October 1st, 1978, which -- a bill to extend them failed
11 enactment at the end of the last session. The Senate passed a
12 bill to extend those provisions retroactively to October 1,
13 1978, rather early on this year and the conference broke up
14 without an agreement.

15 The three matters on that bill concern child support,
16 employment of welfare recipients in day care centers and
17 certain services for alcoholics and drug addicts. The House
18 bill, H.R. 3434, which is before you, does not have anything
19 at all in child support. It has something on the employment
20 of welfare recipient as child care workers and not what the
21 Senate had done last year -- earlier this year, I should say
22 -- and it also has a provision relating to alcoholics and drug
23 addicts.

24 The staff recommendation would be to simply take the
25 recommendation the Senate passed earlier this year as a

1 substitute for the equivalent provisions in the House bill so
2 that you would include child support, you would include a
3 permanent provision for the hiring of welfare recipients in
4 child care work and a permanent provision on alcoholics and
5 drug addicts and you would make it retroactive to October 1,
6 1978.

7 The point made by the conferees earlier this year, that
8 this violated the Budget Act, is no longer a point, because it
9 is almost October 1. By the time that this bill is acted on,
10 there would not be a point of order under the Budget Act on
11 that question anymore, anyway.

12 The Chairman: Do you understand that, Senator Moynihan?

13 Senator Moynihan: I am sorry, Mr. Chairman. I did not
14 hear it.

15 The Chairman: What he is saying is that we sent those
16 provisions earlier this year over to the House that had to do
17 with child support and that type of thing.

18 Senator Moynihan: That is correct.

19 The Chairman: The House argued that our amendments were
20 not germane to the bill, and all that type thing, and they
21 said that there was a budgetary problem, and all of that.
22 There would be no budgetary problem by the time this bill gets
23 to conference, and this is the germane bill. So that I would
24 suggest that we simply substitute our amendments for theirs
25 insofar as they cover the same subject matter, take the same

1 matters back to conference as we did in this bill..

2 Senator Moynihan: I think we should do that.

3 The Chairman: That would give us a chance to resolve the
4 matter.

5 All in favor, say aye?

6 (A chorus of ayes)

7 The Chairman: Opposed, no.

8 Senator Bentsen: What are we doing? Are we just talking
9 about Title XX?

10 Senator Moynihan: We are not there.

11 The Chairman: There are certain programs that were
12 expiring, like the program where you help a mother to obtain
13 support for her child.

14 Senator Bentsen: I understand. I did not hear it.

15 The Chairman: The point is that we put those amendments
16 on that legislators pay bill so they, for various reasons,
17 would not go along with it.

18 Senator Bentsen: I will withdraw my objection.

19 The Chairman: All in favor, say aye.

20 (A chorus of ayes)

21 The Chairman: Opposed, no.

22 (No response)

23 The Chairman: All right.

24 Mr. Stern: That gets you back to the level of the social
25 services grants program.

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1 The Chairman: Gentlemen, there is a roll call vote, I
2 regret to say, on a motion to instruct the Sergeant-at-Arms.
3 Could we go over there and instruct the Sergeant-at-Arms?

4 (A brief recess was taken.)

5 The Chairman: We will start doing business. Others will
6 be here in short order, I believe.

7 Well, let's talk about the provisions in the bill now.
8 Let me ask you this, Mr. Stern.

9 Under that Budget Resolution we are going to be required
10 to at least recommend to the Senate \$1.4 billion of savings in
11 these various programs, are we not?

12 Mr. Stern: Yes, sir.

13 The Chairman: Are we under any pressure to find some
14 substantial part of that \$1.3 billion in this bill or do we
15 just wait and report it out on some other measure?

16 Mr. Stern: You have not been instructed by a conference
17 report yet. At the moment, it is just a Senate position.
18 Since the dollar amounts in th Senate Resolution are lower
19 than the continuation of existing programs, it has been our
20 assumption that pretty much any bill you point out should save
21 money net, and when you finish with the provisions in the
22 House bill, per se, we will have some recommendations for some
23 savings you could achieve, so that you would, number one, be
24 achieving part of that \$1.4 billion; number two, the bill as a
25 whole would save money and therefore would not raise

1 any problems with the Budget Committee.

2 The Chairman: In other words, any time we come out with
3 a bill like this, we are under a burden to save some money and
4 to pay for it, right?

5 Mr. Stern: I believe so, yes, sir.
6 The Chairman: Right.

7 Mr. Stern: In the specific case right before you, the
8 House bill has \$3.1 billion for social services in fiscal year
9 1980, but the Senate Budget Resolution only contemplated \$2.7
10 billion. So for fiscal year 1980, the staff recommendation
11 would put the \$2.7 billion that the Senate more or less has
12 agreed to as part of the Budget Resolution, if that amount
13 should be raised in the course of the Budget process, in the
14 conference on the Budget Resolution, something like that, and
15 you know about it, and you could have a Committee amendment to
16 raise the amount above \$2.7 billion.

17 That would include \$200 million allocated for child care
18 services in fiscal year 1980-1981.

19 The Chairman: In other words -- let's see if I
20 understand. It is in your mind that we can, and should,
21 report this bill out so it works out to a net savings. Is
22 that correct?

23 Mr. Stern: Yes, sir.

24 The Chairman: You feel that by the time that we act on
25 this bill it will be subject to a point of order, if it did

1 not do that?

2 Mr. Stern: I think that it is pretty unusual to be able
3 to actually be able to raise a point of order on the spending
4 bill because the spending bill would, as a whole, have to
5 raise the entire budget above the total amount for spending in
6 the Budget Resolution.

7 It is pretty unusual that that will occur before the last
8 supplemental appropriations bill, so I do not think it is
9 literally a point of order question. It is a question of
10 being reasonably consistent with what you approved in the
11 Budget Resolution; otherwise, the Budget Committee would
12 certainly take it to the Floor and complain about it.

13 The Chairman: In other words, you feel as though we have
14 a good faith obligation to try to raise enough money to pay
15 for this?

16 Mr. Stern: Yes, sir.

17 The Chairman: Senator Dole?

18 Senator Dole: Have you explained how we are raising
19 enough to pay for it?

20 Mr. Stern: What I was saying after you finished with the
21 subject matter in the House bill itself and decided what you
22 want to do, there are some staff suggestions for some savings
23 in Aid to Families with Dependent Children, which on a
24 full-year basis will be about \$400 million a year and would
25 probably be \$250 million in fiscal year 1980.

1 Three out of those four suggestions have been approved by
2 the Senate in the past, and the fourth one has been
3 recommended by the Administration.

4 Senator Dole: Would there be enough savings there to
5 accommodate the extension of SSI, disabled children's program?

6 Mr. Stern: Yes, probably.

7 Senator Dole: All right.

8 Mr. Stern: I think so.

9 Senator Dole: There is a great interest in that program.
10 In fact, I think every Senator present is a co-sponsor. I
11 would hope we would be able to resolve that while we are
12 resolving this.

13 The Chairman: All right.

14 Let us look at the provisions of the bill then and see if
15 we want to go with them.

16 Mr. Stern: The first question would be the 1980 level
17 for social services grants. The staff recommendation is that
18 you stick with the figure in the Senate Budget Resolution of
19 \$2.7 billion.

20 The Chairman: Without objection, agreed.

21 Senator Dole: What do they have in the House?

22 Senator Ribicoff: Before we agree that that be subject,
23 however, to final action, we take in this Committee on
24 specific proposals of the staff, would that in any way
25 interfere if we change the specific proposal, Mike?

1 Mr. Stern: The \$2.7 billion is the amount in the Budget
2 Resolution. My assumption was that in the course of the
3 Congressional handling of the Budget Resolution, that amount
4 will probably go up, because the House Budget Resolution in
5 the House bill provides \$3.1 billion, so that either after
6 Senate Floor action on this bill, or perhaps before, if
7 you know what happens in the course of the Budget Resolution,
8 you would know what amount they actually came out with for
9 social services.

10 The Chairman: It is your thought that we authorized
11 without the Budget Resolution?

12 Mr. Stern: We have to put a specific amount of money in,
13 yes, basically.

14 Senator Ribicoff: I wonder, Mr. Chairman, if we go
15 through the specific recommendations, before we come to the
16 total, see where we stand. You might be more, you might be
17 less.

18 The Chairman: All right.

19 Senator Moynihan: We will keep in mind that the Budget
20 Resolution does not say anything specifically about Title XX.
21 The Budget Resolution has a general number. We have to break
22 this habit of the Budget Committee's telling you what you have
23 to do about each one of your programs, which you had better
24 well do.

25 Mr. Chairman, I would want to say when we are through, I

1 would hope that we have not reduced Title XX. It may be that
2 we cannot increase it this year, but we will want to at least
3 give it a \$2.9 billion. We cannot, at this point, go above
4 \$2.7 billion.

5 Senator Dole: Your bill, \$2.9 billion, you would
6 increase it?

7 Senator Moynihan: No, sir.

8 This bill provides \$2.7 billion.

9 Senator Dole: You would increase it to \$3.5 billion in
10 '86, I think?

11 Senator Moynihan: Yes, \$100 million a year increment.

12 I would make the point, quickly, that we are shrinking
13 this Title of the Social Security bill in real money.

14 Senator Dole: A billion and a half dollars, if you look
15 at '72 dollars, \$2.9 billion.

16 Senator Bradley: It has decreasead 30 percent since 1975
17 in real value while at the same time there is a concerted need
18 to have more as we recognize different problems. Elderly
19 people in homes and child abuse, and so forth.

20 In effect, if you limit it to \$2.9 billion, you are
21 having much less than you would have had four or five years
22 ago.

23 Senator Dole: Another point, my Governor -- in the other
24 Party -- we visited about this yesterday. He would rather
25 take his cut, he is going to have to take his cut, in revenue

1 sharing to states than in a program like this.

2 Senator Bentsen: Let me ask a question then. In so far
3 as cuts, I am concerned about the Aid to Dependent Children.
4 Do we have any cuts in that regard?

5 Senator Moynihan: No, sir.

6 Mr. Stern: Nothing in this bill, although the staff
7 suggestions relate to Aid to Families with Dependent Children.

8 The Chairman: We are going to have to comply with the
9 Budget Resolution, are we not?

10 Mr. Stern: I think so, yes, sir. The Budget Resolution
11 is very tight in the social welfare areas in health and in
12 income security and in social services. It assumes program
13 levels below current law.

14 In other words, that was the basis for directing the
15 Finance Committee to save the \$1.4 billion.

16 It is not only a question of coming out with a bill that
17 does not raise costs any, or increase spending. The Budget
18 Resolution passed by the Senate contemplates that the Finance
19 Committee is going to make an effort to save additional money
20 ---that is, to cut programs below where they are now.

21 The Chairman: Let's pass over the \$2.7 billion and the
22 \$2.9 billion and the \$3.1 billion and come back to that after
23 we see what we want to do with these other items.

24 We can see where we come out.

25 Mr. Stern: All right.

1 The next item, then, will be at the very bottom of page
2 4. It relates to a ceiling on training funds. Up to this
3 point, training under the Social Services Title of the Social
4 Security Act has been open-ended. The administration has a
5 recommendation for setting a limitation and the House bill
6 does include such a limitation for fiscal year 1980, namely
7 that during that year, states would be limited in the amount
8 for training under Social Services to 3 percent of their
9 allotment for the grant under the Social Services program.

10 There is a partial savings clause. If your state had
11 more than 3 percent in 1979, that two-thirds of the amount,
12 two-thirds of that difference could be paid for.

13 If, for example, a state has 6 percent of their allotment
14 rather than 3 percent, the Federal government would pay up to
15 5 percent, two-thirds of that extra 3 percent. Beginning in
16 fiscal year 1981, the House bill removes the limitation again
17 and instead, requires that the training be incorporated in a
18 separate training plan to be approved by the Secretary of HEW.

19 Senator Danforth: Mr. Chairman?

20 The Chairman: Senator Danforth.

21 Senator Danforth: I would like to offer an amendment,
22 make a suggestion, that is that we phase out this training
23 program, take the amount that is now in it, \$86 million, and
24 put it into Title XX and provide in Title XX that states can
25 use however much money they want for training rather than have

1 two separate programs that would have the effect of increasing
2 the amount available for Title XX by \$86 million over whatever
3 it is that we agreed to, provide more flexibility for the
4 states at the same time, and consolidate two programs into one
5 program.

6 Now, the form in which it would go into Title XX, right
7 now, what is it? A 3 percent?

8 Mr. Stern: In the House bill, it is 3 percent. There is
9 a table, if you would like to look at it, on pages 46 and 47
10 of the blue book that shows what the percentages are in 1979
11 for the various states.

12 Senator Danforth: If you distributed those funds by
13 adding 3 percent to each state's share, that would seem to me
14 to be a reasonable way to do it.

15 The Chairman: I want to understand one thing about the
16 table. Look at the table on page 46. Maybe Abe Ribicoff can
17 answer this.

18 In Connecticut, according to that righthand column, they
19 are using 20 percent of their money in training.

20 Now, I do not understand it. In Louisiana, they are using
21 3.1, Alabama 1.5.

22 My question is, if you do it this way, how do you know
23 that they are not going to use 50 percent of their money to
24 train somebody rather than provide the services?

25 Senator Danforth: Mr. Chairman, that is the point of the

1 amendment, to let them make their decisions as to how.

2 As I understand it, that is the purpose of Title XX, that
3 it is a block grant social service program to the states, that
4 under the present law, the situation, under present law, the
5 sky is the limit. They can use anything that they want.

6 I think that is fine, to allow them to use anything they
7 want, but not to have this open-ended situation and to make
8 sure that if it is folded together that whatever comes out of
9 training, is used for training, comes out of the rest of it.

10 The Chairman: Is the training an open-ended thing now?

11 Mr. Stern: Yes, sir.

12 The Chairman: Senator Moynihan?

13 Senator Moynihan: May I say, Mr. Chairman, Senator
14 Danforth's proposal is a constructive one, but it comes very
15 suddenly in the sense of this appropriation expires next
16 Monday or so. The Senator is absolutely correct. The present
17 law, what we have here, is sort of a Son of Title XX.
18 Remember, Title XX was open-ended and it roared up in those
19 days and we put a cap on it, but the training provision is
20 also open-ended in Section 2002(a), the section under 2(a)(1)
21 and it needs to be held down, but we need, I think, that we
22 owe it to the Department of HEW to hear their views on this.

23 The Chairman: Let us hear them.

24 Senator Moynihan: Yes.

25 Senator Danforth: May I add, obviously, what my idea

1 would do would be to have a cap. Obviously, there is going to
2 be a cap, instead of having a separate program without one,
3 you have a single program with a cap, but for states such as
4 Connecticut that are used to spending 20 percent of their
5 funds for training, let them, if they want to phase down,
6 instead of having them go down from 20.6 to 3 percent, et them
7 phase down more on whatever basis they want -- or phase up on
8 whatever basis they want, but let them know that what they put
9 into training comes out of what is otherwise available for
10 Title XX.

11 Senator Moynihan: There is some sense in what the Senate
12 proposes, but it seems to me to be a very sudden thing. What
13 we propose as a compromise, so you will know the range, is to
14 let every state below 4 percent might rise in fiscal '82, 4
15 percent, and states above 4 percent are held harmless. they
16 will have as much as they had in '79.

17 And then we might get a formal proposal from the
18 Department of HEW to see whether they think Senator Danforth's
19 proposal is the correct one. Some way, this must be capped,
20 or we will find states paving their roads with this money and
21 saying it is good training for life, or something.

22 Senator Danforth: I am just wondering, if we were to
23 change it now, whatever are we going to do? We are going to
24 change it as far as the states are concerned?

25 Senator Moynihan: I think that is right.

1 Senator Danofrth: If we change it now to, say, Option A,
2 which would be your option, and then we decide well next year,
3 let's change it to Option B, whether it would not be better,
4 if Option B is better than Option A to do it in one step
5 rather than two steps.

6 The Chairman: Why do we not do it this way? If you are
7 compromising using a 4 percent figure, is that it, Senator
8 Moynihan?

9 Senator Moynihan: Yes, with holding harmless other
10 groups and then moving up, tightening it down until we end up.

11 The Chairman: Why do you not follow the suggestion of
12 Senator Danforth saying, all right, the whole thing, the money
13 you have here will be added to XX. Point number two, that
14 within Title XX there would be a limitation on how much of
15 that could be used up for training for one year and we could
16 take a look at it again next year and then you could say that
17 if you are spending less than 4 percent for training, you
18 could go to the 4 percent; if you are spending from 4 percent
19 up to 6 percent, you could increase it by 60 percent if you
20 want to, and maybe a lesser amount if you are spending more
21 than 6 percent, something like that.

22 Senator Moynihan: Mr. Chairman, I am sorry. We are
23 going to have to keep you on this point.

24 There are not large sums involved here. We are talking
25 about another \$25 million above the House measure. It

1 involves people in the middle of their education.

2 We had long hearings Monday night, and all over this
3 country there are programs that are going to close down
4 Monday. Somebody sat through a program and they thought they
5 were going to have money and suddenly they do not have it.

6 I would like to say that if we could keep this for a
7 year, I will hold hearings. I will even undertake to get an
8 intelligent answer out of HEW, that is how committed I am.

9 Senator Ribicoff: Mr. Chairman, I would hope that we
10 would go along with Senator Moynihan's position, rather than
11 Senator Danforth. Connecticut is high, and I have tried to
12 determine why it is that high. Apparently right from the
13 start -- and most states waited for some time -- Connecticut
14 felt that the whole key to these types of services were
15 well-trained people and they put into place courses at the
16 University of Connecticut, the other universities, where they
17 trained people to really do a job and understand this problem.

18 That is why Connecticut is high. Other states were very
19 slow to get going.

20 It would seem -- I can argue that 20 percent is so much
21 higher than any other state in the Union, although other
22 states are certainly very low and some states are moderate and
23 whatever adjustment has to be made, you are in the middle of a
24 school year and these people are in the middle of their
25 training, and that would mean the collapse of the School of

1 Social Service at the University of Connecticut.

2 I would hope that we would go with Senator Moynihan and
3 try to get the solution, and maybe then Senator Moynihan and
4 Senator Danforth could work something out with HEW on what is
5 right, and what is wrong.

6 Senator Bentsen: I would like to speak in support of
7 Senator Moynihan's position, too. I share the same problem
8 that Senator Ribicoff has in that I have heard from a number
9 of Texas universities that have already contracted for these
10 kinds of programs and this kind of training, and we are in the
11 middle of a school year and we would be in trouble.

12 The Chairman: Let me see, now. Does the Moynihan
13 proposal cut off the open end?

14 Senator Moynihan: Yes, sir.

15 The Chairman: That is what we are after.

16 Senator Moynihan: If you are under 4 percent, you may
17 go up to 4 percent. If you are above 4 percent, you stay
18 where you are.

19 Senator Danforth: For how long?

20 Senator Moynihan: We could do it for this year. We
21 could make it a three-year arrangement, with an escalator for
22 cost-of-living, if you want, but I would be willing to do it
23 just for one year, and in the course of this coming year,
24 settle the question.

25 Senator Danforth: What is the sense of the cap, if you

1 are already up to 20 percent?

2 Senator Moynihan: Most states are not. We do not want
3 to put people on notice that you have got twelve months to
4 cram everything you possibly can into this. Put a cap on
5 right now.

6 Senator Danforth: Do you not think if you had it for one
7 year and then got it down to an across-the-board amount that
8 states could make adjustments and so could the schools, the
9 student loan programs, the student grant programs?

10 We already provide for the education of kids in colleges
11 and universities. It seems to me that it is not only
12 needlessly complex, but if you say we are going to suddenly
13 have a cap on a Federal funding program and the cap for
14 Missouri will be 4 percent and the cap for Connecticut will be
15 20 percent in a separate program, I would just like your
16 suggestion as to how I explain that to my constituents.

17 Senator Moynihan: You can tell your constituency that
18 you are trebling the amount of money Missouri got and
19 Connecticut did not get any more.

20 That would be the case.

21 Senator Ribicoff: I would say that the good answer to
22 the Senator, who is veyr, very conscientious, apparently
23 Missouri has been indifferent to this problem because they
24 only spend 1.5 percent and a state like Missouri probably is
25 not training enough people and training them sufficiently to

1 do the job.

2 I do not know what is right or wrong, but I think that it
3 would be wise for Senator Moynihan, when he holds a hearing,
4 to get the Commissioner of Social Welfare in Missouri and in
5 Connecticut to explain to us what is Connecticut doing for the
6 20.6 and what is or is not Missouri doing with the 1.5? I do
7 not know myself.

8 Senator Moynihan: Could I ask of the Committee to let us
9 have a year, let us hold hearings, let's not disrupt the
10 school year now in progress, students in courses, and in the
11 course of the year I will tell you I will get you answers.

12 We asked HEW the other day to tell us about the training.
13 They do not know anything, but we got some state commissioners
14 to tell us what kind of training they do. They know what they
15 are doing. Some have some very strong feelings -- I do not
16 mean these ladies do not know anything, but HEW does not know
17 what kind of training takes place. We say how could you find
18 out. It is America, a country they have very little relation
19 to, but we could learn and we could come back with a proposal
20 here.

21 I must tell you that the training seems to be so
22 essential to this whole question of placement of adoption, it
23 does seem to be an art.

24 Sir?

25 ,Senator Heinz: If the Senator would yield?

1 Senator Moynihan: I am happy to yield.

2 Senator Heinz: Perhaps HEW could react to Senator
3 Danforth's proposal briefly. I must say that I find it
4 appealing on the surface. It is a good idea. It does come at
5 the last minute. I have asked Senator Danforth henceforward
6 if he must think up ideas at the last moment to think up less
7 good ones, so there would be a lot less trouble.

8 Senator Moynihan: Come up with a bad idea.

9 The Chairman: We are all waiting breathlessly to see
10 what we are going to do about the windfall profits tax. If we
11 could shift these gears from these million dollar figures to
12 those billion dollars figures -- yet, I hope that we could
13 resolve these things.

14 What does HEW think about it? What is your position?

15 Ms. Amidei: We did not know about the Senator's
16 amendment in advance of it, so we do not have an informed
17 position, but I can comment generally.

18 We did not choose to fold the Title XX training money
19 into the Title XX total amount as the Senator is suggesting.
20 That was in part because those are certain training activities
21 carried on with those funds which we think are very important.

22 For example, it permits public agencies to put their own
23 people through retraining programs. For example, when we are
24 trying to get people to provide new or better services, to do
25 a better job with foster children, as the other part of this

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1 bill is going to deal with, as they have to deal with the new,
2 Federal, indoor daycare requirements that are going to be upon
3 them shortly, that they can look to a pot of money to make
4 sure that their staffs are going to be adequately trained and
5 retrained.

6 We think that is an important-enough function that this
7 piece of money should be kept separate. We did recommend --

8 Senator Heinz: Why? If I could say so, since I asked
9 the question, that is an argument for states spending money on
10 training, but I honestly do not understand why it is an
11 argument for a separate categorization of funds for training.

12 Ms. Amidei: It is in part, Senator, because there are
13 tremendous pressures already on the general fund under Title
14 XX and if we wanted to be sure that the states will have some
15 money available for training, I think it has to be held a
16 little bit separately, otherwise it would go into that
17 general --

18 Senator Heinz: Connecticut apparently has to do what it
19 thinks is necessary.

20 Ms. Amidei: Yes, I understand that.

21 Incidentally, part of the issue of why one state takes a
22 great deal of money out of Title XX for training and other
23 states not as much, maybe answered in part by the fact that
24 other states are able to use other sources of funding and
25 other combinations where at Connecticut they rely more heavily

1 on Title XX against some other sources. It does not mean that
2 other states are not necessarily carrying out training, but
3 just that they have used other sources of funds.

4 Senator Heinz: If you are going to make an argument that
5 you need a pot of money for training, then you have to make
6 the argument how much that pot should be.

7 Nobody, apparently, is able to make that argument,
8 because some states are spending 1 percent and others are
9 spending 20 percent and HEW does not have a position.

10 Ms. Amidei: We do have a position how big that pot
11 should be. We did recommend that there should be a 4 percent
12 cap with a declining hold harmless.

13 We did recommend, as Senator Moynihan has suggested, and
14 as Mr. Danforth in different terms ---I think you also said
15 you did not want it to be open-ended. We agree with that
16 general principal. We do want to see this money capped at a
17 reasonable amount and we chose an amount that we thought was
18 fair, given the pattern across most of the states.

19 Senator Heinz: You are not asking for the money to fund
20 up to that 4 percent cap.

21 Ms. Amidei: Yes, we are.

22 Senator Bentsen: Senator Moynihan had a question on
23 this, trying to hold them harmless, the higher spending
24 states, and still work towards some uniform percentage. Would
25 it be visible to put an absolute dollar on it at the present

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1 time, instead of a percentage limitation, and then on the
2 high-spending states, let them work back to some uniform
3 percentage.

4 Senator Moynihan: The Senator raises a subject which we
5 have to deal with here in any event. The Appropriations
6 Committee has put a \$75 million cap, a limit, on this type and
7 I feel strongly that we must not let that happen. This is,
8 for better or worse, an entitlement program of the Social
9 Security Act and the appropriations committees are getting in
10 the habit of telling us how much monies will be available for
11 entitlement programs, and that violates the spirit of the
12 Social Security Act.

13 Some day they are going to tell you how much money is
14 available for retirement income. That is a part of the Social
15 Security Act.

16 I would like to suggest, sir, that we could do this, but
17 that this Committee should make that decision.

18 Senator Bentsen: I am in total concurrence with that.

19 Senator Moynihan: If we could have one here in which we
20 have just a 4 percent limit with a hold harmless for others,
21 we would preserve the entitlement principle and before the
22 year is out we will give you an informed judgment about what
23 to do. In the meantime, we will not disrupt these programs.

24 I think what Ms. Amidei said is important. There is an
25 argument to keep these training funds separate in order to see

1 that when a state administrator, having to choose between a
2 home care service to people when he does not have enough
3 money, and training for college students, will put it into the
4 home services and training will go by.

5 I would like to let us get the judgment of the profession
6 here, and we would be back with you in a year.

7 I would also like to propose, Mr. Chairman, that whatever
8 we do we say, notwithstanding ---that there be language that
9 says, notwithstanding any other provision of law. What we
10 agree to here is to prevail.

11 We are not to let the appropriations committees start
12 putting dollar limits on entitlement programs and Social
13 Security. That violates the whole spirit of Social Security.

14 As I say, you will end up one ay putting a dollar limit
15 on pensions.

16 Mr. Stern: Senator Moynihna, is your proposal that after
17 a year there be no authority for training under Title XX?

18 Senator Moynihan: My proposal is before October 1, 1980,
19 we will have a bill here that establishes a new regime with
20 respect to training, that we an agree to, having had hearings
21 on it.

22 Senator Danforth: Mr. Chairman, my view is that the
23 proposal is not only unduly complex but clearly inequitable
24 and that I would just like to renew my propposal. I am sure I
25 am going to go down the tube on it, but I would just like to

1 get a vote on it.

2 The Chairman: Shall we vote? Let's call the roll.

3 Mr. Stern: Mr. Talmadge?

4 (No response)

5 Mr. Stern: Mr. Ribicoff?

6 Senator Ribicoff: No.

7 Mr. Stern: Mr. Byrd?

8 (No response)

9 Mr. Stern: Mr. Nelson?

10 (No response)

11 Mr. Stern: Mr. Gravel?

12 (No response)

13 Mr. STern: Mr. Bentsen?

14 Senator Bentsen: No.

15 Mr. Stern: Mr. Matsunaga?

16 (No response)

17 Mr. Stern: Mr. Moynihan?

18 Senator Moynihan: No.

19 Mr. Stern: Mr. Baucus?

20 Senator Moynihan: No, by proxy.

21 Mr. Stern: Mr. Boren?

22 Senator Boren: No.

23 Mr. Stern: Mr. Bradley?

24 Senator Bradley: No.

25 Mr. Stern: Mr. Dole?

1 (No response)

2 Mr. Stern: Mr. Packwood?

3 (No response)

4 Mr. Stern: Mr. Roth?

5 (No response)

6 Mr. Stern: Mr. Danforth?

7 Senator Danforth: Aye.

8 Mr. Stern: Mr. Chafee?

9 (No response)

10 Mr. Stern: Mr. Heinz?

11 Senator Heinz: No.

12 Mr. Stern: Mr. Wallop?

13 (No response)

14 Mr. Stern: Mr. Chairman?

15 The Chairman: No.

16 Mr. Stern: Mr. Dole?

17 Senator Dole: Aye.

18 We go down the tube together.

19 The Chairman: Two yeas, nine nays.

20 Senator Moynihan: Could we then move, Mr. Chairman, the
21 proposal that Mr. Stern has made?

22 I would like to have it understood ---I would like to add
23 to Mr. Stern's proposal the statement that notwithstanding any
24 other provision of law these monies will be available. To me,
25 it is an issue of principle, to preserve the entitlement

1 principle of Social Security -- not a large amount of money,
2 but a very large principle.

3 Senator Heinz: If the Senator would yield, up to the cap
4 he is establishing?

5 Senator Moynihan: Yes.

6 What effect this is is a \$75 million limit to the
7 Appropriations Committee.

8 Senator Heinz: May I ask a technical question of you or
9 the staff? The blue book on page 46 and 47 has various
10 numbers purporting to be the spending levels of various
11 states, are, for two, at least, states that I know of,
12 Minnesota and Pennsylvania, way wrong.

13 Senator Moynihan: They are estimates. That is right.

14 Senator Heinz: I hope that we will not be locked into
15 these figures in the blue book which in the case of
16 Pennsylvania are off 100 percent.

17 Mr. Stern: Well, the way I understand the proposal, it
18 is a proposal that does not change the law at all except for
19 fiscal year 1980 in which case it sets a limitation equal to 4
20 percent of the states 1980 entitlement under the basis grant
21 program, or the amount that they received in 1978, whichever
22 is higher. That would be the actual amount received.

23 I am sorry. Fiscal year 1979. That would be the actual
24 amount, in fiscal 1979.

25 Senator Moynihan: Fiscal '79, not '78.

1 Mr. Stern: Excuse me, fiscal year '79. It would not be
2 the amount shown in the table. It would be the actual amount
3 in fiscal year '79, which is not even quite over these, our
4 estimates.

5 Beginning in fiscal year 1981, there would be no
6 limitation as under present law.

7 The Chairman: All in favor, say aye.

8 (A chorus of ayes)

9 Senator Danforth: Mr. Chairman, I would like to renew
10 this understanding since the vote that there will be hearings
11 on this?

12 Senator Moynihan: Yes. I will be anxious to have
13 the hearings. I think Senator Heinz will be too.

14 The Chairman: All right.

15 All in favor, say aye?

16 (A chorus of ayes)

17 The Chairman: Opposed, no?

18 (A chorus of nays)

19 The Chairman: The ayes have it.

20 Mr. Stern: The House bill had a one-year limitation a
21 little bit different than this, and it said, beginning in
22 1981, that any Federal payments could only be pursuant to a
23 state plan on training. The way I understand it, you are
24 delaying that provision.

25 Senator Moynihan: Let us take that to Conference, may

1 we?

2 The Chairman: Without objection, agreed. What is next?

3 Mr. Stern: The next item, page 5, consultation with
4 local officials. Under the House bill, the states will be
5 required to give public notice of intent to consult with the
6 chief elected officials of the political subdivisions in the
7 states and provide such officials the opportunity to present
8 their views.

9 The Chairman: Why do we want to put that in there? Here
10 we are, we are trying to move towards fixing it up so a state
11 can run their own business and, as far as I am concerned, if
12 they want to consult every citizen in the whole state, it is
13 all right with me. I do not feel like mandating it.

14 Senator Boren: I want to vote to delete that. I think
15 the very same thing you are saying. We had that on some other
16 Federal programs. The governor put notices and everything
17 else; nobody would show up. It was unnecessary red tape.

18 Any state official is going to be acting at his own peril
19 if he does not listen to his own constituents anyway. I think
20 it is unnecessary red tape.

21 Senator Moynihan: I second it.

22 The Chairman: All in favor, say aye?

23 (A chorus of ayes)

24 The Chairman: No?

25 (No response)

1 The Chairman: The ayes have it.

2 Mr. Stern: The next provision, multi-year planning, this
3 would allow states more flexibility using a one-, two-,
4 three-year period instead of just one year. The only thing I
5 wanted to mention, the Senate has previously approved an
6 amendment that Senator Nelson had which allows a state to use
7 the fiscal year period of their local subdivisions if they
8 wished to.

9 I would suggest, if you are going to take the House
10 amendment, that you also adopt Senator Nelson's amendment that
11 you agreed to before.

12 The Chairman: This is a good measure. All in favor, say
13 aye.

14 (A chorus of ayes)

15 The Chairman: Opposed, no?

16 (No response)

17 The Chairman: The ayes have it.

18 Next?

19 Mr. Stern: The next item deals with the planned
20 requirement of distribution of funds within the state. The
21 House bill would add a requirement that the states specify
22 those areas which it has determined to be in special need of
23 services and that it described the criteria used to determine
24 the nature and amount of the services to be provided in each
25 area.

1 The Chairman: I would suggest that we agree to the
2 provisions in the House bill, subject to what we have already
3 done, unless somebody objects.

4 What else do we have here?

5 Senator Danforth: Mr. Chairman, does not that point come
6 within the same comments, same theory, that you had with
7 respect to consultation?

8 Senator Boren: I think it does.

9 I move to delete that.

10 The Chairman: All in favor, say aye.

11 (A chorus of ayes)

12 The Chairman: All opposed?

13 (No response)

14 The Chairman: The ayes have it.

15 Mr. Stern: We are going to page 6.

16 The Chairman: If this money is supposed to be helping
17 people, to waste all that money consulting people from here to
18 Kingdom Come is a big waste of time, it seems to me. What
19 else do you have?

20 Mr. Stern: The next item on the top page 6, emergency
21 shelter for adults. I do not know if there is any problem
22 with that.

23 Senator Moynihan: I move we adopt that, Mr. Chairman.

24 The Chairman: Without objection, agreed.

25 Mr. Stern: The next item in the House bill would change

1 the statement of purpose in the Title XX and thre, I think,
2 you might want to consider deleting it because --

3 Senator Moynihan: I propose we delete this. We will
4 discuss it in conference.

5 Again, it is directing states in ways that I do not know
6 are constuctive.

7 The Chairman: Like a preamble.

8 Mr. Stern: You have a very broad preamble.

9 The Chairman: We do not need a preamble. Without
10 objection, it will be deleted.

11 What else is there?

12 Mr. Stern: The last provision in this section of the
13 bill relates to entitlement for Puerto Rico, Guam and the
14 Virgin Islands. The House bill says that beginning in fiscal
15 year 1980, Puerto Rico, Guam and the Virgin Islands would be
16 entitled to \$16.1 million. \$15 million of that is for Puerto
17 Rico, in addition to the \$2.whatever that you decide on for
18 the basic grants.

19 What the situation is now, the Department of HEW goes out
20 to the states at the beginning of the fiscal year and asks
21 them if they will not be using any of their allotment, and
22 then to the extent there are funds leftover, Puerto Rico, Guam
23 and the Virgin Islands may be allotted \$15 million. In the
24 case of Puerto Rico and so on, when the Committee discussed
25 this last time, instead of giving them a separate allotment,

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1 was to say that HEW should go out before the beginning of the
2 year to give them a little additional times, so in other words
3 that the Committee provision did not cost anything more. The
4 House provision does cost \$60 million more than present law.

5
6 Senator Moynihan: Mr. Chairman, perhaps we could take
7 this up in terms of a proposal I have made on page 7 on the
8 same subject, essentially the same proposal.

9 What it does is give Puerto Rico, Guam, the Virgin
10 Islands and Northern Marianas an entitlement under this
11 program. Now, they get the leavings. If there is anything
12 left over, they get it, and that is not proper.

13 The Chairman: In other words, subject to appropriations,
14 but they have an entitlement for it?

15 Senator Moynihan: Yes.

16 Mr. Stern: That would be an entitlement. Presumably,
17 the appropriation would be automatic.

18 Senator Dole: Is it automatic now?

19 Mr. Stern: What happens now, the Department of HEW goes
20 out to the states, finds out if there is any portion of their
21 allotment they are not going to use, and if there is \$16 that
22 is not going to be used by the 50 states, then they allow \$15
23 million to Puerto Rico, \$500,000 to Guam, and so forth.

24 What the House provision and Senator Moynihan's proposal
25 would do would say they would get their allotment on top of
the allotment for the other states.

1 I was simply pointing out that the last time the Finance
2 Committee dealt with this matter, what you did was to say that
3 the Department should go out before the beginning of the
4 fiscal year so they would have a little more notice of how
5 much funding would be available for Puerto Rico, Guam and the
6 Virgini Islands. It still would have to fit in the overall
7 total.

8
9 Senator Bentsen: Do you have any feel for how much money
10 we are talking about?

11 Mr. Stern: \$16.1 million. \$15 million for Puerto Rico.
12 \$500,000 each for Guam and the Virgin Islands.

13 Senator Dole: \$100,000 for the Marianas.

14 The Chairman: All those in favor, say aye.

15 (A chorus of ayes)

16 The Chairman: Opposed, no?

17 (No response)

18 The Chairman: The ayes have it.

19 Mr. Stern: Was that for the provision in the House bill
20 or for Senator Moynihan's provision?

21 Senator Dole: Yes.

22 Senator Moynihan: For the provision on page 7.

23 The Chairman: We agreed to the Moynihan amendment as a
24 substitute for the provision in the House bill.

25 Is there anything else we have to vote on in this bill
now?

1 Mr. Stern: There are two major areas left. Do you want
2 to go to the question of the amount of money for social
3 services, or do you want to go into foster care and adoptions?
4

5 The Chairman: Let's see if we can find some money
6 savings here. How much does this bill cost, when all is said
7 and done, over what it was before?

8 Mr. Stern: That will depend partly on what you do in the
9 area of foster care and child welfare services and so on.

10 The Chairman: These amendments that follow hereafter?

11 Mr. Stern: That is right, Mr. Chairman. You have two
12 big questions to deal with. One is the question for the
13 amount of social services, the basic grant that you put off
14 the other question, what you want to do in the area of foster
15 care and child welfare services and adoption services.

16 The staff recommendation is you take this same approach
17 on foster care, child welfare and adoptions as you took when
18 you considered this matter a couple of years ago and it was
19 passed by the Senate last year. It has been introduced in
20 bill form by Senator Moynihan and Senator Cranston with a few
21 modifications that I could point out.

22 Our recommendation would be that you use that approach as
23 a substitute for the approach in the House bill. In both
24 cases, you are talking about three basic elements: foster
25 care, child welfare services, and adoption assistance. Under
the present law, foster care for poor children, under Aid to

1 Families with Dependent Children is open-ended. There is no
2 Federal matching for adoption assistance as such, and child
3 welfare services, while they are theoretically authorized
4 under the Social Security Act, have not been funded. There
5 has been no increase in the \$56 million available for many
6 years.

7
8 So that the approach that was taken by the Senate last
9 year was to create a new problem for adoption assistance which
10 would try to encourage that children be placed in adoption as
11 a permanent solution if they could not be reunited with their
12 families, provide additional funding for child welfare
13 services to try to reunite the children with their original
14 families or to place them in adoption, and finally, to put
15 foster care services in a closed-end program with a ceiling
16 that basically would increase about 10 percent a year, and any
17 funds that you did not use for foster care as a part of that
18 ceiling you could apply to additional child welfare services.
19 This was the basic approach.

20 Senator Moynihan: This was the heart of the reform
21 proposals that we made, and the Committee, of course, if it
22 adopted this, it would not be entirely open again, but we have
23 been through that.

24 The Chairman It sounds good. Do we have any suggested
25 amendments to it?

Mr. Stern: I might very quickly tell you what the changes

1 are in Senator Cranston's bill compared with last year. He
2 would require states to set a goal of the maximum number of
3 children who would remain in foster care so that there would
4 be a measure, just a way of measuring state progress towards
5 reducing use of foster care and trying to place children in
6 permanent situations.

7
8 Adoption assistance, under last year's bill, could have
9 been provided to children with incomes up to 115 percent of a
10 state median income and in this year's bill, Senators Moynihan
11 and Cranston suggest 150 percent.

12 The Chairman: 150 percent.

13 Senator Moynihan: Of median income.

14 The Chairman: You are going to give adoption assistance
15 to people who have 150 percent of a state's median income?

16 Senator Moynihan: That would be up to \$22,000, that
17 would be.

18 The Chairman: What was the House bill?

19 Mr. Stern: The House bill places no limitation. Last
20 year, the Senate bill put a limit of 115.

21 Senator Moynihan: There is no limit in the House bill.
22 We have a limit.

23 The Chairman: We should try to hold it at less than 150
24 percent of the average income of the state, are you not?

25 Mr. Stern: Yes, sir.

The Chairman: It seems to me that 125 percent ought to

1 be plenty. You are talking about that much above the average
2 income. I would like to suggest 125 percent rather than 150.
3 That is getting way above the average income in the state.
4

5 What did we propose last year?

6 Mr. Stern: 115.

7 The Chairman : It seems to me that 125 should be high
8 enough.

9 Senator Moynihan: Mr. Chairman, I do not disagree with
10 you, but it seems to me that there is a large socila objective
11 involved in adoption. There are not many adoptions ---about
12 10,000 a year. If money is the issue, the savings as against
13 custodial care, foster care, are very great.

14 I am in favor of encouraging it.

15 The Chairman: I do not think that we have to pay
16 families that have 150 percent of the average income to
17 adopt children. The question at that point, so it gets down
18 to a point of whether people love little children. If they
19 want to have children in their family, they do not have
20 children of their own, for example, or they want to add one
21 more to it, it seems to me we should not have to pay out the
22 public money, that they have more than 125 percent of the
23 average income.

24 Senator Bentsen?

25 Senator Bentsen: Mr. Chairman, as one who has been
through the process, whose youngest child is a chosen child

1 and one whose first public offices was one intimately
2 involved, at the lowest levels, in the foster home program,
3 and in the adoption process and one who, at the time we
4 adopted our first child, was probably at the median income,
5 and as much as I am for this, I believe 150 percent is a
6 little rich and I think I would go along with you on the 125
7 percent, even though I know that there is a big pay-off in
8 adoption, even to the most fiscally conservative, there is a
9 big pay-off in adoption.

10
11 The Chairman: I would hope we could compromise on that.
12 Even looking at 115 percent, here is this chart on page 40,
13 and it shows how it works out in a state, for example, if it
14 works out. Let me see.

15 In Alabama -- this is at 115 percent -- Alabama, \$19,000;
16 Alaska, \$36,000; New York -- of course, the State the Senator
17 is interested in -- \$20,900. 125 percent, that would be about
18 10 percent more than that.

19 You know, \$23,000, I think that ought to be enough.

20 Senator Moynihan: Mr. Chairman, I would accept that, fi
21 that is agreeable to other members. I would like to note that
22 this is a program for children who are hard to place. This is
23 not a program for just anybody who wants to adopt a child.
24 You have to have a child with special needs here.

25 The Chairman: Well, then, if there is no objection, we
will make it 125 percent.

1 Senator Heinz: Mr. Chairman, if I could make one other
2 suggestion because we are dealing with situations where
3 children are indeed hard to place, I would suggest that we
4 provide a waiver of this means test after the resources have
5 been exhausted.

6 You just hate to get to a situation where you have a
7 difficult-to-place kid, and because of a unique circumstance
8 it would make sense to have a waiver for the medical expenses.

9 Senator Moynihan: I would like to second that proposal,
10 a waiver by the State Commissioner of Social Welfare. I
11 hasten to tell you these are small numbers, these are not
12 large numbers.

13 The Chairman: Why do we not say they can waive it in 10
14 percent of the cases?

15 Senator Moynihan: May I say we have a waiver in our
16 bill. I just want to make sure that people know it. We will
17 just take it from 150 to change it down from 125.

18 The Chairman: How does that sound to you, Senator
19 Bentsen?

20 Senator Bentsen: That sounds all right to me. If you
21 are talking about a limitation of the waiver being 10
22 percent, that takes care of the toughest cases, the kids who
23 are the hardest to place.

24 The Chairman: All right.

25 Without objection, we will allow a waiver in 10 percent

1 of the cases.
2

3 Mr. Stern: The other differences are -- let me see. The
4 Moynihan-Cranston bill says that the additional funding for
5 child welfare services can be earmarked, up to 100 percent
6 could be earmarked by the Appropriations Committee for the
7 specific new purposes of providing the child welfare services
8 related to foster care and adoption. Last year's committee
9 bill -- actually, two years ago, the Committee bill said that
10 up to half the amount could be set aside.

11 The version that actually passed the Senate allowed 100
12 percent to be set aside for that purpose on the grounds that
13 that is where you hope to achieve the savings and to do the
14 most for the children by providing these additional services.

15 The Chairman: Without objection.

16 Senator Moynihan: Mr. Chairman, at this point, could I
17 also make a proposal that I hope the Committee would agree to
18 in the manner of educational appropriations and entitlements,
19 if we could make this for a one-year forward-funding, there is
20 a lot of planning that goes into these things, and if people
21 know what they are going to get, they do it better.

22 We are here talking about a program that will begin
23 Monday, we hope. A year's forward planning on this would make
24 a difference, we are told by responsible administrators.

25 The Chairman: Does that interfere with the budget
process?

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1 Mr. Stern: I think that helps you, Mr Chairman, in the
2 sense that your appropriation would take place in fiscal year
3 1980 but none of the money would be spent until fiscal year
4 1981.

5 Senator Heinz: Mr. Chairman, I would want to more than
6 support Senator Moynihan's proposal. Indeed, what we are
7 talking about, I would be willing to go much farther than
8 simply your forward funding, even to the point of a limited
9 entitlement.

10 We have entitlements for things that we think are
11 important. It is interesting that we have entitlements for
12 fish restoration, hazardous waste management, 18 different
13 highway programs, alcohol and drug abuse, basic grants,
14 refugee assistance, boating safety.

15 I think that this is probably at least as important as
16 fish restoration, or boating safety, and I would hope that the
17 Senator from New York would be willing to go maybe two, almost
18 a two-year forward funding cycle.

19 Senator Moynihan: The money will be better spent.
20 Children will be better off, I think.

21 Senator Heinz: This is the kind of thing that you need
22 some visible continuity.

23 The Chairman: I object to the logic of that last
24 suggestion. Just because we have some programs that are low
25 priority -- I can show you things as far as I am concerned

1 that are a complete outrage to have the government spending
2 money for. For example, to me, I think the silliest thing I
3 have ever seen is to pay poverty lawyers to sue us. I never
4 thought anybody but an idiot would hire a lawyer to sue
5 himself, but that is what we do in this government, and so I
6 would hope we will not have to do something just on the basis
7 that the government is doing some very foolish things,
8 spending on money on things that do not make any sense.

9
10 Senator Heinz: I am sure the Chairman does include
11 Senator Bentsen's highway programs.

12 The Chairman: I did not bring up the highway programs.

13 Senator Heinz: I noticed.

14 The Chairman: When you start bringing up low-priority
15 programs, I can think of some less priority than that, like
16 paying these poverty lawyers to go out and sue all the public
17 officials in the United States.

18 Senator Moynihan: One year, Mr. Chairman?

19 The Chairman: One year is fine. Without objection, one
20 year.

21 Mr. Stern: This means the amount appropriated in one
22 year can be used in the following year. That way, the
23 official on the local level would know, a full year in
24 advance, what is available.

25 The Chairman: All right.

What else do you have?

1 Mr. Stern: The only other difference in Senator
2 Moynihan's bill this year compared to what passed last year is
3 a sunset provision which says that the adoption assistance and
4 the foster care provisions will not apply after fiscal year
5 1984 except with respect to agreements that have been
6 already entered into, so if you have an adoption assistance
7 agreement that you have already entered into, you will keep
8 making payments in federal matching for that.
9

10 The purpose of that is to look at it by that time, and
11 there would be a report to see what the results are.

12 The Chairman: Without objection, agreed.

13 Senator Moynihan: Mr. Chairmam, I have two other matters
14 I would like to raise. First, I hope the Committee can agree
15 that at the present time that there is a peculiar regulation,
16 or maybe law, I guess, that when states have to match Title XX
17 funds that they must match them with public funds. They
18 cannot match them in training. The training,
19 three-quarter/one-quarter, they cannot match them with
20 privately donated funds for that purpose.

21 There are foundations in the country whose purpose it is
22 to support training in the social services and some states
23 would like to use those foundation grants as a part of the
24 mix. It makes sense. It certainly does not cost a penny to
25 the Federal government, but it makes possible -- this is for
training.

1 I hope the Committee will agree to do that. Have I made
2 myself clear?

3 The Chairman: You mean like if the Ford Foundation makes
4 a contribution to New York State training that the state can
5 use that money as matching money?

6 Senator Moynihan: That is correct.

7 Senator Heinz: Is not the real purpose of this amendment
8 to give state-supported universities a monopoly on social
9 service training?

10 The Chairman: Do not ask me.

11 Senator Heinz: I do not know if that is the Senator's
12 purpose. I do not know if the Senator feels that way about
13 it, but as I understand it, if a university receives state
14 support and sets up a social service school, all the money
15 that the university is spending may qualify, if it is applied
16 to training students, as a match.

17 I have nothing against universities that are doing that.
18 They are doing something very useful. Lord knows, we have
19 plenty of them in Pennsylvania.

20 What I object to is an artificial advantage. Maybe I am
21 wrong.

22 Senator Moynihan: I think it is the other way around.
23 Right now, the state university's contribution qualifies for a
24 match, but a private university if they say, we will put up a
25 quarter if you will get the Federal three-quarters, that does

1 not qualify.

2 The Chairman: I would hope now -- is this a
3 three-for-one matching program?
4

5 Mr. Stern: Yes, sir.

6 The Chairman: I would hope that we are not going to get
7 into a situation where somebody is going to go to somebody and
8 say look, I will put up --

9 Senator Moynihan: We have just capped it, Mr. Chairman.

10 The Chairman: I just hope -- I just want to protect the
11 Senator, so I wanted him to think about this. I hope we are
12 not getting into a situation now where some guy goes in and
13 says look, I will make you a donation here now of \$2,500 if
14 you will put my Uncle Paul here on the payroll for \$10,000 so
15 it will not cost you anything. The Federal government will
16 come up with the three-quarters and I will just donate this
17 out of my foundation if you will put my relative on the
18 payroll.

19 We do not want to get caught in that trap, do we,
20 Senator?

21 Senator Moynihan: It depends on whether you have an
22 Uncle Paul or not, I suppose.

23 No, sir. We do not want to get into that trap.

24 I offer the thought that this is a small adjustment that
25 makes possible a certain number of charitable trusts that are
devoted exclusively to providing training in the social

1 services. The states may take an advantage of those trusts
2 and not drive their programs into public universities.

3
4 The Chairman: That is all right with me, but can we
5 agree to an amendment on those that they will monitor that and
6 they will report back to us to the extent that they use it? I
7 would like this committee to know that that is used the way
8 you intended it to be used, that it is not being taken
9 advantage of by somebody we did not have in mind.

10 Mr. Stern: Senator Moynihan, would this be a permanent
11 provision or a one-year?

12 Senator Moynihan: Permanent. The honorable tradition of
13 charitable enterprises.

14 The Chairman: Can you work out an amendment on the staff
15 to see that this matter is monitored and reported back to us
16 and what they use this for?

17 Senator Heinz: Mr. Chairman, might I inquire how far the
18 amendment goes? Does it just go to the training funds, the
19 ones we were arguing about at such length?

20 Senator Moynihan: Yes. It is an old tradition, and a
21 good one.

22 Senator Danforth: Mr. Chairman?

23 The Chairman: Yes, sir.

24 Senator Danforth: But the monitoring -- I can see that
25 being overdone, too. Suppose the Moynihan Foundation makes --
supposing Senator Moynihan has an Uncle Paul and when the

1 Moynihan Foundation makes a contribution for training, what
2 sort of monitoring? You could send out all kinds of
3 questionnaires asking who has been hired and have their been
4 any strings attached to it, and so on. It just seems to me
5 that it is really -- I am sure that in anything in life there
6 are some abuses, but sometimes, in order to try to nab the
7 abusers you end up being involved in a tremendous monitoring
8 activity.

9
10 I wonder if this is not an area where more could be done
11 to encourage private, nongovernmental involvement in training
12 such as this, if you did not have a bunch of gumshoes running
13 around.

14 Senator Moynihan: Let's write report language that shows
15 to the Senator from Missouri and Senator from Louisiana and
16 see if it fits. I think it fits our purpose.

17 Senator Heinz: One last question, Mr. Chairman. Do I
18 undersatnd this would only apply to money that was received by
19 either a government entity or a nonprofit organization?

20 Senator Moynihan: Yes.

21 Senator Heinz: That is to say, if the Moynihan
22 Foundation, alas, made a grant, it could not go to an
23 organization that was going to conduct a training program that
24 was proprietary or nonprofit?

25 Senator Moynihan: Let us so report. I had not thought
of that. I do not think there are that many places who make

1 money training social workers, but let us so report it,
2 nonprofit.

3 Mr. Stern: In your bill, you both require that the bill
4 have a comprehensive training plan and then you say that the bill
5 bill would permit acceptance by the state of restrictive
6 matching funds for training purposes, as long as the
7 restrictions on the gift are consistent with the provisions of
8 the state training plan.

9 You are not offering as a part of the amendment now that
10 each state would be required to have a training plan, are you?

11 Senator Moynihan: No.

12 Mr. Stern: What would be the measure, then, of
13 consistency, as far as the restrictions on the gift are
14 consistent -- with what?

15 Senator Moynihan: That these monies not go to
16 proprietary training enterprises. If that turns out to be a
17 problem, we will come back next year.

18 Mr. Chairman?

19 The Chairman: Yes, sir.

20 Senator Moynihan: I have one last, but serious, matter I
21 would like to bring up and I would like to have everybody
22 listen.

23 The Chairman: Without objection, we will agree to the
24 last thing.

25 What else?

1 Senator Moynihan: The Appropriations Bill, then, 1980
2 HEW/Labor, the HEW Appropriations bill includes language under
3 the appropriations for assistance payment, Medicaid and social
4 services. I quote: "No payment shall be made from this
5 appropriation to reimburse state or local expenditures made
6 prior to September 30, 1978. That is one fiscal year back.
7

8 Now, this comes suddenly in states all over the country.
9 There has been no limit in the past on the time to submit a
10 Medicaid voucher, if that is the term, a claim from a state to
11 the Federal government.

12 These claims have obviously come in over differing
13 lengths of time. We have had in our hearings Monday, we asked
14 about this particular measure, asked a number of state
15 commissioners about it, and they made the point, among other
16 things, that first of all, this comes suddenly and there is
17 not a state in the Union that would not suddenly lose what
18 could be very large amounts of money that they had no reason
19 in the world to think that they were not going to be paid.

20 These are legitimate claims.

21 It is also the case that some of the delay in submitting
22 claims to the Federal government comes because the state
23 governments are reviewing those claims and contesting them --
24 in some cases, even litigating them -- on the grounds that you
25 are charging too much here.

 Having done that, one learns that the door has closed and

1 you have lost altogether and certainly there will be no such
2 incentive. To the contrary. The minute anybody hands you
3 such a claim, the best thing to do is get to Washington fast,
4 regardless.

5
6 I do not think that the Appropriations Committee should
7 have done this and I would like to propose that we amend the
8 Social Security Act, which basically says that, effective
9 October 1, 1981, which is two years from now, that there be a
10 two-year claim period. You can file claims for the two
11 preceding fiscal years. So if the question is to get this
12 business in a little more orderly way, fine, but we would have
13 given the states the time to find this out.

14 I do not know whether Governor Boren is aware of this. I
15 think if the states have two years to know that a two-year
16 limit is going into effect, then they can make it so
17 organized, but to tell them on Monday morning that any claim
18 prior to this fiscal year is lost to them would be a
19 disagreeable surprise.

20 Senator Dole: What you propose to do is limit the period
21 of retroactivity to two years?

22 Senator Moynihan: Right. I think retroactive would not
23 be the term here. Limit claims that may be submitted to the
24 claims incurred in the two preceding fiscal years, but not put
25 that arrangement into effect until October 1, 1981, so
everybody knows it is coming and the states can clean up their

1 accounts.

2 Senator Dole: That would go into all the different
3 ---that would cover all of the titles of the act?

4 Senator Moynihan: That is right, just as this language
5 covers all the titles of the act. Senator Boren has suggested
6 that we might make it 1980, a year from now.

7 Senator Boren: That ought to give them time.

8 Senator Moynihan: I have no objection to that. Do other
9 members of the committee have a feeling?

10 Senator Chafee: Do you not have the same problem a year
11 from now? You would make it no retroactivity? Is that it?

12 Senator Moynihan: A year from now, all claims to be
13 honored must be incurred during the previous two fiscal years.

14 Senator Chafee. Is that enough time to meet the problem
15 you raised about the states?

16 Senator Moynihan: The states do not object to the idea.
17 What they would object to is to suddenly be told that there is
18 one year, and that is it.

19 Senator Dole: If the claim is in dispute, tied up, and
20 is not resolved in a two-year period?

21 Senator Moynihan: We have an amendment. I would like to
22 say one last thing we do is to state that the Secretary of HEW
23 can make waivers.

24 Senator Dole: That would be done in that case?

25 Senator Moynihan: Some real argument.

1 Senator Boren: Beginning a year from now --

2 Senator Moynihan: May I ask Senator Boren, would he
3 consider withdrawing that? This is quite a big change. The
4 Federal government has never made any limits like that, and I
5 would like to see -- there are states that have legislatures
6 that meet every other year. Could we not make it two years?

7 Senator Boren: Yes.

8 Senator Moynihan: The Senator does withdraw it. I,
9 therefore, ask that we agree to this proposal?

10 The Chairman: Those in favor of the amendment, say aye?

11 (A chorus of ayes)

12 The Chairman: Opposed, no.

13 (No response)

14 The Chairman: The ayes have it.

15 Senator Dole: Mr. Chairman?

16 The Chairman: Mr. Dole.

17 Senator Dole: On page 18, on foster care in adoption,
18 there is a special limits on adoption assistance for the
19 second year, and that limit is 150 percent. Should that not
20 confirm to the act?

21 Mr. Stern: That is correct. I meant to incorporate it
22 at both places where the 150 percent appears.

23 Senator Dole: 125.

24 Mr. Stern: With a waiver of 10 percent.

25 The Chairman: Without objection.

1 Senator Dole: Then I thnk I can just hand to the staff a
2 question raised by Senator Thurmond with reference to foster
3 care review board systems. The House-passed language dealing
4 with independent, foster care review boards to be amended to
5 accommodate existing systems in South Carolina and perhaps
6 other states in which the boards are designated and approved
7 by the judiciary but not actually appointed by the court.
8

9 Mr. Stern: We can look at that. I do not see any
10 problem with that. It is a very small change.

11 Senator Dole: Is there any objection to that?

12 The Chairman: No objection.

13 Senator Dole: I will give you the letter.

14 Mr. Stern: That brings you to -- we do not have any
15 suggestions to make to change the public assistance provisions
16 relating to Puerto Rico or Guam or the Virgin Islands. They
17 are matters that you did pass before. That leaves you with
18 two questions, the budgetary savings question or items that
19 the taff might suggest, and also the level of social services
20 funding, whichever one you want to take up first.

21 The Chairman: Why not talk about the savings? How can
22 you save some money?

23 Mr. Stern: You have before you a mimeographed sheet that
24 is marked B in the upper righthand corner, suggestions for
25 budgetary savings.

 Senator Ribicoff: What is it?

1 To solve that problem, you have to have services in place
2 that go to the root cause of the problem in the first
3 instance. It is a Judge who decides whether a child should be
4 placed in foster care.

5 That Judge looks at the family, decides that there is
6 some horrible drinking, drug or some other kind of problem,
7 says no, that problem cannot be cured at present, remands the
8 kid into custody, in effect to foster care. And unless there
9 are services in place ---and very few states have that kind of
10 reconciliation services in place -- it is really without sense
11 to talk about major progress being paid in the near future in
12 terms of reconciliation.

13 Therefore, I ask the question, what do we accomplish with
14 a cap on foster care? And the answer is, I guess what we are
15 trying to do is tell Judges not to place children in foster
16 care, to leave them with the families that have abused them,
17 or have serious problems. If that is indeed what we are
18 doing, I do not want to do it and I think that we should
19 conform our bill right now to the House provision.
20
21
22
23
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The Chairman. Let us hear from the staff. Explain the logic that impelled the committee to put a limitation on the foster care and to leave open in it the

Mr. Stern. When this initiative was launched to legislate in this area, the basic position of most of the groups concerned was that you should try to not have children in prolonged foster care. If possible, you should reunite the child with the family or you should seek another permanent solution by having the child be adopted.

Since many children in these situations have emotional or other handicaps it was recommended by the administration and many outside groups that adoption subsidies be provided because the children are particularly hard to place.

The committee's decision was to put more money into the child welfare service so that the trained people could perform these services and to create a new open ended program of adoption assistance. At the same time you agreed to put a limitation on the transfer foster care partly to serve as an incentive and partly just as a kind of an indication of congressional intent that the additional funding should really go into adoption and reconciliation of families.

The actual ceiling that you have agreed to was not that tight a ceiling. It does allow a 20 percent increase over the 1978 level in the first year and then 10 percent a year thereafter. So it is an increase of .10 percent a year.

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1 Senator Heinz. Mr. Chairman, I would like to respond to
2 that. The statistics on how much particular states spend on
3 AFDC foster care are, number one, inaccurate. Number two, they
4 vary all over the lot from an infinitesimal percentage of something
5 like .08 percent of something to 3.81 percent of something. And
6 you say it is a loose cap, but a loose cap on .08 percent is
7 several hundred dollars. This is not a loose cap.

8 My feeling is that I am not philisophically opposed to
9 having a cap. I am philisophically opposed, however, to have it
10 doing something, the consequences of which we do not understand.
11 I would suggest we not put a cap on at this time and we try and
12 get HEW, who Senator Moynihan and I quizzed at length, to come
13 back and give us a better analysis of what in fact the cap
14 will do to services in states that are spending practically
15 nothing this way now.

16 And secondly, I think there is a very strong argument
17 simply on merits to give states, now that we have some forward
18 funding here for the first time, give them a chance to get some
19 services in place. They do not grow up overnight. Give them a
20 few years, and then we can certainly put in a cap there.

21 I would hope the committee would strike the cap.

22 The Chairman. Senator Dole has been trying to be heard
23 around here for some time. Are you trying to speak to this
24 subject, Senator Dole?

25 Senator Dole. It just seems to me, I think there is the

1 other side of the coin. If there is not any cap, then you can
2 just place everybody. This is just the opposite end of the road
3 Senator Heinz has been addressing. That is that you can use
4 indiscriminate placing of people in foster care facilities for
5 children. I do not have statistics to back it up. I am not
6 certain what Senator Heinz was referring to. And I am not so
7 certain that it has been that much of a problem.

8 Has not the 1978 expenditure level been increased enough?
9 There may be some compromise that again would give the HEW some
10 authority to avoid the cap in certain instances, but to just have
11 an open ended program. I am not certain. I was not there for
12 the hearing. I am going to raise that one possible objection
13 that there may be a good reason for a cap if you are really
14 concerned about the welfare of the child.

15 / Senator Heinz. The outside group that I talked to feels
16 that it would be detrimental. The Children's Defense Fund, for
17 example, feels that it would be very detrimental to have a cap.

18 Senator Bentsen. Let me ask, Senator, because I have to qual-
19 ify mine, too, not having attended hearings. But are there
20 cases where there is a tendency perpetuate the care of the
21 child in a foster home rather than being encouraged to place them
22 for adoption? Are there cases where children in effect are lost
23 in the foster home and stay far longer than they should?

24 Is there not a reason to perhaps send a signal in this
25 regard to try to stimulate the adoption process?

4
1 Senator Heinz. If we had some statistics that were reliable
2 as to how many of these kids were both eligible for adoption, and
3 we know that no more than 20 percent are eligible for adoption
4 in the first place, and that of that 20 percent possibly only
5 half receive any benefits under this program. And of that
6 group which we think may be therefore in the neighborhood of
7 10 percent, but perhaps no more than half of them might be
8 adoptable under the most liberal construction of the word, you
9 are talking about a very small population.

10 It is true some of them may be lost in the process. I am
11 pessimistic that until there are services for unification provided
12 or a better job in gearing up to get people to adopt these kids,
13 that we are going to never make any progress on it.

14 Senator Dole. Has there been a determination that the cap --
15 has there been a study made by HEW that the cap does discriminate
16 against the child? You have cited statistics but I am wondering.

17 Senator Heinz. I think it is fair to say HEW has not
18 studied the matter.

19 The Chairman. Senator Moynihan is chairman of this sub-
20 committee and he had his hand in the air for some time to try
21 to get recognition. Go ahead.

22 Senator Moynihan. Senator Heinz and I worked very closely on
23 this and we are troubled here. I would like to say, Senator
24 Dole, in response to your question, we got no information from
25 HEW. If you could describe it, it was the worst presentation

5
1 I have ever encountered.

2 HEW knows nothing about the subject, or if it knows anything
3 about it, it is not capable of saying what it knows.

4 On the other hand, Senator Cranston has been holding hearings
5 for a long time. And there is a strong sense in the community,
6 and it is a community, that a restraint should be placed on foster
7 care funds.

8 In New York State, which I think has a good record here,
9 they have done this internally, for example. And we heard
10 testimony the other night from Ms. Blueman, who said that she
11 thought it was a good idea.

12 I would like to respond to my colleague, Senator Heinz, in
13 these ways to say I know why he is troubled. Certainly, we have
14 not given that sort of authoritative assured statement from HEW.
15 We know what we want. HEW did not know how many children there
16 are involved and whether there are more or less. It was not to
17 be believed.

18 Senator Ribicoff, I am glad you were at that hearing.

19 Senator Ribicoff. As I am listening to you, if you would
20 yield at 1:00, the House is going to be voting on the Department
21 of Education. The vote is very, very close. And when I listen
22 to you today, what HEW does not know, maybe they would know a
23 little more if they split off the Department of Education. They
24 would not have so many programs.

25 And I would hope you would pick up the telephone and call

1 some of your colleagues in New York to see if I could pick up the
2 extra one or two votes to get that Department of Education.

3 Senator Moynihan. Why don't I learn to shut-up?

4 (General laughter.)

5 Senator Moynihan. There is a provision in the law, Senator
6 Heinz, that states which have very small programs can be increased.
7 You will find that on page 20 under the 7,200 provisions.

8 If we changed the base to 79, this 120 that are 110 percent
9 each year for the next five would be a very loose cap.. If there
10 are states that feel a pinch, we will be here to respond. If
11 any state comes in saying, "We just do not like this", I would
12 listen to them carefully.

13 At this point I think a lot of effort has gone into the
14 idea of restraining expenditure here. We ask the theory of the
15 matter from practitioners in states. And they said they simply
16 feel -- and, Governor, you would know more than this -- yes, a
17 restraint here would push effort over into this other area.
18 And that is the idea.

19 The Chairman. Let me ask the staff a question. What
20 percent matching are we providing here for this foster care and
21 for adoption? What percent matching?

22 Mr. Stern. It is the Federal medicaid matching which varies
23 from 50 percent in states with higher per capita income, and goes
24 on up to 83 percent.

25 The Chairman. All right, so it goes on up to 83 percent, from

1 50 to 83 percent matching. Now our experience was that a 75 per-
2 cent matching program under social services tends to be a runaway
3 program. Is that not right?

4 Mr. Stern. It was in the case of social services.

5 The Chairman. The original estimate is going to cost us
6 \$40 million a year. And by the time we got the cap on, it was
7 in the process of costing us \$4 billion the next year. It had
8 overrun the cost by 100 to 1. And that is what happens on the
9 time you make the matching 75 percent. This varies from 50 to
10 83 percent.

11 Without this bill, in the absence of this bill, which pro-
12 grams are open ended? The foster care is open ended, is that
13 right?

14 Mr. Stern. Yes, sir.

15 The Chairman. Now, adoption is not open ended now, right?

16 Mr. Stern. There really is no federal program for adoption.

17 The Chairman. So there is no federal program. All right,
18 we are proposing here then to give them an open ended program
19 for adoption because we think that is the best answer, right?

20 Mr. Stern. That is correct.

21 The Chairman. Then we propose to put a cap on, but it is
22 a loose cap because it can keep increasing every year, anyway, on
23 the foster care program that we think claims a lower priority?
24 Am I correct?

25 Mr. Stern. Yes, sir.

1 The Chairman. We would propose to come out of here with
2 one open ended program that we think is the better answer and
3 place a loose cap on the one that we think is the less satisfac-
4 tory. Now that is basically is what we have right here.
5 It seems to me that that makes sense.

6 Senator Heinz, Mr. Chairman, with all due respect it makes
7 sense only if you do not consider the way it works, which is not
8 very well.

9 The Chairman. Well we just got the testimony. Nobody knows
10 how it works.

11 Senator Heinz, Well, Mr. Chairman, let me tell you what I think
12 even

13 The Chairman. Well I understand a few things. I am going
14 to tell you something Bob Kerr told us in this committee at one
15 time. He said that there are many things that he does not know.
16 And I will say the same thing.. And he went on to say that the
17 things that he does know, that he knew just as well as anybody.
18 And that is my situation.

19 Senator Heinz, Mr. Chairman, no disrespect is intended.
20 We are talking about an adoption program that is not yet in effect.
21 It has not started yet.

22 The Chairman. But you are talking about making open ended
23 a foster care program that is in effect.

24 Senator Heinz. Mr. Chairman, may I be heard?

25 The Chairman. Sure you may be heard.

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1 Senator Heinz. I will try to be brief. That is my first
2 point.

3 Secondly, I do not dispute the fact that maybe 83 or 75 per-
4 cent with a program where there are no restraints things can run
5 away. But there is a restraint here. It is a judge. You do not
6 get into the foster care program without being sent there by a
7 judge. It is a little different than having an entitlement, which
8 is what often these programs are.

9 I just want to make those two points. Let us just vote it
10 up or down.

11 The Chairman. I want to be heard for a minute. You make
12 the point. And I sat here and heard Secretary Califano testify
13 for this adoption program a couple of years ago. He was talking
14 about how much better it is to get these children in the homes
15 than it is to have them in foster care.

16 So we go with him on the adoption program. We give them
17 a liberal open ended program. Then we say that we do not want
18 two open ended programs. So we put a cap on the one that we think
19 claims the low priority. Theoretically, every time you take the
20 child out of foster care and put him into adoption, you reduce
21 the burden on that program by one more child. Now that is
22 where we are going with the

23 We are still saying with the foster care program, as I under-
24 stand it, the first year they can have 120 percent of what they
25 had before. Is that right, Mr. Stern?

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Mr. Stern. Mr. Talmadge.

(No response.)

Mr. Stern. Mr. Ribicoff.

Senator Ribicoff. Aye.

Mr. Stern. Mr. Byrd.

(No response.)

Mr. Stern. Mr. Nelson.

(No response.)

Mr. Stern. Mr. Gravel.

(No response.)

Mr. Stern. Mr. Bentsen.

(No response.)

Mr. Stern. Mr. Matsunaga.

(No response.)

Mr. Stern. Mr. Moynihan.

Senator Moynihan. Aye.

Mr. Stern. Mr. Baucus.

Senator Moynihan. Aye by proxy.

Mr. Stern. Mr. Boren.

(No response.)

Mr. Stern. Mr. Bradley

(No response.)

Mr. Stern. Mr. Dole.

Aye.

Mr. Stern. Mr. Packwood.

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1 (No response.)

2 Mr. Stern. Mr. Roth.

3 (No response.)

4 Mr. Stern. Mr. Danforth.

5 (No response.)

6 Mr. Stern. Mr. Chafee.

7 Senator Chafee. Aye.

8 Mr. Stern. Mr. Heinz.

9 Senator Heinz. No.

10 Mr. Stern. Mr. Wallop.

11 (No response.)

12 Mr. Stern. Mr. Durenberger.

13 (No response.)

14 Mr. Stern. Mr. Chairman.

15 The Chairman. Aye.

16 Senator Heinz. Senator Danforth and I **concedo** a de

17 **minimus** defeat.

18 Senator Moynihan. No, no such thing. It is not a de minimus
19 defeat. You have had the most honest doubts possible. We have
20 had a bad presentation from the administration. We are asked
21 to do what we think is best.

22 The Chairman: I think, gentlemen, we are going to have to
23 break. I thought we were going to finish this bill and go on
24 to other things today.

25 How does the committee feel about coming back in here at 2:30?

1 I will see you at 2:30, gentlemen.

2 (Whereupon, at 12:45, the hearing in the above-entitled
3 matter was recessed, to reconvene at 2:30 p.m. this same day.
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